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## **MULTIFIELD INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 898)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **INTERIM RESULTS**

The board of directors (the “Board”) of Multifield International Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021, together with the comparative figures as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 June 2021

		<b>For the six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
			<i>(Restated)</i>
<b>REVENUE</b>	3	<b>180,678</b>	(126,743)
Cost of sales		<u>(24,826)</u>	<u>(21,433)</u>
Gross profit/(loss)		<b>155,852</b>	(148,176)
Other income and gains	3	<b>11,775</b>	5,041
Foreign exchange differences, net		<b>38</b>	(548)
Loss on disposal of investment properties		<b>(471)</b>	–
Operating and administrative expenses		<b>(19,852)</b>	(20,264)
Finance costs	5	<u><b>(8,436)</b></u>	<u>(20,165)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	4	<b>138,906</b>	(184,112)
Income tax expense	6	<u><b>(5,721)</b></u>	<u>(6,079)</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<u><b>133,185</b></u>	<u>(190,191)</u>

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b><i>(Unaudited)</i></b>	<i>(Unaudited)</i>
		<i>(Restated)</i>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>109,568</b>	(115,419)
Non-controlling interests	<b>23,617</b>	(74,772)
	<u><b>133,185</b></u>	<u>(190,191)</u>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		
Basic and diluted	<b>8 HK13.11 cents</b>	HK(13.80) cents

Details of interim dividend are disclosed in note 7.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 30 June 2021

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>133,185</b>	(190,191)
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<u>          —</u>	<u>          (1)</u>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD</b>	<u><b>133,185</b></u>	<u>(190,192)</u>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>109,568</b>	(115,420)
Non-controlling interests	<u><b>23,617</b></u>	<u>(74,772)</u>
	<u><b>133,185</b></u>	<u>(190,192)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	As at <b>30 June 2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>205,708</b>	207,737
Investment properties		<b>10,635,168</b>	10,652,048
Right-of-use assets		<b>353</b>	357
Club debenture		<b>330</b>	330
		<hr/>	<hr/>
Total non-current assets		<b>10,841,559</b>	10,860,472
<b>CURRENT ASSETS</b>			
Properties held for sale		<b>281,851</b>	281,851
Trade receivables	9	<b>9,092</b>	7,014
Prepayments, deposits and other receivables		<b>251,457</b>	246,675
Equity investments at fair value through profit or loss		<b>918,652</b>	869,520
Cash and cash equivalents		<b>406,559</b>	466,777
		<hr/>	<hr/>
Total current assets		<b>1,867,611</b>	1,871,837
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>12,709,170</b>	12,732,309
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>1,865</b>	2,803
Other payables and accruals		<b>190,815</b>	186,487
Deposits received		<b>67,677</b>	63,970
Interest-bearing bank and other borrowings		<b>1,081,205</b>	1,226,653
Tax payable		<b>53,822</b>	53,813
		<hr/>	<hr/>
Total current liabilities		<b>1,395,384</b>	1,533,726
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>472,227</b>	338,111
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,313,786</b>	11,198,583
		<hr/>	<hr/>

	As at <b>30 June</b> <b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>380,000</b>	400,000
Amount due to a director	<b>127,674</b>	102,813
Deferred tax liabilities	<b>1,276,422</b>	1,276,422
	<hr/>	<hr/>
Total non-current liabilities	<b>1,784,096</b>	1,779,235
	<hr/>	<hr/>
<b>Net assets</b>	<b>9,529,690</b>	9,419,348
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Issued capital	<b>41,804</b>	41,804
Reserves	<b>7,627,869</b>	7,539,203
	<hr/>	<hr/>
	<b>7,669,673</b>	7,581,007
Non-controlling interests	<b>1,860,017</b>	1,838,341
	<hr/>	<hr/>
<b>Total equity</b>	<b>9,529,690</b>	9,419,348
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2020 except as noted below.

In the current period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

The adoption of the new amendments had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not applied the following new or revised HKASs and HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
HKFRS 17	<i>Insurance Contracts<sup>2</sup></i>
Amendments to HKFRS 17	<i>Insurance Contracts<sup>2, 5</sup></i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current<sup>2, 4</sup></i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use<sup>1</sup></i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract<sup>1</sup></i>
<i>Annual Improvements to HKFRSs 2018 – 2020</i>	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

<sup>5</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into three (six months ended 30 June 2020: three) reportable operating segments as follows:

- (a) the property investment segment mainly comprises rental income from investment properties;
- (b) the provision of serviced apartment and property management services segment; and
- (c) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that unallocated corporate expenses, interest income on bank deposits, loss on disposal of investment properties, other gains and non-lease-related finance costs are excluded from such measurement.

The analyses of the principal activities of the operations of the Group are as follows:

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Total	
	For the six months ended 30 June							
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Segment revenue:</b>								
Revenue from external customers	<u>97,919</u>	<u>93,933</u>	<u>18,219</u>	<u>17,139</u>	<u>64,540</u>	<u>(237,815)</u>	<u>180,678</u>	<u>(126,743)</u>
<b>Segment results</b>	<u>79,973</u>	<u>82,189</u>	<u>(2,906)</u>	<u>(7,204)</u>	<u>62,956</u>	<u>(237,881)</u>	<u>140,023</u>	<u>(162,896)</u>
<i>Reconciliation:</i>								
Unallocated corporate expenses							(3,985)	(6,092)
Interest income on bank deposits							1,491	1,487
Loss on disposal of investment properties							(471)	-
Other gains							10,284	3,554
Finance costs							<u>(8,436)</u>	<u>(20,165)</u>
Profit/(loss) before tax							<u>138,906</u>	<u>(184,112)</u>

## Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	<u>100,714</u>	<u>(202,393)</u>	<u>79,964</u>	<u>75,650</u>	<u>180,678</u>	<u>(126,743)</u>

The revenue information above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the periods ended 30 June 2021 and 2020.

### 3. REVENUE , OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Serviced apartment and property management	<u>18,219</u>	<u>17,139</u>
<i>Revenue from other sources</i>		
Rental income from property letting under fixed lease payments	<u>97,919</u>	<u>93,933</u>
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	<u>49,132</u>	<u>(239,266)</u>
Dividend income from listed investments	<u>15,408</u>	<u>1,451</u>
	<u><u>180,678</u></u>	<u><u>(126,743)</u></u>

## Revenue from contracts with customers

### (a) Disaggregation of revenue information

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
By source of revenue:		
<i>Revenue recognised overtime</i>		
Serviced apartment and property management	<u>18,219</u>	<u>17,139</u>
By geographical locations:		
Hong Kong	686	524
Mainland China	<u>17,533</u>	<u>16,615</u>
	<u>18,219</u>	<u>17,139</u>

### (b) Performance obligations for contracts with customers

Serviced apartment and property management services income is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these serviced apartment and property management services based on monthly statement issued by the Group's management agent using output method.

## Other income and gains

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income earned on bank balances	1,491	1,487
Others	<u>10,284</u>	<u>3,554</u>
	<u>11,775</u>	<u>5,041</u>

#### 4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 <i>HK\$'000</i> <i>(Unaudited)</i>	2020 <i>HK\$'000</i> <i>(Unaudited)</i>
Depreciation of property, plant and equipment	1,915	2,045
Depreciation of right-of-use assets	4	4
Foreign exchange differences, net	38	(548)
	<u>          </u>	<u>          </u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	6,777	6,652
Pension scheme contributions (defined contribution scheme)	150	155
	<u>          </u>	<u>          </u>
Total staff costs	6,927	6,807
	<u>          </u>	<u>          </u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021 <i>HK\$'000</i> <i>(Unaudited)</i>	2020 <i>HK\$'000</i> <i>(Unaudited)</i>
Interest on bank loans, overdrafts and other loans	8,436	20,165
	<u>          </u>	<u>          </u>

## 6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, in which the Group operates.

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	–	–
Over provision in prior years	–	–
Current – Mainland China		
Charge for the period	<u>5,721</u>	<u>6,079</u>
Total tax charge for the period	<u><u>5,721</u></u>	<u><u>6,079</u></u>

## 7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend paid in respect of previous financial year – HK2.5 cents per ordinary share of par value HK\$0.05 each (2020: HK0.75 cents per ordinary share of par value HK\$0.01 each)	<u><u>20,902</u></u>	<u><u>31,353</u></u>

(b) Dividend declared after the end of the reporting period:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interim dividend declared – HK2 cents per ordinary share of par value HK\$0.05 each (2020: HK0.50 cents per ordinary share of par value HK\$0.01 each)	<b>16,721</b>	20,902
	<u><u>16,721</u></u>	<u><u>20,902</u></u>

The above interim dividends were declared after the interim reporting dates and have not been recognised as liabilities at the end of the respective reporting periods.

#### **8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of basic earnings/(loss) per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$109,568,000 (2020: loss for the period of approximately HK\$115,419,000) and the weighted average number of ordinary shares of 836,074,218 (2020: 836,074,218 shares as adjusted to reflect the effect of the share consolidation of the Company with effect from 31 May 2021) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020.

#### **9. TRADE RECEIVABLES**

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	As at 31 December 2020 HK\$'000 (Audited)
Trade receivables	<u><b>9,092</b></u>	<u>7,014</u>
	<u><u><b>9,092</b></u></u>	<u><u>7,014</u></u>

Trade receivables mainly consist of receivables from property management services and rental receivables, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Within 1 month	1,944	1,820
1 to 2 months	1,056	989
2 to 3 months	1,221	151
Over 3 months	4,871	4,054
	<u>9,092</u>	<u>7,014</u>

#### 10. TRADE PAYABLES

An ageing analysis of trade payables at the end of the reporting period, based on the invoice dates, is as follows:

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Within 1 month	1,865	2,803
1 to 2 months	–	–
2 to 3 months	–	–
Over 3 months	–	–
	<u>1,865</u>	<u>2,803</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 5 October 2021 to Thursday, 7 October 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 4 October 2021. The interim dividend will be paid to shareholders whose names appear on the register of members on Thursday, 7 October 2021 and the payment date will be on or about Thursday, 21 October 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATION**

During the period under reporting, the Group recorded a profit of approximately HK\$133 million (2020: loss of HK\$190 million). This is mainly due to the unrealised fair value gain on the equity investments held by the Group.

The Group's rental income in Hong Kong remained stable during the period under reporting.

The Group's rental and management fee income from hotel-serviced apartments and villas in Shanghai recorded an increase of approximately 6%.

The Group's equity investments recorded unrealised fair value gain of approximately HK\$49 million (2020: loss of HK\$239 million). Equities investments recorded dividend income of approximately HK\$15 million (2020: HK\$1 million).

### **PROPERTY INVESTMENT**

#### **Hong Kong**

The Group's investment properties in Hong Kong mainly comprised office buildings, industrial buildings, retail shops and car parks. The Group's investment properties portfolio contributed stable rental revenue of approximately HK\$35 million for the six months ended 30 June 2021 (2020: HK\$35 million).

#### **Shanghai, China**

The Group's properties portfolio in Shanghai, China is divided into three residential complexes, around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments. The properties in Shanghai are operated under the name of "Windsor Renaissance", which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well recognised by consulates and foreign business entities. The Shanghai properties had an average occupancy rate of approximately 90%, and generated rental and management fee revenue of approximately HK\$80 million for the six months ended 30 June 2021 (2020: HK\$76 million).

## **Zhuhai, China**

### *Qianshan, Zhuhai*

The Group has a plot of 36,808 square meters commercial use land in Qianshan, Zhuhai, where a few existing residents have not yet relocated. Local government is responsible for relocation work, but the progress has been very slow.

To speed up the relocation progress, the Group has proposed to local government an adjustment in planning that a portion of such commercial use land be allocated for building residential units for in situ resettlement of existing residents. However, such proposal requires coordination among a number of government departments, for example, the change of land use planning. The Group is currently waiting for comments and approval from relevant government departments.

### *Doumen, Zhuhai*

On 24 February 2021, 珠海市自然資源局 (literally translated as Zhuhai Municipal Natural Resources Bureau) issued its latest compensation notice (letter reference number (2021)52) in respect of the resumption of the 94,110.84 square meters hotel, commercial and exhibition use land located in Doumen, Zhuhai (the “Doumen Land”) which was previously owned by the Group, the amount of compensation was RMB205,538,078.

The management considered that the Zhuhai Municipal Natural Resources Bureau had no legal basis to make the above compensation decision and was against legal procedures. The Zhuhai Municipal Natural Resources Bureau not only failed to specify relevant legal basis on the above compensation notice, it also once again hired valuation agency unilaterally without the Group’s consent, and submitted to such agency information which had not been confirmed by the Group as the basis for making assessment. As a result, the assessment for the Doumen Land’s value was substantially inaccurate and thus was unfair to the Group. To protect the Group’s legitimate interests, the Group has engaged lawyers to file administrative complaints against local government departments including the Zhuhai Municipal Natural Resources Bureau, 珠海市斗門區人民政府 (literally translated as People’s Government of Zhuhai Doumen District), and 珠海市斗門區井岸鎮人民政府 (literally translated as People’s Government of Zhuhai Doumen District Jingan Town).

As of the date of approval of these condensed consolidated financial statements, the Group has not reached an agreement with the Zhuhai Municipal Natural Resources Bureau on the amount of compensation available to the Group in respect of the resumption of the Doumen Land. Nevertheless, no material negative impact on the daily operations and the financial position of the Group is expected.

## FINANCIAL INVESTMENTS

During the period under reporting, equity investments held by the Group recorded net fair value gain.

As of 30 June 2021, the Group held approximately HK\$919 million (as of 31 December 2020: HK\$870 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity investments were held by the Group for long-term investment purpose and to receive dividend income.

The Group's equity investments recorded a net fair value gain of approximately HK\$49 million (2020: loss of HK\$239 million) when marking the investment portfolios to market valuation as of 30 June 2021, along with dividend income of approximately HK\$15 million (2020: HK\$1 million).

The equity investments held by the Group as at 30 June 2021 were as follows:

Stock Code	Company Name	Principal Business	Number of	Percentage	Investment cost	Realised	Unrealised	Dividend income	Fair value/ carrying amount	Percentage
			shares held as at 30 June 2021	of shareholding as at 30 June 2021		gain on change in fair value for the period ended 30 June 2021	gain/(loss) on change in fair value for the period ended 30 June 2021			to the Company's total asset as at 30 June 2021
			'000	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	7,850	0.24	196,381	-	14,444	1,021	229,534	1.81
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB).	5,743	0.03	385,760	-	23,545	6,692	257,558	2.03
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index.	2,664	1.30	337,354	-	(1,332)	-	288,245	2.27

Stock Code	Company Name	Principal Business	Number of shares held as at 30 June 2021 '000	Percentage of shareholding as at 30 June 2021 %	Investment cost HK\$'000	Realised	Unrealised	Dividend income for the period ended 30 June 2021 HK\$'000	Fair value/ carrying amount as at 30 June 2021 HK\$'000	Percentage to the Company's total asset as at 30 June 2021 %
						gain on change in fair value for the period ended 30 June 2021 HK\$'000	gain/(loss) on change in fair value for the period ended 30 June 2021 HK\$'000			
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	29,300	0.04	101,558	-	4,102	6,963	81,747	0.64
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	340	0.00	31,219	-	1,479	598	16,507	0.13
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	1,000	0.01	29,741	-	(1,700)	-	15,400	0.12
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas.	2,378	0.01	24,819	-	3,281	-	8,988	0.07
	Other listed securities <sup>#</sup>				56,014	-	5,313	134	20,673	0.16
						-	49,132	15,408	918,652	7.23

<sup>#</sup> Other listed securities mainly represented the Group's investment in 11 companies whose shares were mainly listed on the Main Board of The Stock Exchange of Hong Kong Limited. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 30 June 2021.

As at 30 June 2021, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the Chinese and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

## **CAPITAL STRUCTURE**

Details of changes in capital structure of the Company during the six months ended 30 June 2021 are as follows:

### **Share consolidation**

On 26 March 2021, the board of directors of the Company proposed to implement a share consolidation on the basis of every five (5) ordinary shares of par value of HK\$0.01 each in the capital of the Company be consolidated into one (1) ordinary share of par value of HK\$0.05 each. By an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021, the aforesaid share consolidation took effect on 31 May 2021. Please refer to (i) the announcement of the Company dated 26 March 2021; (ii) the circular of the Company dated 22 April 2021; and (iii) the poll results announcement of the Company dated 27 May 2021 for details.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

The Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the six months ended 30 June 2021.

## **FOREIGN CURRENCY EXPOSURE**

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 30 June 2021, the Group has not entered into any financial instrument for foreign currency hedging purpose.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK\$919 million (as of 31 December 2020: HK\$870 million) as of 30 June 2021. The Group's cash and cash equivalents as of 30 June 2021 amounted to approximately HK\$407 million (as of 31 December 2020: HK\$467 million).

As of 30 June 2021, the Group had total bank and other borrowings amounted to approximately HK\$1,461 million (as of 31 December 2020: HK\$1,627 million), which were secured by legal charges on the Group's certain investment properties in Hong Kong and Shanghai, and certain equity investments. The Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Group as at 30 June 2021 was as follows:

	<i>HK\$'000</i> (Unaudited)
Within one year	1,081,205
In the second year	380,000
In the third to fifth years, inclusive	<u>          —</u>
Total	<u><u>1,461,205</u></u>

With the total bank and other borrowings of approximately HK\$1,461 million (as of 31 December 2020: HK\$1,627 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK\$10,991 million (as of 31 December 2020: HK\$11,046 million), the Group's gearing ratio as at 30 June 2021 was around 13% (as of 31 December 2020: 15%).

## **CONTINGENT LIABILITY**

As of 30 June 2021, the Group had no material contingent liability.

## **COMMITMENTS**

As of 30 June 2021, the Group had committed payment for the construction and land development expenditure amounting to approximately HK\$43 million (as of 31 December 2020: HK\$43 million).

## **EMPLOYEES AND REMUNERATION POLICY**

As of 30 June 2021, the Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the period, the staff costs (including directors' emoluments) amounted to approximately HK\$7 million (2020: HK\$7 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

## **PROSPECT**

The global COVID-19 pandemic situation continued to fluctuate in the first half of 2021. The pace of global economic recovery is full of uncertainties amid the new wave of pandemic around the world brought about by coronavirus variant.

### **Property investment**

Although the Group's investment properties are situated in Hong Kong and the Mainland China where the pandemic has been quite well contained, the management is cautious about the Group's financial performance in the second half of 2021. As at the date of approving these condensed consolidated financial statements, many social distancing and travel restrictions implemented to contain the COVID-19 pandemic are still in force.

In Hong Kong, as the operating environment of particular industries such as retail, catering, and tourism remains severe, it is expected that tenants' affordability in general may not significantly improve in the remaining of 2021, resulting in considerable pressure on both rental yield and occupancy rate of the Group's investment properties in Hong Kong in the short- to medium- term.

The impact of the COVID-19 pandemic on the Group's operations in Mainland China has been mild thus far. Assuming the pandemic situation continues to be under control and there is no unexpected adverse event, the performance of the Group's operations in Mainland China in the second half of 2021 is estimated to be similar to that in the first half of the year.

### **Financial investments**

Under the prolonged pandemic, global stock market fluctuations, which could bring about material positive or negative impact on the results of the Group, is expected to persist in the rest of 2021. The management of the Group will pay close attention to the situation and will take appropriate steps when necessary.

The performance of the Group is inevitably under the influence of the COVID-19 pandemic situation's development, nevertheless the Group managed to maintain a sound financial position with a sustainable and stable debt level amid the pandemic. Looking ahead, the Group will maintain its prudent financial strategy, and will also continue to explore and grasp suitable investment opportunities to create value for shareholders.

#### **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events which may materially affect the Group's operations and financial performance subsequent to 30 June 2021 and up to the date of this announcement.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities of the Company during the six months ended 30 June 2021.

#### **REVIEW BY AUDIT COMMITTEE**

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2021.

#### **CORPORATE GOVERNANCE CODE**

In the opinion of the directors of the Company, the Company has applied the principles and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2021, save as disclosed below.

Under code provisions A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subjected to re-election; and (ii) all directors appointed to fill a casual vacancy should be subjected to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subjected to retirement by rotation at least once every three years.

Certain non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all directors of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2021.

## **BOARD OF DIRECTORS**

As of the date of this announcement, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company are Mr. Lo Mun Lam, Raymond, Mr. Lo Kam Cheung, Patrick and Mr. Tsui Ka Wah.

By Order of the Board  
**Lau Chi Yung, Kenneth**  
*Chairman*

Hong Kong, 26 August 2021