

**Realord**

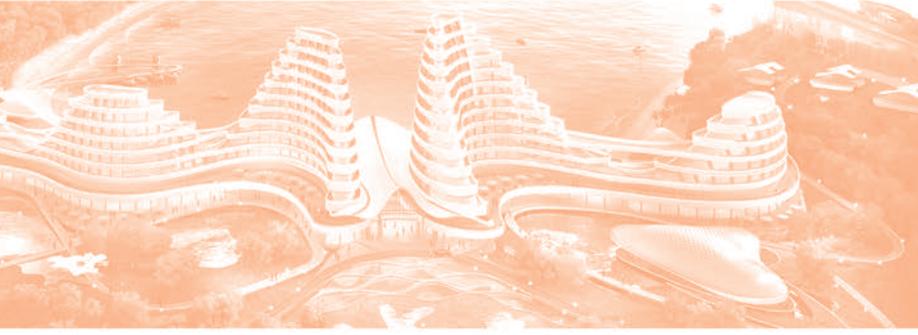
**偉祿集團控股有限公司**  
**REALORD GROUP HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

Stock Code: 1196

INTERIM REPORT 2022

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Lin Xiaohui (*Chairman*)

Su Jiaohua (*Chief Executive Officer*)

Lin Xiaodong

#### Independent Non-executive Directors

Yu Leung Fai

Fang Jixin

Ho Chun Chung Patrick

(*appointed on 8 March 2022*)

### COMPANY SECRETARY

Tsang Chin Pang

### LEGAL ADVISER

Michael Li & Co.

Debevoise & Plimpton

Holman Fenwick Willan

### INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay, Hong Kong SAR

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th Floor North

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

24/F, Jardine House

1 Connaught Place

Central, Hong Kong

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Chong Hing Bank Limited

Chiyu Banking Corporation Ltd.

DBS Bank (Hong Kong) Limited

Guangdong Huaxing Bank

Guangzhou Rural Commercial Bank

Hang Seng Bank Limited

The Hong Kong & Shanghai Banking  
Corporation Limited

### AUDIT COMMITTEE

Yu Leung Fai (*Chairman*)

Fang Jixin

Ho Chun Chung Patrick

(*appointed on 8 March 2022*)

### REMUNERATION COMMITTEE

Fang Jixin (*Chairman*)

Lin Xiaohui

Yu Leung Fai

### NOMINATION COMMITTEE

Lin Xiaohui (*Chairman*)

Yu Leung Fai

Fang Jixin

### STOCK CODE

1196

### COMPANY WEBSITE

<http://www.realord.com.hk>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

for the six months ended 30 June 2022

		<b>For the six months ended</b>	
		<b>30 June</b>	30 June
		<b>2022</b>	2021
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>			
– Goods and services		<b>552,865</b>	422,157
– Rental income		<b>5,929</b>	5,224
– Interest income		<b>24,503</b>	18,027
<hr/>			
Total revenues	3	<b>583,297</b>	445,408
Cost of sales		<b>(445,514)</b>	(312,969)
<hr/>			
<b>Gross profit</b>			
Other income/(expenses)	5	<b>14,727</b>	31,051
Other gains/(losses), net	6	<b>175,515</b>	(52,617)
Reversal of/(Provision for) impairment losses, net		<b>6,353</b>	(3,234)
Gain on fair value changes of investment properties, net	13	<b>390,158</b>	628,686
Selling and distribution expenses		<b>(51,339)</b>	(15,816)
Administrative expenses		<b>(162,147)</b>	(137,595)
Finance costs	7	<b>(357,220)</b>	(342,430)
<hr/>			
<b>Profit before income tax</b>			
Income tax credit/(expense)	8	<b>50,259</b>	(187,369)
<hr/>			
<b>Profit for the period</b>			
	9	<b>204,089</b>	53,115
<hr/>			
<b>Attributable to:</b>			
– Owners of the Company		<b>51,275</b>	47,356
– Non-controlling interests		<b>152,814</b>	5,759
		<b>204,089</b>	53,115
<hr/>			
<b>Earnings per share</b>			
– Basic (HK cents)	11	<b>3.561</b>	3.293
<hr/>			
– Diluted (HK cents)		<b>3.554</b>	3.285
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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
<b>Profit for the period</b>	<b>204,089</b>	53,115
<b>Other comprehensive income/(expense)</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gain/(loss) on property, plant and equipment revaluation	<b>10,346</b>	(1,047)
Income tax relating to (gain)/loss on property, plant and equipment revaluation	<b>(245)</b>	262
Gain on disposal of asset classified as held for sale	<b>715</b>	-
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>(364,517)</b>	91,466
<b>Other comprehensive (expense)/income for the period, net of income tax</b>	<b>(353,701)</b>	90,681
<b>Total comprehensive (expense)/income for the period</b>	<b>(149,612)</b>	143,796
<b>Attributable to:</b>		
- Owners of the Company	<b>(266,336)</b>	137,852
- Non-controlling interests	<b>116,724</b>	5,944
	<b>(149,612)</b>	143,796

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2022

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	747,292	688,920
Prepaid lease payments		4,758	5,023
Investment properties	13	10,611,678	10,628,833
Goodwill		320,937	320,937
Other intangible assets		61,301	50,206
Financial assets at fair value through other comprehensive income ("FVTOCI")	14	3,807	12,978
Prepayments, deposits and other receivables		179,554	181,138
Pension scheme assets		23,101	23,101
		<b>11,952,428</b>	<b>11,911,136</b>
<b>Current assets</b>			
Inventories		150,301	98,829
Properties under development	15	3,094,787	3,229,062
Trade receivables	16	391,752	355,226
Receivables arising from securities broking	16	302,081	290,443
Loan receivables	16	207,310	190,437
Prepayments, deposits and other receivables		397,857	405,167
Proposed development project		1,745,296	1,676,166
Tax recoverable		4,926	5,836
Financial assets at fair value through profit or loss ("FVTPL")	17	76,656	81,206
Amounts due from related parties	20	–	1,598
Cash held on behalf of clients		245,220	143,835
Pledged bank balances and deposits		103,005	102,153
Bank balances and cash		274,329	229,645
		<b>6,993,520</b>	<b>6,809,603</b>
Asset classified as held for sale	23	17,956	26,646
		<b>7,011,476</b>	<b>6,836,249</b>
<b>Current liabilities</b>			
Trade payables	18	67,347	54,926
Payables arising from securities broking	18	264,337	148,176
Contract liabilities		9,355	13,183
Insurance contracts liabilities		1,154	1,174
Other payables and accruals		331,396	172,725
Bank borrowings	19(a)	4,738,258	511,206
Other loans	19(b)	60,115	2,203
Amounts due to related parties	20	303,255	109,238
Lease liabilities		69,331	62,294
Tax payable		7,927	7,502
		<b>5,852,475</b>	<b>1,082,627</b>
<b>Net current assets</b>		<b>1,159,001</b>	<b>5,753,622</b>
<b>Total assets less current liabilities</b>		<b>13,111,429</b>	<b>17,664,758</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

as at 30 June 2022

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>Equity</b>			
Share capital	21	<b>144,071</b>	143,971
Reserves		<b>3,726,775</b>	3,989,101
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Equity attributable to owners of the Company		<b>3,870,846</b>	4,133,072
Non-controlling interests		<b>1,248,931</b>	1,132,207
<hr/>			
		<b>5,119,777</b>	5,265,279
<hr/>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>1,155,792</b>	1,256,322
Other payables and accruals		<b>4,663</b>	4,663
Loans from ultimate holding company	22	<b>1,513,964</b>	1,127,196
Bank borrowings	19(a)	<b>5,238,040</b>	9,967,718
Other loans	19(b)	<b>542</b>	537
Lease liabilities		<b>78,651</b>	43,043
<hr/>			
		<b>7,991,652</b>	12,399,479
<hr/>			
		<b>13,111,429</b>	17,664,758
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Share options reserve	Statutory reserve	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Exchange translation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2021 (Audited)	143,821	1,918,627	15,054	2,949	586,594	31,524	-	(291,159)	1,038,053	3,505,463	906,111	4,411,574
Profit for the period	-	-	-	-	-	-	-	-	47,356	47,356	5,759	53,115
Other comprehensive (expense)/income for the period:												
Loss on property, plant and equipment revaluation	-	-	-	-	-	(641)	-	-	-	(641)	(406)	(1,047)
Income tax relating to loss on property, plant and equipment revaluation	-	-	-	-	-	160	-	-	-	160	102	262
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	90,977	-	90,977	489	91,466
Total comprehensive (expense)/income for the period	-	-	-	-	-	(481)	-	90,977	47,356	137,852	5,944	143,796
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	103,074	103,074
Transfer of share option reserve upon the forfeiture of share options	-	-	(3,184)	-	-	-	-	-	3,184	-	-	-
Transactions with owners	-	-	(3,184)	-	-	-	-	-	3,184	-	103,074	103,074
<b>As at 30 June 2021 (Unaudited)</b>	<b>143,821</b>	<b>1,918,627</b>	<b>11,870</b>	<b>2,949</b>	<b>586,594</b>	<b>31,043</b>	<b>-</b>	<b>(200,182)</b>	<b>1,148,593</b>	<b>3,643,315</b>	<b>1,015,129</b>	<b>4,658,444</b>
As at 1 January 2022 (Audited)	143,971	1,924,642	8,878	2,949	839,969	39,243	621	(57,044)	1,229,843	4,133,072	1,132,207	5,265,279
Profit for the period	-	-	-	-	-	-	-	-	51,275	51,275	152,814	204,089
Other comprehensive income/(expense) for the period:												
Gain on property, plant and equipment revaluation	-	-	-	-	-	9,036	-	-	-	9,036	1,310	10,346
Income tax relating to gain on property, plant and equipment revaluation	-	-	-	-	-	(150)	-	-	-	(150)	(95)	(245)
Gain on disposal of asset classified as held for sale	-	-	-	-	-	-	536	-	-	536	179	715
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(327,033)	-	(327,033)	(37,484)	(364,517)
Total comprehensive income/(expense) for the period	-	-	-	-	-	8,886	536	(327,033)	51,275	(266,336)	116,724	(149,612)
Exercise of share options	100	4,010	(1,930)	-	-	-	-	-	1,930	4,110	-	4,110
Release of reserve upon disposal of asset classified as held for sale	-	-	-	-	-	-	(605)	-	605	-	-	-
Transactions with owners	100	4,010	(1,930)	-	-	-	(605)	-	2,535	4,110	-	4,110
<b>As at 30 June 2022 (Unaudited)</b>	<b>144,071</b>	<b>1,928,652</b>	<b>6,948</b>	<b>2,949</b>	<b>839,969</b>	<b>48,129</b>	<b>552</b>	<b>(384,077)</b>	<b>1,283,653</b>	<b>3,870,846</b>	<b>1,248,931</b>	<b>5,119,777</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
<b>Operating activities</b>		
Net cash used in operating activities	<b>(446,146)</b>	(160,726)
<b>Investing activities</b>		
Net cash outflows on acquisition of subsidiaries	<b>(1,406)</b>	(298,828)
Other investing cash flows	<b>26</b>	29,962
Net cash used in investing activities	<b>(1,380)</b>	(268,866)
<b>Financing activities</b>		
Net cash outflows from bank borrowings and other loans	<b>(36,016)</b>	(14,690)
Loans from ultimate holding company, net	<b>386,768</b>	35,935
Other financing cash flows	<b>144,944</b>	(368,647)
Net cash from/(used in) financing activities	<b>495,696</b>	(347,402)
Net increase/(decrease) in cash and cash equivalents	<b>48,170</b>	(776,994)
Cash and cash equivalents at the beginning of the period	<b>229,645</b>	1,268,295
Effect of changes in foreign exchange rates	<b>(3,486)</b>	12,000
Cash and cash equivalents at the end of the period	<b>274,329</b>	503,301
Represented by:		
Bank balances and cash	<b>274,329</b>	513,301
Bank overdrafts	<b>–</b>	(10,000)
	<b>274,329</b>	503,301

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2022

### 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of Realord Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. The accounting policies and critical accounting judgements and estimates used in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the application of the amendments to Hong Kong Financial Reporting Standards ("HKFRSs") as disclosed in note 2.

The condensed consolidated interim financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

### 2. ADOPTION OF NEW AND AMENDED HKFRSs

#### Amended HKFRSs that are effective for annual period beginning on 1 January 2022

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following amended HKFRSs which are effective as of 1 January 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of these amended HKFRSs had no material impact on how the consolidated results and consolidated financial position of the Group for the current and prior periods have been prepared and presented.

## 2. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

### Issued but not yet effective HKFRSs

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

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

<sup>2</sup> Effective date not yet determined

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

### 3. REVENUE

The Group recognises revenue from the following major sources:

- (i) Revenue from sale of motor vehicle parts is recognised at a point in time when the control of goods has been transferred to the customer upon delivery;
- (ii) Revenue from dismantling and trading of scrap materials is recognised at a point in time when the control of the specific type of scrap materials, either dismantled or not, as requested by the customer, has been transferred to the customer upon delivery;
- (iii) Revenue from sale of hangtags, labels, shirt paper boards and plastic bags is recognised at a point in time when the customer obtains control of the distinct goods;
- (iv) Revenue from sale of goods at the department stores is recognised at a point in time when the control of goods has been transferred to the customer upon purchase the goods at the department stores;
- (v) Revenue from rendering of financial printing, digital printing and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs;
- (vi) Revenue from rendering of corporate finance advisory, asset management and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date;
- (vii) Revenue from consultancy services on citizenship by investment programme ("CBI Programme") is recognised at a point in time when the CBI services have rendered to the clients;
- (viii) Revenue from commission from securities broking is recognised at a point in time upon execution of orders for purchase or sale of securities on behalf of clients;
- (ix) Revenue from commission from counter and consignment sales at the department stores is recognised at a point in time and based on certain percentage of sales made by the customers in accordance with the terms of contracts;
- (x) Revenue from interest income from money lending business and margin financing is recognised on a time proportion basis using the effective interest method; and
- (xi) Revenue from rental income is recognised on a straight-line basis over the term of the lease.

### 3. REVENUE (Continued)

#### Disaggregation of revenue from contracts with customers

Type of goods and services	Property HK\$'000	Financial Services HK\$'000	Environmental Protection HK\$'000	Motor Vehicle Parts HK\$'000	Commercial Printing HK\$'000	Hangtag HK\$'000	Department Store HK\$'000	LAC HK\$'000	Total HK\$'000
<b>For the six months ended 30 June 2022 (Unaudited)</b>									
Sales of goods									
- Motor vehicle parts	-	-	-	54,156	-	-	-	-	54,156
- Scrap materials	-	-	356,087	-	-	-	-	-	356,087
- Hangtags, labels, shirt paper boards and plastic bags	-	-	-	-	-	116	-	-	116
- Department store goods	-	-	-	-	-	-	51,441	-	51,441
	-	-	356,087	54,156	-	116	51,441	-	461,800
Rendering of services									
- Printing services	-	-	-	-	31,784	-	-	-	31,784
- Financial services	-	14,254	-	-	-	-	-	-	14,254
- Consultancy services	-	-	-	-	-	-	-	3,320	3,320
- Commission from securities broking	-	24,385	-	-	-	-	-	-	24,385
- Commission from counter and consignment sales	-	-	-	-	-	-	17,322	-	17,322
Revenue from contracts with customers	-	38,639	356,087	54,156	31,784	116	68,763	3,320	552,865
Revenue from gross rental income	5,601	-	-	-	-	-	328	-	5,929
Revenue from interest income from money lending business	-	10,489	-	-	-	-	-	-	10,489
Revenue from interest income from margin financing	-	14,014	-	-	-	-	-	-	14,014
<b>Total</b>	<b>5,601</b>	<b>63,142</b>	<b>356,087</b>	<b>54,156</b>	<b>31,784</b>	<b>116</b>	<b>69,091</b>	<b>3,320</b>	<b>583,297</b>
<b>Timing of revenue recognition</b>									
A point in time	-	24,385	356,087	54,156	-	116	68,763	3,320	506,827
Over time	-	14,254	-	-	31,784	-	-	-	46,038
	-	38,639	356,087	54,156	31,784	116	68,763	3,320	552,865
<b>Revenue out of the scope of HKFRS 15</b>									
Rental income	5,601	-	-	-	-	-	328	-	5,929
Interest income	-	24,503	-	-	-	-	-	-	24,503
<b>Total</b>	<b>5,601</b>	<b>63,142</b>	<b>356,087</b>	<b>54,156</b>	<b>31,784</b>	<b>116</b>	<b>69,091</b>	<b>3,320</b>	<b>583,297</b>

### 3. REVENUE (Continued)

#### Disaggregation of revenue from contracts with customers (Continued)

Type of goods and services	Property HK\$'000	Financial Services HK\$'000	Environmental Protection HK\$'000	Motor Vehicle Parts HK\$'000	Commercial Printing HK\$'000	Hangtag HK\$'000	Department Store HK\$'000	Total HK\$'000
For the six months ended 30 June 2021 (Unaudited)								
Sales of goods								
- Motor vehicle parts	-	-	-	74,513	-	-	-	74,513
- Scrap materials	-	-	256,665	-	-	-	-	256,665
- Hangtags, labels, shirt paper boards and plastic bags	-	-	-	-	-	116	-	116
- Department store goods	-	-	-	-	-	-	9,169	9,169
	-	-	256,665	74,513	-	116	9,169	340,463
Rendering of services								
- Printing services	-	-	-	-	30,658	-	-	30,658
- Financial services	-	41,976	-	-	-	-	-	41,976
- Commission from securities broking	-	6,408	-	-	-	-	-	6,408
- Commission from counter and consignment sales	-	-	-	-	-	-	2,652	2,652
Revenue from contracts with customers	-	48,384	256,665	74,513	30,658	116	11,821	422,157
Revenue from gross rental income	5,224	-	-	-	-	-	-	5,224
Revenue from interest income from money lending business	-	10,284	-	-	-	-	-	10,284
Revenue from interest income from margin financing	-	7,743	-	-	-	-	-	7,743
<b>Total</b>	<b>5,224</b>	<b>66,411</b>	<b>256,665</b>	<b>74,513</b>	<b>30,658</b>	<b>116</b>	<b>11,821</b>	<b>445,408</b>
<b>Timing of revenue recognition</b>								
A point in time	-	6,408	256,665	74,513	-	116	11,821	349,523
Over time	-	41,976	-	-	30,658	-	-	72,634
	-	48,384	256,665	74,513	30,658	116	11,821	422,157
<b>Revenue out of the scope of HKFRS 15</b>								
Rental income	5,224	-	-	-	-	-	-	5,224
Interest income	-	18,027	-	-	-	-	-	18,027
<b>Total</b>	<b>5,224</b>	<b>66,411</b>	<b>256,665</b>	<b>74,513</b>	<b>30,658</b>	<b>116</b>	<b>11,821</b>	<b>445,408</b>

#### 4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group is organised into business units based on their products and services and has eight (six months ended 30 June 2021: seven) operating segments as follows:

- (i) property investment, development and commercial operation ("Property Segment");
- (ii) provision of corporate finance advisory, asset management, securities brokerage services, margin financing and money lending ("Financial Services Segment");
- (iii) environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials ("Environmental Protection Segment");
- (iv) distribution and sale of motor vehicle parts ("Motor Vehicle Parts Segment");
- (v) provision of financial printing, digital printing and other related services ("Commercial Printing Segment");
- (vi) sales of hangtags, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products ("Hangtag Segment");
- (vii) operation of department stores offering a wide range of consumer products, comprises of sale of goods, income from counter and consignment sale and the revenue from other sources, including net realised gains/loss on securities trading, rental income from sublease of properties and the provision of pension and life insurance ("Department Store Segment"); and
- (viii) development of project in Grenada which integrates a collection of international school campuses, apartments for student, commercial complex, hotel resorts, residential villas and other ancillary facilities ("Latin America and Caribbean Segment" or "LAC Segment").

The CODM classified the LAC Segment as an operating segment for the year ended 31 December 2021 when the Group acquired 70.5% equity interests in Caribbean Education Industry Group Limited and its subsidiaries (collectively referred to as the "Caribbean Group") from Dr. Lin Xiaohui ("Dr. Lin"), the executive director of the Company. Hangtag Segment does not meet any quantitative thresholds for reportable segment but this segment is separately disclosed as the CODM considers that the information about the segment would be useful to users of the condensed consolidated interim financial statements.

Segment results represents the profit earned by/(loss from) each segment without allocation of bank interest income, certain other income, unrealised fair value loss on financial assets at FVTPL, realised gain on disposal of financial assets at FVTPL, net foreign exchange gain/(loss), revaluation surplus on property, plant and equipment, corporate expenses and certain finance costs. This is the measurements reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets exclude tax recoverable, bank balances and cash, financial assets at FVTOCI/FVTPL, pension scheme assets, amounts due from related parties, asset classified as held for sale and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude certain bank borrowings, certain other loans, tax payable, deferred tax liabilities, amounts due to related parties, loans from ultimate holding company and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Inter-segment sales are charged at prevailing market rates.







## 5. OTHER INCOME/(EXPENSES)

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic")	7,877	–
Interest income on credit-impaired loan receivables	2,486	1,825
Government grants (note)	1,771	167
Bank interest income	325	15,409
Claim for legal case	–	13,888
Others	2,268	(238)
	<b>14,727</b>	<b>31,051</b>

Note: The government grants represented the Employment Support Scheme (2021: Distance Business Programme) under the Anti-epidemic Fund granted from the Hong Kong Special Administrative Region ("HKSAR") Government, which aimed to provide financial support to the enterprises to retain employees who may otherwise be made redundant.

## 6. OTHER GAINS/(LOSSES), NET

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Loss on disposal of property, plant and equipment	(827)	–
Gain on early termination of lease	64	–
Revaluation surplus on property, plant and equipment	977	7,126
Realised gain on disposal of financial assets at FVTPL	202	1,157
Unrealised fair value loss on financial assets at FVTPL	(4,044)	(1,201)
Net foreign exchange gain/(loss)	179,143	(59,699)
	<b>175,515</b>	<b>(52,617)</b>

**7. FINANCE COSTS**

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Interest on bank borrowings and overdrafts	293,186	311,875
Interest on loans from ultimate holding company	54,046	28,296
Finance charges on lease liabilities	4,698	1,046
Interest on amounts due to related parties	3,201	–
Interest on other loans	1,251	–
Imputed interest on deferred consideration	838	1,213
	<b>357,220</b>	<b>342,430</b>

**8. INCOME TAX (CREDIT)/EXPENSE**

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2022.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2021: 25%) for the six months ended 30 June 2022.

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax.

The subsidiaries of the Group incorporated in Grenada is subject to Corporation Tax in the Grenada ("Corporation Tax"). Corporation Tax is calculated at 28% (2021: Nil) of the estimated assessable profits for the six months ended 30 June 2022. For the six months ended 30 June 2022, the Group did not generate any estimated assessable profits in Grenada.

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Current tax		
– Hong Kong	2,007	2,412
– The PRC	–	42
– Japan	115	3,439
– Other countries	36	–
Deferred tax	(52,417)	181,476
	<b>(50,259)</b>	<b>187,369</b>

**9. PROFIT FOR THE PERIOD**

The Group's profit for the period is arrived at after charging/(crediting):

	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Depreciation		
– Owned assets	<b>17,140</b>	16,619
– Right-of-use assets	<b>44,770</b>	21,064
– Prepaid lease payments	<b>65</b>	59
Amortisation of other intangible assets	<b>3,429</b>	1,394
Direct operating expenses (including repair and maintenance):		
– Arising from investment properties	<b>507</b>	588
Employee benefit expense (including directors' emoluments)	<b>91,969</b>	72,566
Cost of inventories recognised as expenses	<b>416,994</b>	305,938
COVID-19-related rent concessions (included in administrative expenses)	<b>(720)</b>	–
Reversal of provision for inventories (included in cost of sales)	<b>(803)</b>	–
Short-term lease payments	<b>9,397</b>	2,193

**10. DIVIDEND**

No dividend was paid or proposed by the Company during the six months ended 30 June 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

**11. EARNINGS PER SHARE**

The calculations of the basic and diluted earnings per share are based on:

	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Earnings for the purposes of the calculation of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<b>51,275</b>	47,356

**11. EARNINGS PER SHARE (Continued)**

	Number of shares	
	For the six months ended	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for the purpose of the calculation of basic earnings per share	1,440,080,046	1,438,209,880
Effect of dilutive potential ordinary shares:		
– Share options	2,560,267	3,350,497
Weighted average number of ordinary shares in issue for the purpose of the calculation of diluted earnings per share	1,442,640,313	1,441,560,377

**12. PROPERTY, PLANT AND EQUIPMENT**

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
At the beginning of the period/year	688,920	447,153
Additions	12,524	11,914
Disposals	(827)	(479)
Acquisition of subsidiaries	231	224,539
Capital contribution from the controlling shareholder	–	1,997
Depreciation for the period/year	(61,910)	(91,233)
Gain on revaluation, net	11,323	32,450
Inception of lease	100,389	–
Lease modification	1,396	62,455
Lease termination	(486)	(109)
Impairment	–	(1,992)
Exchange realignment	(4,268)	2,225
At the end of the period/year	747,292	688,920

As at 30 June 2022 and 31 December 2021, certain property, plant and equipment of the Group were pledged to secure general banking facilities granted to the Group, details of which are set out in note 19(a).

**13. INVESTMENT PROPERTIES**

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
At the beginning of the period/year	<b>10,628,833</b>	11,839,176
Additions	<b>10,003</b>	42,177
Disposal	<b>(14,000)</b>	–
Capital contribution from the controlling shareholder	–	345,787
Gain on fair value changes recognised in profit or loss, net	<b>390,158</b>	1,265,256
Transfer to properties under development	–	(3,229,062)
Exchange realignment	<b>(403,316)</b>	365,499
	<b>10,611,678</b>	10,628,833

As at 30 June 2022 and 31 December 2021, certain investment properties of the Group were pledged to secure general banking facilities and other loans granted to the Group, details of which are set out in notes 19(a) and 19(b) respectively.

**14. FINANCIAL ASSETS AT FVTOCI**

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Financial assets		
– Unlisted security	–	9,171
– Other unlisted investments	<b>3,807</b>	3,807
	<b>3,807</b>	12,978

**15. PROPERTIES UNDER DEVELOPMENT**

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Properties under development	<b>3,094,787</b>	3,229,062

As at 30 June 2022 and 31 December 2021, the Group's properties under development were pledged to secure general banking facilities granted to the Group, details of which are set out in note 19(a).

**16. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES**

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade receivables, gross	402,863	374,669
Less: allowance for credit losses	(11,111)	(19,443)
Trade receivables, net	391,752	355,226
Receivables arising from securities broking conducted in the ordinary course of business:		
– Clearing house	–	3,062
– Cash clients accounts receivable	36,369	11,238
– Loans to margin clients	266,416	276,231
Less: allowance for credit losses	(704)	(88)
Receivables arising from securities broking, net	302,081	290,443
Receivables arising from money lending conducted in the ordinary course of business:		
– Loan receivables	226,000	206,999
Less: allowance for credit losses	(18,690)	(16,562)
Loan receivables, net	207,310	190,437
	<b>901,143</b>	<b>836,106</b>

**Trade receivables**

The credit periods are generally one to three months (31 December 2021: one to three months). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

**Receivables arising from securities broking**

With regard to receivables arising from securities broking, the Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limits are approved by designated approvers according to the clients' credit quality.

The normal settlement term of receivables from clearing house and cash clients accounts arising from the ordinary course of business of securities broking is two (31 December 2021: two) trading days after the trade date.

Loans to margin clients are secured by the underlying pledged securities, repayable on demand or agreed dates of repayment and bear interest at commercial rates.

## 16. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES (Continued)

### Loan receivables

Loan receivables are unsecured, repayable on agreed dates of repayment within one year and bear interest at commercial rates.

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates/dates of rendering of services:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
0 to 30 days	67,861	154,679
31 to 60 days	57,412	21,311
61 to 90 days	98,380	17,478
91 to 365 days	162,414	105,062
Over 1 year	5,685	56,696
	<b>391,752</b>	<b>355,226</b>

Note: No ageing analysis of receivables from clearing house and cash clients accounts, loan receivables from margin clients and loan receivables from money lending clients is disclosed as in the opinion of the directors of the Company, the ageing analysis is not meaningful in view of the nature of the cash clients accounts receivable arising from securities broking, the revolving margin loans and the money lending loans.

## 17. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Club and school debentures	14,671	13,991
Listed equity securities	59,952	64,906
Other investments	2,033	2,309
	<b>76,656</b>	<b>81,206</b>

As at 30 June 2022 and 31 December 2021, certain investments held for trading of the Group were pledged to secure general banking facilities granted to the Group, details of which are set out in note 19(a).

**18. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING**

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Trade payables	<b>67,347</b>	54,926
Payables arising from securities broking conducted in the ordinary course of business:		
– Clearing house	<b>37,055</b>	–
– Cash and margin clients accounts payable	<b>227,282</b>	148,176
	<b>264,337</b>	148,176
	<b>331,684</b>	203,102

The following is an ageing analysis of trade payables based on invoice dates:

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
0 to 30 days	<b>46,950</b>	40,772
31 to 60 days	<b>1,203</b>	938
61 to 90 days	<b>8,858</b>	766
Over 90 days	<b>10,336</b>	12,450
	<b>67,347</b>	54,926

The credit period of trade payables ranges from 60 to 90 days (31 December 2021: 60 to 90 days). The normal settlement terms of payable arising from securities broking are two trading days after the trade date.

Included in the cash and margin clients accounts payable arising from dealing in securities conducted in the ordinary course of business is cash held on behalf of clients amounted to HK\$245,220,000 (31 December 2021: HK\$143,835,000) representing those clients' undrawn monies/excess deposits placed with the Group. As at 30 June 2022, the cash clients accounts payable included an amount of HK\$122,000 (31 December 2021: HK\$114,000) in respect of certain directors' undrawn monies/excess deposits placed with the Group. The cash clients accounts payable are repayable on demand and non interest-bearing. No ageing analysis is disclosed as in the opinion of the directors of the Company, an ageing analysis is not meaningful in view of the nature of the business of dealing in securities.

**19. BANK BORROWINGS AND OTHER LOANS**

## (a) Bank borrowings

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Bank borrowings		
– Secured	<b>6,560,058</b>	6,902,234
– Unsecured	<b>3,416,240</b>	3,576,690
	<b>9,976,298</b>	10,478,924

The contractual maturity dates of the bank borrowings are as follows:

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Carrying amount of bank borrowings are repayable (note (iv)):		
– Within one year	<b>4,385,788</b>	134,553
– More than one year but not more than two years	<b>3,516,877</b>	5,261,756
– More than two years but not more than five years	<b>377,550</b>	3,248,117
– Over five years	<b>1,343,613</b>	1,457,845
	<b>9,623,828</b>	10,102,271
Carrying amount of bank borrowings that contain a repayment on demand clause and included in current portion	<b>352,470</b>	376,653
	<b>9,976,298</b>	10,478,924
Less: amounts due within one year shown under current liabilities	<b>(4,738,258)</b>	(511,206)
Amounts shown under non-current liabilities	<b>5,238,040</b>	9,967,718

**19. BANK BORROWINGS AND OTHER LOANS (Continued)**

## (a) Bank borrowings (Continued)

Notes:

- (i) As at 30 June 2022, the Group's bank borrowings of HK\$352,470,000 (31 December 2021: HK\$376,653,000) bear interest rates from 1.5% to 2.5% (31 December 2021: 1.5% to 2.5%) over Hong Kong Interbank Offered Rate per annum.
- (ii) As at 30 June 2022, the Group's bank borrowing of HK\$225,922,000 (31 December 2021: HK\$228,815,000) bears interest rate of 2.85% (31 December 2021: 2.85%) below Prime Rate per annum.
- (iii) As at 30 June 2022, the Group's bank borrowings of HK\$9,397,906,000 (31 December 2021: HK\$9,873,456,000) bear fixed interest rates from 4.93% to 6.75% (31 December 2021: 4.93% to 5.62%) per annum.
- (iv) The amounts due are based on scheduled repayment dates set out in the loan agreements.
- (v) The Group's available banking facilities amounted to HK\$11,161,739,000 (31 December 2021: HK\$11,598,495,000), of which HK\$9,976,298,000 (31 December 2021: HK\$10,478,924,000) had been utilised at the end of the reporting period.
- (vi) Certain bank borrowings of the Group were guaranteed by the Company up to HK\$9,597,985,000 (31 December 2021: HK\$10,096,429,000), and the Group's companies up to HK\$8,961,675,000 (31 December 2021: HK\$9,405,274,000).
- (vii) Certain bank borrowings of the Group were secured by mortgages over the Group's investment properties with a carrying amount at the end of the reporting period of HK\$9,578,348,000 (31 December 2021: HK\$10,184,027,000), mortgages over the Group's leasehold land and buildings with a carrying amount at the end of the reporting period of HK\$564,728,000 (31 December 2021: HK\$562,371,000), mortgage over the Group's properties under development with a carrying amount at the end of the reporting period of HK\$3,094,787,000 (31 December 2021: HK\$3,229,062,000).
- (viii) Certain bank borrowings of the Group were secured by securities collateral pledged to the Group by margin clients with market value of HK\$317,504,000 (31 December 2021: HK\$359,301,000), the Group's marketable securities with an aggregate fair value of HK\$2,516,000 (31 December 2021: HK\$3,432,000) and shares of two (31 December 2021: two) investment properties owning subsidiaries.
- (ix) Certain bank borrowings of the Group were secured by the Group's bank balances and deposits of HK\$103,005,000 (31 December 2021: HK\$102,153,000).
- (x) Certain bank borrowings of the Group were guaranteed by the directors and controlling shareholders of the Company up to HK\$9,615,050,000 (31 December 2021: HK\$10,093,099,000) and the related parties of the Group up to HK\$8,778,000 (31 December 2021: HK\$9,171,000).
- (xi) Except for bank borrowings of HK\$9,397,906,000 (31 December 2021: HK\$9,873,456,000) which are denominated in Renminbi ("RMB"), all other bank borrowings are denominated in HK\$.

**19. BANK BORROWINGS AND OTHER LOANS (Continued)**

## (b) Other loans

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Other loans (note (i))	2,767	2,740
Other loans from financial institutions (note (ii))	57,890	–
	<b>60,657</b>	2,740
Less: Amount repayable within one year or contains a repayment on demand clause and classified as current portion	<b>(60,115)</b>	(2,203)
	<b>542</b>	537

## Notes:

- (i) The amounts are unsecured, interest-bearing at 2% (31 December 2021: 2%) per annum and repayable on demand except for an amount of HK\$542,000 (31 December 2021: HK\$537,000) which is not repayable in the next 12 months after the end of the reporting period.
- (ii) The other loans from financial institutions bear interest rate of Prime Rate per annum. The loans contain a repayment on demand clause. The loans were guaranteed by the Company up to HK\$57,890,000 (31 December 2021: Nil) and were secured by mortgage over Group's investment properties with a carrying amount at the end of the reporting period of HK\$81,730,000 (31 December 2021: Nil).

**20. AMOUNTS DUE FROM/(TO) RELATED PARTIES**

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Amounts due from related parties (note (i))	–	1,598
Amounts due to related parties (note (ii))	<b>(155,497)</b>	(79,877)
Amounts due to related parties (note (ii))	<b>(42,758)</b>	(29,361)
Loan from a related company (note (iii))	<b>(105,000)</b>	–
	<b>(303,255)</b>	(109,238)
	<b>(303,255)</b>	(107,640)

**20. AMOUNTS DUE FROM/(TO) RELATED PARTIES (Continued)**

Notes:

- (i) Amounts due are unsecured, interest-free and repayable on demand.
- (ii) Amounts due are unsecured, interest-bearing at 8% (31 December 2021: 8%) per annum and repayable on demand.
- (iii) The loan from a related company, in which Dr. Lin and Madam Su Jiaohua own 70% and 30% equity interests respectively, is unsecured, bears interest at HIBOR plus 5% per annum and is payable within the term agreed with the related company.

**21. SHARE CAPITAL**

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
<b>Authorised:</b>		
20,000,000,000 (31 December 2021: 20,000,000,000) ordinary shares of HK\$0.10 each	<b>2,000,000</b>	2,000,000
<b>Issued and fully paid:</b>		
1,440,709,880 (31 December 2021: 1,439,709,880) ordinary shares of HK\$0.10 each	<b>144,071</b>	143,971

A summary of movements in the Company's share capital is as follows:

	<b>Number of ordinary shares in issue</b>	<b>Share capital HK\$'000</b>
As at 1 January 2021	1,438,209,880	143,821
Exercise of share options (note)	1,500,000	150
As at 31 December 2021 and 1 January 2022 (audited)	<b>1,439,709,880</b>	<b>143,971</b>
Exercise of share options (note)	<b>1,000,000</b>	<b>100</b>
As at 30 June 2022 (unaudited)	<b>1,440,709,880</b>	<b>144,071</b>

Note: On 25 April 2022, the Company issued 1,000,000 shares (for the year ended 31 December 2021: 1,500,000 shares) due to the exercise of share options by the option holders under the share option scheme of the Company. The new shares rank pari passu with existing shares in all respects.

## 22. LOANS FROM ULTIMATE HOLDING COMPANY

Loans from ultimate holding company were unsecured, interest-bearing at 8.2% (31 December 2021: 8.2%) per annum and will be repayable in June 2024 (31 December 2021: June 2023).

## 23. ASSET CLASSIFIED AS HELD FOR SALE

The Group has entered into a sale and purchase agreement with an independent third party to dispose one of the unlisted investments of total shares of 12,202,422 in January 2022. Such unlisted investments, which previously classified as financial assets at FVTOCI, were reclassified to asset classified as held for sale at 31 December 2021 and presented separately in the condensed consolidated statement of financial position. The Group completed its disposal of 3,979,764 shares on 14 February 2022 and 8,222,658 shares on 25 July 2022 respectively.

## 24. ACQUISITION OF SUBSIDIARIES

On 18 February 2022, non-wholly owned subsidiaries of the Group entered into a share purchase agreement and share transfer agreement with independent third parties to acquire the entire issued share capital of Realord Century Service Company Limited (formerly known as "Hartman Education Service Limited") and its subsidiary, Hartman Culture Development (Shanghai) Co., Ltd.\* (哈特曼文化發展(上海)有限公司) (collectively referred to the "Realord Century Group") and Realord Century Business Service (Shenzhen) Co., Ltd.\* (偉祿世紀商務服務(深圳)有限公司) (formerly known as Hartman Immigration Consultancy Service (Shenzhen) Co., Ltd.\* (哈特曼移民諮詢服務(深圳)有限公司)) (together with the Realord Century Group together as the "Hartman Education Group") at a total cash consideration of HK\$1,876,000. The principal activities of the Hartman Education Group are provision of consultancy services on CBI Programme as a marketing agent. The transactions were completed on 28 February 2022. Such series of acquisitions have been accounted for using the acquisition method.

The provisional fair values of the identifiable assets and liabilities of the Hartman Education Group at the acquisition date were as follows:

	(Unaudited) HK\$'000
Plant and equipment (note 12)	231
Other intangible assets	14,524
Prepayments, deposits and other receivables	485
Bank balances and cash	470
Other payables and accruals	(11,437)
Deferred tax liabilities	(2,397)
<b>Total identifiable net assets at fair value</b>	<b>1,876</b>

\* For identification purpose only

**24. ACQUISITION OF SUBSIDIARIES (Continued)*****Goodwill arising on acquisition***

	(Unaudited) HK\$'000
Consideration transferred	1,876
Less: fair value of net identifiable assets acquired	(1,876)
	—

***Net cash outflows on acquisition***

	(Unaudited) HK\$'000
Bank balances and cash acquired	470
Less: cash consideration paid	(1,876)
	(1,406)

At the time of the condensed consolidated interim financial statements were authorised for issue, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

**25. CAPITAL COMMITMENTS**

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
Contracted, but not provided for:		
– Capital injection in a joint venture engaged in securities brokerage business	<b>410,183</b>	427,980
– Investment properties	<b>392,613</b>	249,600
– Leasehold improvements	–	1,101
	<b>802,796</b>	678,681

## 26. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period:

### (i) Related party transactions

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Interest expense on loans from ultimate holding company	54,046	28,296
Interest expense on amounts due to related parties	1,727	–
Interest expense on loan from a related company	1,474	–
Handling fee to a related company	1,000	–
Management fee paid to a related company controlled by a director of the Company in the PRC	997	373
Securities service fee received from the directors and controlling shareholders	5	5

### (ii) Other transactions with related parties

During the six months ended 30 June 2022, the Group received loans from and repaid to ultimate holding company of HK\$406,368,000 (2021: HK\$119,783,000) and HK\$19,600,000 (2021: HK\$83,848,000) respectively.

### (iii) Compensation of key management personnel of the Group

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Short-term employee benefits	5,031	5,019
Post-employment benefits	27	27
	5,058	5,046

## 27. FINANCIAL INSTRUMENTS

### Fair value measurement recognised in the condensed consolidated statement of financial position

The fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used) as well as the level of fair value hierarchy which the fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

Certain financial assets of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000		
Financial assets at FVTPL				
– Club and school debentures	14,671	13,991	Level 2	Estimated transaction prices
– Listed equity securities	59,952	64,906	Level 1	Quoted bid prices in an active market
– Other investments	2,033	2,309	Level 2	Quoted prices from the fund managers
Financial assets at FVTOCI and asset classified as held for sale				
– Unlisted investments	21,763	30,453	Level 3	Market approach and discount of lack of marketability of 30.9% (31 December 2021: 30.9%)

During the six months ended 30 June 2022 and 2021, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3 for the financial assets.

**27. FINANCIAL INSTRUMENTS (Continued)****Fair value measurement recognised in the condensed consolidated statement of financial position (Continued)**

The fair value of financial assets at FVTOCI is determined using the market approach adjusted for lack of marketability discount. The fair value is negatively correlated to the discount for lack of marketability.

As at 30 June 2022, it is estimated that an increase/(decrease) of 3% in the unobservable input, with all other variables held constant, would (increase)/decrease the Group's other comprehensive expense as follows:

<b>As at 30 June 2022 (Unaudited)</b>	<b>Increase/ (Decrease) in unobservable input %</b>	<b>(Increase)/ decrease in other comprehensive expense HK\$'000</b>
Discount for lack of marketability	<b>3 (3)</b>	<b>(539) 551</b>
<hr/>		
<b>As at 31 December 2021 (Audited)</b>	<b>Increase/ (Decrease) in unobservable input %</b>	<b>(Decrease)/ increase in other comprehensive income HK\$'000</b>
Discount for lack of marketability	<b>3 (3)</b>	<b>(800) 818</b>

The movement of financial assets at FVTOCI and asset classified as held for sale during the period in the balance of Level 3 fair value measurements is as follows:

	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	<b>As at 31 December 2021 (Audited) HK\$'000</b>
<b>Financial assets at FVTOCI</b>		
At the beginning of the period/year	<b>3,807</b>	–
Acquisition of subsidiaries	–	29,625
Net gains recognised in other comprehensive income	–	828
Transfer to asset classified as held for sale	–	(26,646)
<hr/>		
At the end of the period/year	<b>3,807</b>	3,807
<hr/>		
<b>Asset classified as held for sale</b>		
At the beginning of the period/year	<b>26,646</b>	–
Gain on disposal recognised in other comprehensive income	<b>715</b>	–
Transfer from financial assets at FVTOCI	–	26,646
Disposal	<b>(9,405)</b>	–
<hr/>		
At the end of the period/year	<b>17,956</b>	26,646

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

## 28. CONTINGENT LIABILITIES

### Claim from former director of a subsidiary

As set out in the announcement of The Sincere Company, Limited (“Sincere”) (Stock Code: 244), a non-wholly owned subsidiary of the Group, dated 11 June 2021, Sincere received a statutory demand (the “Statutory Demand”) dated 4 June 2021 from the legal adviser acting on behalf of Mr. Philip KH Ma (“Mr. Philip Ma”), the former chairman, chief executive officer and director of Sincere, pursuant to Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong), demanding Sincere to pay the amount of HK\$8,244,000, which is asserted to be outstanding remunerations under an employment contract due to Mr. Philip Ma, within 21 days from the date of service of the Statutory Demand, failing which Mr. Philip Ma may present a winding up petition against Sincere.

As disclosed in the announcement of Sincere dated 23 June 2021, Sincere has sought legal advice in respect of the Statutory Demand and was advised that the Statutory Demand is a nullity. Sincere was also advised that it has a bona fide dispute to the sum demanded by Mr. Philip Ma. Sincere had, through its legal advisers, requested Mr. Philip Ma to (i) withdraw the Statutory Demand; and (ii) undertake not to issue any winding-up petition against Sincere in reliance on the Statutory Demand.

On 21 June 2021, Sincere received a Forms of Claim dated 17 June 2021 by Mr. Philip Ma with the Labour Tribunal (the “LBTC Claim”). According to the said Form of Claim, Mr. Philip Ma claims against Sincere for unpaid director’s fees and management fees allegedly due from four subsidiaries of Sincere in the total sum of approximately HK\$8,244,000, which is the same amount as that demanded by him in the Statutory Demand. Sincere further received a letter from Mr. Philip Ma’s legal advisers on 21 June 2021 stating that Mr. Philip Ma will not present a winding-up petition against Sincere in respect of the alleged outstanding remunerations stated in the Statutory Demand pending the determination of the Labour Tribunal.

Call-over hearings in respect of the LBTC Claim were held at the Labour Tribunal on 8 July 2021 and 1 November 2021. Mr. Philip Ma increased his claim in the LBTC Claim to include additional claims that Sincere owed him an alleged partial unpaid director’s fees for the period from 1 March 2021 to 30 June 2021 and payment in lieu of annual leave entitlement; and in respect of the certain subsidiaries of Sincere, Mr. Philip Ma also included his claim for director’s fees and management fees for the period between March to June 2021 and certain entertainment allowance.

The LBTC Claim was subsequently transferred to Court of First Instance of the High Court of Hong Kong, in which Mr. Philip Ma claimed a total sum of approximately HK\$12,064,000 by including the additional claims in the aforesaid paragraph and subsequently revised the claims to approximately HK\$12,442,000. Sincere has instructed its legal advisers to defend Mr. Philip Ma’s claims and make a counterclaim with a total sum of approximately HK\$71,600,000 in the High Court. In the High Court proceedings, exchange of pleadings has been completed and is pending to trial.

Therefore, no provision has been made as at 30 June 2022 and 31 December 2021.

## 29. LITIGATION

### Deed and purported cancellation

On 29 October 2020, Win Dynamic, the then controlling shareholder of Sincere, executed a deed in favour of Sincere at no consideration (the "Deed"). Pursuant to the Deed, Win Dynamic has irrevocably undertaken to gift to Sincere the sum falling to be paid by the Company to Win Dynamic upon its acceptance of the conditional voluntary cash offer relating to all the 662,525,276 shares of Sincere held by it (the "Offer"), which was expected to amount to approximately HK\$260,443,000 (after deducting Win Dynamic's ad valorem stamp duty). As disclosed in the announcement of Sincere dated 29 October 2020, Sincere at that time intended that this gift from Win Dynamic, when received, would be applied as working capital of the Group.

On 4 February 2021, Sincere announced that the board of directors of Sincere (the "Board of Sincere") had received a letter from Win Dynamic dated 3 February 2021 stating Win Dynamic's declaration that the Deed was null and void and cancelled with immediate effect, for the reason that it was executed by Win Dynamic under undue influence and duress, given without separate legal representation or proper advice, and was an undervalue transaction pursuant to section 265D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Purported Cancellation").

As stated in Sincere's announcement dated 4 February 2021, the Board of Sincere (with Mr. Philip Ma and Mr. Charles M W Chan (collectively the "Dissenting Directors") disagreeing) did not admit that the Deed was null or void or had been cancelled. For the interest of Sincere and its shareholders as a whole, the Board of Sincere had resolved to include the review of the implication of the Purported Cancellation to the term of reference of the independent committee of the Board of Sincere comprising independent non-executive directors, namely Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau (collectively the "IBC"). The IBC had thereafter sought separate legal advice in respect of the Purported Cancellation.

In response to a letter from the legal adviser of the IBC to Win Dynamic requesting for evidence to support its reason for the Purported Cancellation, Win Dynamic responded in its reply letter that its professional adviser had advised it not to provide to Sincere any information relating to the Deed.

The Company was informed, amongst other things, that the Board of Sincere (except for the Dissenting Directors) (i.e. the IBC) did not admit that the Purported Cancellation was valid or effective. In response to an email from the legal adviser of the IBC to the legal adviser of the Company requiring the proceeds received by Win Dynamic from its sale of shares of Sincere to the Company to be paid to Sincere and not Win Dynamic, the legal adviser of the Company responded, amongst other things, that the Company would conduct the Offer, including but not limited to the settlement of the cash consideration for the valid acceptances of the Offer, in accordance with the terms and conditions of the Offer and in compliance with the Code on Takeovers and Mergers.

On 12 May 2021, Sincere was informed by the legal adviser of the Company that the Company had issued a writ of summons with an indorsement of claim (the "Writ") in the High Court of the HKSAR (the "Court") against Win Dynamic on 10 May 2021 in relation to the Purported Cancellation (the "Action"). The Company claimed against Win Dynamic, among others, for an order of specific performance requiring Win Dynamic to forthwith pay Sincere the net proceeds in respect of the Sincere's shares tendered by Win Dynamic for acceptance of the Offer, after deducting the seller's ad valorem stamp duty payable by it, amounting to approximately HK\$260,435,000 (the "WD Proceeds"), or such other sum as the Court may determine.

## 29. LITIGATION (Continued)

### Deed and purported cancellation (Continued)

The Company also applied to the Court for an interlocutory injunction against Win Dynamic (the "Injunction Application") on 11 May 2021 which was heard by the Court on 14 May 2021. Upon hearing submissions from the parties, the Court has adjourned the hearing of the Injunction Application to a date to be fixed for substantive argument, and the Court has granted an interim-interim injunction, which shall remain in force pending the substantive determination of the Injunction Application, restraining Win Dynamic from, among others, (a) removing from Hong Kong any of its assets which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, up to the value of the WD Proceeds; or (b) in any way disposing of or dealing with or diminishing the value of any of its assets, which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, and whether or not Win Dynamic assets a beneficial interest in them up to the value of the WD Proceeds.

Sincere on 16 July 2021 resolved that it was in the interest of Sincere and its shareholders to commence legal proceedings against Win Dynamic in relation to the Purported Cancellation. Subsequently, Sincere had agreed to be joined as a party to the proceedings initiated by the Company. Accordingly, the Company sought the consent from Win Dynamic to join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the proceedings. As such, on 6 October 2021, the Company and Win Dynamic had jointly applied to the Court for, among others, (i) leave to join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant; and (ii) leave to amend the Writ and the statement of claim in relation to the Purported Cancellation (the "Joinder Application").

On 9 November 2021, the Court had granted an order in terms of the Joinder Application that, amongst other things, the Company was granted with leave to (i) join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the Action; and (ii) amend the Writ and the statement of claim in relation to the Purported Cancellation (the "Joinder Order").

On 15 November 2021, the Company and Sincere instructed their solicitors to issue the amended Writ and the amended statement of claim against Win Dynamic and Mr. Philip Ma pursuant to the Joinder Order, and serve the same on Mr. Philip Ma on the same day. Sincere claimed against Win Dynamic and Mr. Philip Ma for, among others, (i) an order of specific performance of the Deed requiring Win Dynamic to forthwith pay Sincere the WD Proceeds, or such other sum as the Court may determine; and (ii) a declaration that the Deed is valid and binding, and Mr. Philip Ma had breached his contractual and/or fiduciary duties to Sincere.

By an acknowledgment of service of amended writ of summons filed and served on 1 December 2021, Mr. Philip Ma stated that he intended to contest the Action.

## 29. LITIGATION (Continued)

### Deed and purported cancellation (Continued)

Win Dynamic and Mr. Philip Ma had filed and served their Defence and Counterclaim in the Action on 18 January 2022 and 14 March 2022 respectively. Win Dynamic and Mr. Philip Ma averred, among others, that the Company and Sincere were not entitled to any remedy against them. They further counterclaimed against the Company and Sincere for, among others, a declaration that the Deed is null and void and/or unenforceable, or alternatively, that the Deed was lawfully rescinded, cancelled or revoked by Win Dynamic and is of no legal effect.

Further details are disclosed in the announcements of Sincere dated 29 October 2020 and 4 February 2021, the offer document of the Company dated 5 May 2021 (the "Offer Document") and the response document of Sincere dated 20 May 2021 (the "Response Document").

Sincere has sought legal advice in respect of this litigation and was advised that (i) the Deed is enforceable; and (ii) Sincere has legal and contractual rights over the WD Proceeds. Therefore, the WD Proceeds is initially recognised as "Gift receivable from Win Dynamic" under "Prepayments, deposits and other receivables" with an amount of HK\$150,001,000, being the fair value of the WD Proceeds which is determined based on a credit-adjusted effective interest rate of 9.66%, with a corresponding gift receivable from the then controlling shareholder of Sincere recognised under "General and other reserves" which is under the book of Sincere.

The Company and Sincere had filed and served their Reply and Defence to WD's Counterclaim on 10 May 2022, and their Reply and Defence to Mr. Philip Ma's Counterclaim on 8 June 2022 respectively.

As at 30 June 2022, the carrying amount of gift receivable from Win Dynamic (under non-current portion of "Prepayments, deposits and other receivables") amounting to HK\$166,152,000, net of ECL allowance of HK\$1,040,000 (As at 31 December 2021: HK\$158,870,000, net of ECL allowance of HK\$445,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group during the period under review included property investment, development and commercial operation (the "Property Segment"); financial services, included corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (the "Financial Services Segment"); environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials (the "EP Segment"); distribution and sales of motor vehicle parts (the "MVP Segment"); financial printing, digital printing and other related services (the "Commercial Printing Segment"); sales of hangtags, labels, shirt paper boards and plastic bags (the "Hangtag Segment"); the operation of department stores, securities trading and the provision of general and life insurances (the "Department Store Segment"); and development of project in Grenada which integrates a collection of international school campuses, apartments for student, commercial complex, hotel resorts, residential villas and other ancillary facilities ("LAC Segment").

### OVERALL FINANCIAL REVIEW

During the six months ended 30 June 2022 (the "1H2022"), the Group recorded a total revenue of approximately HK\$583.3 million, representing an increase of approximately 31.0% as compared to that of the six months ended 30 June 2021 (the "1H2021") of approximately HK\$445.4 million. The Group recorded a net profit of approximately HK\$204.1 million in 1H2022, which represented an increase of approximately HK\$151.0 million as compared to a net profit of approximately HK\$53.1 million in 1H2021.

#### Revenue

The following is an analysis of the Group's revenue by operating and reportable segments:

	1H2022		1H2021		Increase/(decrease) in revenue	
	HK\$' million	% to total revenue	HK\$' million	% to total revenue	HK\$' million	% of changes
Property Segment	5.6	1.0%	5.2	1.2%	0.4	7.7%
Financial Services Segment	63.1	10.8%	66.4	14.9%	(3.3)	(5.0%)
EP Segment	356.1	61.0%	256.7	57.6%	99.4	38.7%
MVP Segment	54.2	9.3%	74.5	16.7%	(20.3)	(27.2%)
Commercial Printing Segment	31.8	5.5%	30.7	6.9%	1.1	3.6%
Hangtag Segment	0.1	0.0%	0.1	0.0%	–	0.0%
Department Store Segment	69.1	11.8%	11.8	2.7%	57.3	485.6%
LAC Segment	3.3	0.6%	–	0.0%	3.3	N/A
<b>Total</b>	<b>583.3</b>	<b>100%</b>	<b>445.4</b>	<b>100%</b>	<b>137.9</b>	<b>31.0%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### OVERALL FINANCIAL REVIEW (Continued)

#### Revenue (Continued)

The Group's revenue in 1H2022 was approximately HK\$583.3 million, representing an increase of approximately HK\$137.9 million from approximately HK\$445.4 million in 1H2021. The increase in revenue is mainly attributable to the net effect of (i) increase in revenue of EP Segment of approximately HK\$99.4 million due to the increase in demand for copper in the PRC; (ii) increase in revenue of Department Store Segment of approximately HK\$57.3 million resulting from the consolidation of revenue upon the completion of acquisition of The Sincere Company, Limited and its subsidiaries ("Sincere") since May 2021; and (iii) the decrease in revenue in MVP Segment of approximately HK\$20.3 million. Reasons for the changes in the relevant segment revenues are set out in the section of financial review of each segment.

#### Other income/expenses

Other income/expenses mainly represented imputed interest on gift receivable from Win Dynamic, interest income on credit-impaired loan receivables, government grants and bank interest income. The decrease in other income/expenses from HK\$31.1 million in 1H2021 to HK\$14.7 million in 1H2022 was mainly resulted from the net effect of (i) the decrease in bank interest income of approximately HK\$15.1 million from HK\$15.4 million in 1H2021 to HK\$0.3 million in 1H2022 due to the decrease in investment in short-term time deposits in bank during 1H2022; (ii) the claim for a legal case in respect of Qiankeng Property of approximately HK\$13.9 million in 1H2021 which was not recurred in 1H2022; and (iii) the increase in imputed interest income on gift receivable from Win Dynamic by approximately HK\$7.9 million (1H2021: Nil).

#### Other gains or losses, net

Other net gains for 1H2022 amounted to approximately HK\$175.5 million as compared to net losses of approximately HK\$52.6 million for 1H2021. The net other gains in 1H2022 mainly comprised the net foreign exchange gain of HK\$179.1 million (1H2021: net foreign exchange loss of HK\$59.7 million) and unrealised fair value loss on financial assets at FVTPL of HK\$4.0 million (1H2021: HK\$1.2 million).

Due to the depreciation of Renminbi during the period, the Group recorded a net foreign exchange gain of HK\$179.1 million which was resulted from the translation of liabilities denominated in Renminbi. On the contrary, the Group recorded a net foreign exchange loss of HK\$59.7 million in last corresponding period as a result of appreciation of Renminbi.

The Group invested in listed securities in Hong Kong, other club and school debentures in Hong Kong and other investments for investment purpose and classified as financial assets at FVTPL. As at 30 June 2022, the financial assets at FVTPL amounted to approximately HK\$76.7 million (31 December 2021: HK\$81.2 million). The increase in unrealised fair value loss of financial assets at FVTPL was mainly due to decrease the market value of listed securities in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### OVERALL FINANCIAL REVIEW (Continued)

#### Reversal of/Provision for impairment losses, net

The Group recorded a reversal of impairment losses of approximately HK\$6.4 million in 1H2022, as compared to a provision for impairment losses of approximately HK\$3.2 million in 1H2021. In 1H2022, the reversal of impairment losses, net mainly resulted from the decrease in expected credit losses from trade receivables due to the settlement of long outstanding trade receivables from the EP Segment during the period.

#### Gain on fair value changes of investment properties, net

Gain on fair value changes of investment properties, net decreased by HK\$238.5 million in 1H2022 as compared to that of 1H2021 mainly attributable by the loss on fair value change on investment properties in both of HK and the PRC of approximately HK\$207.1 million (1H2021: net gain on fair value change of HK\$628.7 million) due to the gentle decline in property market in both of HK and the PRC, which was offset by the fair value gain on investment properties in Grenada by HK\$597.3 million primarily due to the appreciation of the land value in Grenada as a result of the construction and development of power, water and road access and site clearing. In 1H2021, the gain on fair value changes of investment properties was mainly resulted from the gentle growth in the Shenzhen properties market of which the Group's major investment properties are located.

#### Selling and distribution expenses

Selling and distribution expenses increased by approximately HK\$35.5 million was mainly arising from the increase in business development expenses, staff costs and depreciation of right-of-use assets for the retail shops upon the completion of acquisition of Sincere since May 2021.

#### Administrative expenses

Administrative expenses mainly represented staff costs, depreciation of right-of-use assets and legal and professional fee. Administrative expenses increased by HK\$24.6 million which was mainly arising from the consolidation of administrative expenses for the LAC Segment and the Department Store Segment of approximately HK\$23.3 million and HK\$19.2 million upon the completion of acquisition of the Caribbean Group and Sincere since December 2021 and May 2021 respectively. The increase in administrative expenses was partially offset by the decrease in legal and professional fees in relation to the acquisition of Sincere amounted to approximately HK\$25.2 million incurred in 1H2021.

#### Finance costs

Finance costs mainly represented interest on bank borrowings and overdrafts and interest on loans from ultimate holding company. The interest on loans from the ultimate holding company increased by approximately HK\$25.8 million which was arising from the increase in loans from ultimate holding company from HK\$780.1 million as at 30 June 2021 to HK\$1,514.0 million as at 30 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### OVERALL FINANCIAL REVIEW (Continued)

#### Net profit

The Group's net profit was approximately HK\$204.1 million in 1H2022, representing an increase of approximately HK\$151.0 million, as compared to the Group's net profit of approximately HK\$53.1 million in 1H2021. The improvement in net profit was resulted from (i) gain on fair value change on the investment properties in Grenada of approximately HK\$597.3 million (1H2021: Nil); and (ii) net foreign exchange gain of the Group resulted from the translation of the Group's liabilities denominated in Renminbi of approximately HK\$179.1 million for 1H2022, as compared to net foreign exchange loss of approximately HK\$59.7 million in 1H2021. The aforesaid effect was partially offset by (i) loss on fair value change (net of deferred tax credit) on the investment properties in both of Hong Kong and the PRC of approximately HK\$153.9 million (1H2021: gain on fair value change (net of deferred tax expense) of approximately HK\$446.0 million); and (ii) increase in selling and distribution expenses and administrative expenses by HK\$35.5 million and HK\$24.6 million as mentioned above.

### FINANCIAL REVIEW OF EACH SEGMENT

#### Property Segment

The revenue of the Property Segment was mainly derived from the rental income of the Group's investment properties. The Group generated rental income of approximately HK\$5.6 million in 1H2022 (1H2021: HK\$5.2 million). The rental income increased due to the increase in number of tenants of shopping mall named Sincere Mall.

The Property Segment recorded a segment loss of approximately HK\$430.1 million in 1H2022 (1H2021: segment profit of HK\$313.9 million). The segment loss was mainly attributable to a net loss on fair value change on investment properties of approximately HK\$207.1 million in 1H2022 (1H2021: net gain on fair value change of HK\$628.7 million). Reasons for the changes are set out in "Gain on fair value changes of investment properties, net" above.

#### The Financial Services Segment

The Financial Services Segment generated a revenue of approximately HK\$63.1 million in 1H2022, which slightly decreased by approximately HK\$3.3 million or 5.0% as compared to that of approximately HK\$66.4 million in 1H2021. The decrease in revenue of the Financial Services Segment was mainly resulted from the decrease in placing services and underwriting services provided to its customers for initial public offering ("IPO") projects. The aforesaid effect was partially offset by the margin interest income, margin financing services and interest from the money lending.

The segment recorded a segment profit of approximately HK\$17.0 million in 1H2022 as compared to approximately HK\$12.3 million in 1H2021. The segment profit was improved by (i) decrease in commission expenses by approximately HK\$2.3 million due to the decrease in placing services and underwriting services provided to its customers for IPO projects; and (ii) decrease in provision for impairment losses on the loan receivables from HK\$6.7 million in 1H2021 to HK\$2.1 million in 1H2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### FINANCIAL REVIEW OF EACH SEGMENT (Continued)

#### The EP Segment

During the 1H2022, the demand for copper in the PRC increased significantly. The EP segment's revenue increased from HK\$256.7 million in 1H2021 to HK\$356.1 million in 1H2022.

With the steady growth of copper price and continuing increased scale and established suppliers' network of the Group during 1H2022, the EP Segment generated revenue of approximately HK\$356.1 million, representing an increase of approximately 38.7% as compared to approximately HK\$256.7 million in 1H2021. However, the segment profit was decreased from HK\$17.5 million in 1H2021 to HK\$12.0 million in 1H2022. The decrease in segment profit was mainly attributable to the decrease in gross profit margin.

#### The MVP Segment

The revenue of the MVP Segment decreased by approximately 27.2% in 1H2022 to approximately HK\$54.2 million (1H2021: HK\$74.5 million) mainly due to delay in customs clearance in the PRC as a result of COVID-19 which led to deferred sales transactions. However, the segment profit increased from approximately HK\$3.4 million in 1H2021 to approximately HK\$4.8 million in 1H2022 due to the reversal of impairment losses to trade receivables by HK\$2.2 million in 1H2022 (1H2021: HK\$0.1 million).

#### The Commercial Printing Segment

The revenue of the Commercial Printing Segment slightly increased by 3.6% from approximately HK\$30.7 million in 1H2021 to approximately HK\$31.8 million in 1H2022. The segment loss increased from HK\$1.1 million in 1H2021 to HK\$3.6 million in 1H2022 due to (i) increase in staff costs by HK\$1.1 million; and (ii) written off of property, plant and equipment of HK\$0.6 million resulted from the relocation of the office.

#### The Hangtag Segment

The revenue of the Hangtag Segment amounted to approximately HK\$0.1 million in 1H2022 (1H2021: HK\$0.1 million). The segment loss derived from this segment was relatively minimal during the periods of 1H2022 and 1H2021.

#### The Department Store Segment

During the 1H2022, the Department Store Segment was continued affecting by the persistence impact of the Covid-19 pandemic. The Department Store Segment recorded segment revenue of approximately HK\$69.1 million (1H2021: HK\$11.8 million) and segment loss of approximately HK\$24.8 million (1H2021: HK\$9.6 million) since the Group completed the acquisition of Sincere in May 2021 which financial results of Sincere was consolidated since May 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### FINANCIAL REVIEW OF EACH SEGMENT (Continued)

#### LAC Segment

The revenue generated from consultancy services under CBI programme was HK\$3.3 million in 1H2022. The segment profit of LAC Segment was approximately HK\$576.2 million mainly due to the gain on fair value changes of investment properties in Grenada.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations with internally generated cash flows, cash reserves, banking facilities and facility provided by the ultimate holding company. The Group is financially sound with healthy cash position. The Group's cash and bank balances as at 30 June 2022 amounted to approximately HK\$274.3 million (31 December 2021: HK\$229.6 million) which were mainly denominated in HK\$ and RMB (31 December 2021: HK\$ and RMB).

The gearing ratio of the Group as at 30 June 2022 was approximately 302.2% (31 December 2021: 280.9%), which is calculated based on the interest-bearing borrowings denominated in HK\$ and RMB (31 December 2021: HK\$ and RMB) of approximately HK\$11,698.7 million (31 December 2021: HK\$11,608.9 million) and divided by the equity attributable to owners of the Company of approximately HK\$3,870.8 million (31 December 2021: HK\$4,133.1 million). The interest bearing borrowings carried interest rate ranging from 2.15% to 6.75% per annum (31 December 2021: 2.15% to 5.62% per annum) with maturity ranging from within 1 year to 28 years (31 December 2021: within 1 year to 29 years).

The Directors consider that the Group's cash holding, liquid assets, future revenue, available banking facilities and the facility provided by the ultimate holding company will be sufficient to fulfill the present working capital requirement of the Group.

### FOREIGN EXCHANGE

Most of the transactions of the Group were denominated in Hong Kong dollars, US dollars, Euro, Japanese Yen and Renminbi. The presentation currency of the Group is Hong Kong dollars.

The Group is exposed to foreign exchange risk arising from exposure in the US dollars, Euro, Japanese Yen and Renminbi against Hong Kong dollars. The management has continuously monitored the level of exchange rate exposure and shall adopt financial hedging instruments for hedging purpose when necessary. The Group did not use any financial instruments for hedging purpose as at 30 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### FINANCIAL GUARANTEES AND CHARGES ON ASSETS

For the bank borrowings as at 30 June 2022, corporate guarantees amounting to approximately HK\$9,598.0 million (31 December 2021: HK\$10,096.4 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to approximately HK\$8,961.7 million (31 December 2021: HK\$9,405.2 million) was given to banks in the PRC by the Company for the provision of general banking facilities granted to its PRC subsidiaries. Besides, the general banking facilities granted to the subsidiaries of the Company were secured by legal charges on certain investment properties, leasehold land and buildings and properties under development owned by the Group with a total net book value of approximately HK\$9,578.3 million (31 December 2021: HK\$10,184.0 million), approximately HK\$564.7 million (31 December 2021: HK\$562.4 million) and approximately HK\$3,094.8 million (31 December 2021: 3,229.1 million) respectively. Meanwhile, corporate guarantees amounting to approximately HK\$9,615.1 million (31 December 2021: HK\$10,093.1 million) were given to banks by the directors and controlling shareholders of the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to approximately HK\$8.8 million (31 December 2021: HK\$9.2 million) was given to banks in the PRC by the related parties of the Group for the provision of general banking facilities granted to its PRC subsidiaries. In addition, the general banking facilities granted to the subsidiaries of the Company were secured by securities collateral pledged to the Group by margin clients with market value of HK\$317.5 million (31 December 2021: HK\$359.3 million), the Group's marketable securities with an aggregate fair value of HK\$2.5 million (31 December 2021: HK\$3.4 million) and shares of two (31 December 2021: two) subsidiaries with investment properties holding. Besides, certain bank borrowings were secured by the Group's bank balances and time deposit of HK\$103.0 million (31 December 2021: HK\$102.2 million).

For the other loans from financial institutions as at 30 June 2022, corporate guarantees amounting to approximately HK\$57.9 million (31 December 2021: Nil) were given to the financial institutions by the Company to for the provision of loans granted its subsidiaries. Besides, the loans granted to the subsidiaries of the Company were secured by legal charges on certain investment properties with carrying amount of HK\$81.7 million (31 December 2021: Nil).

### BUSINESS REVIEW OF EACH SEGMENT

During the six months ended 30 June 2022, the global economy and business performance did not recover as the market expected after the year ended 31 December 2021. Other than the continuous outbreak of COVID-19 pandemic and the imposition of significant restricted travel and quarantine measures in both of the PRC and Hong Kong, the global economy is still subject to considerable uncertainty. The uncertainties include the rising of global inflation and the slowdown in the world economy, the unstable international geopolitics, and the strict regulation and supervision of various industries in the PRC. The recovery is not expected to resume shortly and be slower than previously expected.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### BUSINESS REVIEW OF EACH SEGMENT (Continued)

Set out below is the review of each segment of the Group's business.

#### The Property Segment

The Group holds three investment property projects namely Realord Villas and Zhangkengjing Property in Longhua District, and Realord Technology Park in Guangming District in Shenzhen, the PRC. The Group also holds proposed development project and properties under development namely Laiying Garden in Nanshan District and Qiankeng Property in Longhua District respectively in Shenzhen, the PRC. There are five property projects on hand as at 30 June 2022 (31 December 2021: five).

In 1H2022, the progress of the five property projects is the same as the information presented in Annual Report 2021. Firstly, for Realord Villas, upto the date of report, the number of tenants of shopping mall increased to 37 including children's amusement park, education training centres, restaurants, and fitness studios. Secondly, for Realord Technology Park, the construction scale is approximately 81,000 square meters and the development plan will be started once government approval is granted. Thirdly, for Qiankeng Property, the construction scale is approximately 112,000 square meters and the redevelopment works will be commenced once permits are obtained from relevant government authorities. Fourthly, for Zhangkengjing Property, the application of change of land use from industrial use to residential apartments and commercial use is still under review as at the reporting date. Fifthly, for Laiying Garden, the demolition of the residential units and infrastructures is expected to be commenced once government approval is granted.

#### The Finance Services Segment

During the reporting period, activities in Hong Kong's financial market have been slowed down significantly due to unfavourable factors like epidemics of COVID-19 and raising the interest rate to suppress inflation in different countries. The Financial Services Segment is committed to providing diversified and premium services to customers in the primary and secondary markets. The interest income of margin financing is rising continuously, which drives the Financial Services Segment has seen a steady growth in the sluggish market. Moreover, our new mobile trading system brings a fast trading experience to customers, which helps building up our brand.

The Group, together with 5 other independent third parties, had also applied for approval from the China Securities Regulatory Commission ("CSRC") to establish a security company in Guangzhou Pilot Free Trade Zone, which is currently under review by CSRC. The Company will update the shareholders on the application's progress when and as appropriate.

#### The EP Segment

The EP Segment remained to be the Group's major revenue contributor which was benefited from the increased scale of Realord EP Japan leased land in Osaka, Japan with approximately 19,609 square meters (4 pieces). The EP Segment is still looking into alternatives such as deploying additional operation points in Kyushu, Japan to meet the economy recovery after the COVID-19 pandemic for sustainable growth of the EP business.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### BUSINESS REVIEW OF EACH SEGMENT (Continued)

#### The MVP Segment

In order to maintain sustainable growth in business, the Group has to further strengthen its relationship with suppliers and explore new customer bases.

#### The Commercial Printing Segment and Hangtag Segment

The decrease in demand of commercial printing services and hangtag products was unavoidable during the COVID-19 pandemic. Though the Group has downsized its scale of operations in order to minimize the operating costs, these two segments still recorded segment losses in the 1H2022.

#### The Department Store Segment

Looking ahead, the Group anticipates that the Department Store Segment in Hong Kong will continue to be affected by COVID-19 but the Group remain positive of the prospects in the view that (i) business activities are expected to recover at an accelerated pace following the gradual relaxation of social distancing measures; and (ii) tourism are expected to resume normal following by the re-opening of boarder of some countries after long pandemic closure. However, the management is of the view that the department store operations would be still challenging with the new norm that COVID-19 would not die out in short run. Meanwhile, the Group will continue to take a cautious approach in its business planning to cater the current uncertain environment.

#### LAC Segment

The principal business of the LAC Segment is the development of a project in Grenada (comprising 3 lots of land with admeasurement 450 acres situated at the Mt. Hartman area in the parish of Saint George) (the "Grenada Project"). The Grenada Project involves the development of a mixed property project consisting educational facilities, apartments for student, residential properties, hotel and resort facilities, commercial development and shopping facilities and, in a longer plan university, establishment(s) and related amenities.

The Government of Grenada granted the LAC Segment the "Approval Project Status" such that the LAC Segment can develop the Grenada Project on foreign investors' funding in accordance with the local laws under Section 11 of the Grenada Citizenship by Investment Act 15 of 2013 and a CBI Programme in Grenada. Through the CBI Programme, the LAC Segment is authorised to raise capital from investors of the Project for funding the construction and development costs. Qualified investors of the real properties will be granted permanent Grenadian citizenship and a passport offering visa-free travel to over 153 countries including the United Kingdom, EU Schengen countries and the PRC. Grenada also offers access for its citizens to the United States of America E2 treaty investor visa which would enable the visa holder to reside, work and study in the United States. The Project marks a significant flag of our Group into the Caribbean region.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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### OUTLOOK AND CORPORATE STRATEGY

#### The Property Segment

The Group will focus on the five properties, namely, the Qiankeng Property, the Laiying Garden, the Realord Villas, the Realord Technology Park and the Zhangkengjing Property to ensure that the Group stays in a good position in this segment.

#### The Finance Services Segment

The Financial Services Segment will continuously develop various investment products to meet the market's demand. At the same time, the Segment is also proactively preparing to launch dark pools and US stock trading systems; and expand the sales and business teams to support our business development. Therefore, this segment is expected to achieve stable business growth in second half of 2022.

#### The EP Segment, the MVP Segment, the Commercial Printing Segment, the Department Store Segment and the Hangtag Segment

Looking forward, amidst the market uncertainties, the Group will continue to exercise extreme cautions in the operations of the EP Segment, the MVP Segment, the Commercial Printing Segment, the Department Store Segment and the Hangtag Segment with a view to controlling operating costs, minimising the credit risk exposures, and expanding the customers base of the segments by strengthening their competitive edges among their competitors. The Group will continue to monitor the business plans, the associated risks and prospects of the operations of all segments, in order to maximise the return to the Shareholders.

#### The LAC Segment

The Grenada Project presents a valuable opportunity for the Group to diversify its business and operations in the Caribbean and Latin American region and enables it to expand its scale of operation overseas. By inviting foreign investment under the CBI Programme of Grenada, the Group has embarked on the Grenada Project.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### OUTLOOK AND CORPORATE STRATEGY (Continued)

#### The LAC Segment (Continued)

The Group is keen to leverage its experience in the Grenada Project to explore further investment opportunities around the Caribbean economic zone and Latin American region. The Group has further targeted to invest in four other Caribbean countries, namely Antigua and Barbuda, Saint Lucia, Saint Kitts and Nevis, and Dominica. These four countries, together with Grenada (altogether, the "Designated Caribbean Countries"), were ranked as top five popular investment destination by CBI Programme by the magazine "Professional Wealth Management" published by "Financial Times" in 2021. Other than the Grenada Project, the Group is also in negotiation with the authorities of the Republic of Panama on a power generation project to be granted under the foreign investors investment scheme of the Republic of Panama. As seen, it is the corporate strategy of the Group to invest and/or to form joint ventures with local governments in the targeted countries to set up and develop new businesses taking advantage of raising capital from foreign investors through the CBI Programmes of different countries. The Group has been identifying suitable investment projects in and develop appropriate business plans for each of the Designated Caribbean Countries and the Republic of Panama. After discussions with and obtaining support from the local governments of each of these Caribbean countries and the Republic of Panama, the Group will determine and proceed with the pertinent investment projects, with an aim to maximizing the return for the Shareholders. To this end, the Group has established a management and marketing team with offices in Beijing, Shanghai, Shenzhen and Hong Kong and established a local sales network in Vietnam and the United States of America to implement the marketing strategies formulated for promoting the citizenship investment programmes and investment opportunities of each of the aforesaid countries.

The Caribbean region has long been popular with the Western countries such as Europe, the United States of America and Canada, and is an ideal place for vacations. In particular, Antigua and Barbuda, and Saint Kitts and Nevis are closer to the United States of America, and both countries have direct flights to Europe, the United States of America and Canada. Before the outbreak of the epidemic, more than one million tourists visited these two countries every year, but the development of infrastructure such as hotels and tourism facilities lags behind. Tourists who travel to the Caribbean region are high-end consumer groups with relatively strong spending power. Thus, they generally demand higher qualities for hotels and tourism facilities. However, the tourism facilities have become obsolete, and the hotel buildings and supporting facilities have not been upgraded and renovated promptly. On the other hand, in view of the increasing awareness of global warming, these Caribbean countries, which are still mainly relying on traditional method of generating electricity, are encouraged to develop renewable energy. In view of these, the Group has identified four investment propositions to collaborate with the respective local governments to accelerate economic development of each country. These four areas include (i) the clean energy sector; (ii) the education sector; (iii) the tourism sector; and (iv) the retail sector. Environmental and economic benefits of using renewable energy include: (i) generating energy that produces no greenhouse gas emissions from fossil fuels and reduces some types of air pollution; (ii) diversifying energy supply and reducing dependence on imported fuels; and (iii) creating economic development and jobs in manufacturing and installation, etc.. Education, tourism and retail projects are organically integrated to create an ecosystem, providing employment opportunities, and boosting the local economy and people's quality of life. The Group would also be able to embrace corporate social responsibility alongside with its stakeholders. The Group is confident that it can obtain support from local governments with favorable policy and initiatives.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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### OUTLOOK AND CORPORATE STRATEGY (Continued)

#### The LAC Segment (Continued)

It is the Group's strategy to seek for professional investors to jointly invest in the projects in the Designated Caribbean Countries and the Republic of Panama. Further, the Group is identifying capable and competent business partners with significant track record to participate in the projects. Subject to the planning and the feasibility studies of the projects as well as the requisite approval by the respective local government, it is expected that the Group would kick off the projects in the Designated Caribbean Countries and the Republic of Panama in the near future.

Due to the ongoing pandemic of COVID-19, the development in the LAC Segment is not pursued as originally planned. The Group will push forward when COVID-19 is alleviated.

## OTHER INFORMATION

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### CONTINGENT LIABILITIES

Save as disclosed in note 28 to the condensed consolidated interim financial statements, the Group has no other significant contingent liabilities as at 30 June 2022.

### LITIGATION

Save as disclosed in note 29 to the condensed consolidated interim financial statements, the Group has no other significant litigation as at 30 June 2022.

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Saved as disclosed in note 24 to the condensed consolidated interim financial statements, no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associates companies during the six months ended 30 June 2022.

### EVENTS AFTER REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2022 and up to the date of this report.

### DIVIDENDS

The board (the "Board") of directors (the "Directors") does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## OTHER INFORMATION (Continued)

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") were as follows:

*Directors' interests in shares – Long position in the shares of the Company (the "Shares")*

Name of Directors	Number of Shares held				Total interests	Total interests as % of the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests	Spouse interests	Interest from options granted under share option scheme		
Dr. Lin Xiaohui	–	903,160,000 (Note 1)	–	–	903,160,000	62.69%
Madam Su Jiaohua	–	–	903,160,000 (Note 2)	–	903,160,000	62.69%
Mr. Lin Xiaodong	–	–	–	1,000,000	1,000,000	0.07%
Mr. Yu Leung Fai	500,000	–	–	–	500,000	0.03%
Mr. Fang Jixin	500,000	–	–	–	500,000	0.03%

Notes:

- As at 30 June 2022, Manureen Holdings Limited ("MHL") was the legal and beneficial owner of 903,160,000 shares. Since Dr. Lin Xiaohui owned 70% of the issued share capital of MHL, he was deemed to be interested in 903,160,000 shares.
- Madam Su Jiaohua, the spouse of Dr. Lin Xiaohui, was deemed to be interested in 903,160,000 shares which Dr. Lin Xiaohui was deemed to be interested under the SFO as at 30 June 2022.

## OTHER INFORMATION (Continued)

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (Continued)

Save as disclosed above, as at 30 June 2022, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, so far as known to the directors, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Long/ Short position	Capacity	Number of Shares/ underlying Shares held	Percentage of issued capital
MHL	Long	Beneficial owner	903,160,000	62.69%
Mr. Ma Chao	Long	Beneficial owner	170,000,000	11.80%

*Note:*

As at 30 June 2022, MHL was the legal and beneficial owner of 903,160,000 shares. MHL was owned as to 70% by Dr. Lin Xiaohui and as to 30% by Madam Su Jiaohua.

Save as disclosed above, as at 30 June 2022, the directors and chief executive of the Company were not aware of any person who had any interests or short positions in the shares or underlying shares of the Company according to the register of interest required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEMES

The Company operates share option schemes (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the share option schemes include the Company's directors and full time employees of the Group. The Share Option Scheme will remain in force for 10 years from the date of effective.

## OTHER INFORMATION (Continued)

### SHARE OPTION SCHEMES (Continued)

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the Share Option Scheme. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two years and ends on a date which is not later than ten years from the date of the grant of the option but subject to the provisions for early termination of the Share Option Scheme. Unless otherwise determined by the directors at their sole discretion, there is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares on the date of offer.

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

The existing share option scheme (the "2012 Scheme") adopted by the Company was approved by the shareholders at the annual general meeting of the Company held on 10 August 2012 and is effective for a period of 10 years commencing on 10 August 2012.

At the end of the reporting period, the Company had 3,600,000 share options outstanding under the 2012 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 3,600,000 additional ordinary shares of the Company and additional share capital and share premium of HK\$360,000 and HK\$14,436,000 (before issue expenses).

## OTHER INFORMATION (Continued)

### SHARE OPTION SCHEMES (Continued)

At the date of the interim report, the Company had 3,600,000 share options outstanding under the 2012 Scheme, which represented approximately 0.2% of the Company's shares in issue.

Movements of the share options under the 2012 Scheme during the period are as follows:

Name of Grantee	Date of Grant	Exercise Period	Exercise price per share (HK\$)	Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Outstanding as at 30 June 2022
<b>Director</b>							
Lin Xiaodong	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	-	-	1,000,000
				1,000,000	-	-	1,000,000
<b>Directors' associates</b>							
Lin Xiaohong	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	-	-	1,000,000
Lin Jingming	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	-	-	1,000,000
				2,000,000	-	-	2,000,000
<b>Other employees</b>							
In aggregate	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,600,000	-	(1,000,000)	600,000
				1,600,000	-	(1,000,000)	600,000
				4,600,000	-	(1,000,000)	3,600,000

Saved as disclosed above, during the six months end 30 June 2022, there was no share option granted, exercised, lapsed, or cancelled under the 2012 Scheme.

There was no participants with options granted in excess of the individual limit.

The weighted average closing price immediately before the exercise of the share options was HK\$13.60.

## **OTHER INFORMATION (Continued)**

### **SHARE OPTION SCHEMES (Continued)**

The 2012 Scheme was originally due on expiry on 9 August 2022, but a new share option scheme (the "2022 Scheme") adopted by the Company and the termination of the 2012 Scheme were approved by the shareholders at the annual general meeting of the Company held on 10 June 2022. Thereunder, no further options will be granted under the 2012 Scheme; however, the rules of the 2012 Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the 2012 Scheme. Therefore, the termination of the 2012 Scheme will not in any event affect the terms of the grant of such outstanding options that has already been granted under the 2012 Scheme and the outstanding options granted under the 2012 Scheme shall continue to be subject to the provisions of the 2012 Scheme. As at 30 June 2022, the Company has not granted any share options under the 2022 Scheme pursuant thereto.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Saved as disclosed in note 26 to the condensed consolidated interim financial statements, no other directors had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 June 2022.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

None of the directors of the Company or any of their respective associates has interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

### **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining good corporate governance practices. In the opinion of the Directors, the Company has complied with all code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2022.

### **NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES DURING THE 1H2022**

As announced by the Company dated 15 September 2021, Dr. Li Jue resigned as the independent non-executive director and ceased to be the chairman of the Remuneration Committee and the member of the Audit Committee. Following the resignation of Dr. Li Jue, the Board comprised only two independent non-executive directors and failed to meet the requirements of (a) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules; and (b) Audit Committee comprising only non-executive directors with a minimum of three members under Rule 3.21 of the Listing Rules.

Following the appointment of Mr. Ho Chun Chung Patrick on 8 March 2022, the Company had complied with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules. For details, please refer to the announcements of the Company dated 15 September 2021, 15 December 2021 and 8 March 2022, respectively.

## OTHER INFORMATION (Continued)

### EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2022, the Group had a total workforce of 513, of whom 327, 135, 28, 20 and 3 were based in Hong Kong, the PRC, Japan, Grenada and the Republic of Panama. Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will also be based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance. The Group has established a Remuneration Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has reviewed and determined the Group's remuneration policy, including the policy for the remuneration of executive directors, the levels of remuneration paid to executive directors and senior management of the Group. The Remuneration Committee comprises 3 members, namely Mr. Fang Jixin, Dr. Lin Xiaohui, and Mr. Yu Leung Fai. This Committee is chaired by Mr. Fang Jixin.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued Shares during the six months ended 30 June 2022.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors, securities transactions on terms set out in the Model Code as contained out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2022.

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises 3 members, whom are independent non-executive directors, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick. This Committee is chaired by Mr. Yu Leung Fai. The Audit Committee has reviewed with management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2022.

### APPRECIATION

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By Order of the Board  
Realord Group Holdings Limited  
Lin Xiaohui  
Chairman

Hong Kong, 26 August 2022