



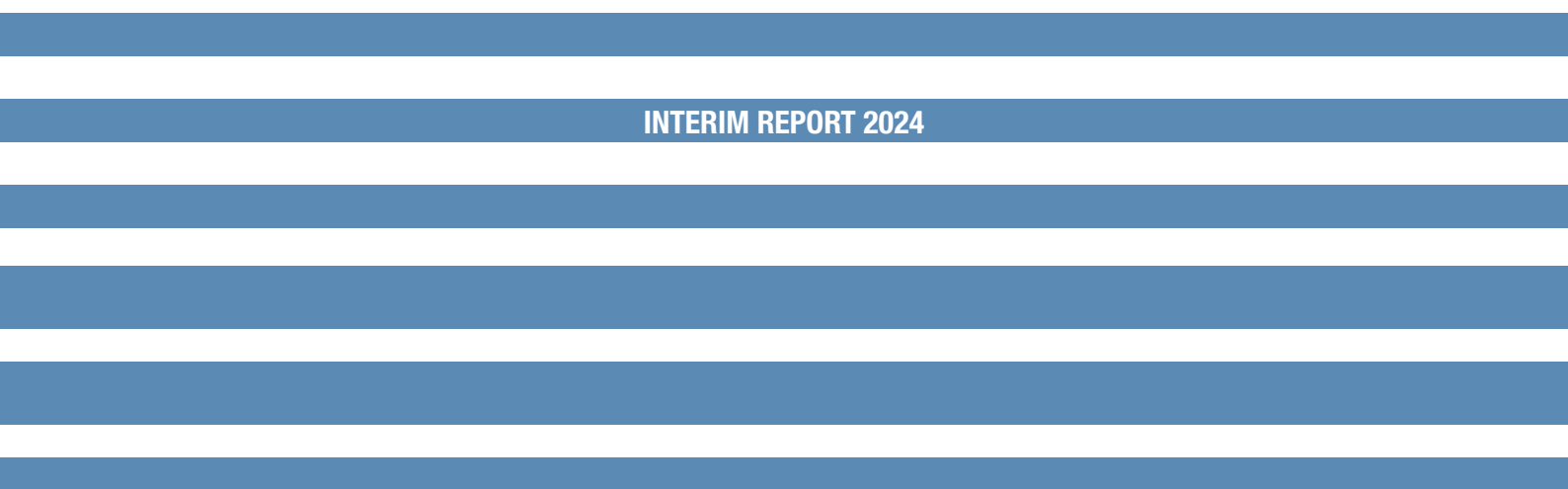
# Nanyang Holdings Limited

(incorporated in Bermuda with limited liability)

Stock Code: 212



INTERIM REPORT 2024



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*This document in both English and Chinese is now available in printed form and on the website of the Company at <http://www.nanyangholdingslimited.com>.*

## GROUP FINANCIAL HIGHLIGHTS

	Unaudited		Variance
	Six months ended 30 June		
	2024	2023	
	HK\$'000	HK\$'000	
Revenue and other income	<b>144,185</b>	142,565	1%
(Loss)/profit attributable to equity holders of the Company	<b>(43,740)</b>	125,809	(135%)
Loss/(profit) attributable to equity holders of the Company after excluding:			
– changes in fair value of investment properties and related tax effects	<b>142,709</b>	(28,703)	(597%)
	<b>98,969</b>	97,106	2%
(Loss)/earnings per share	<b>HK\$(1.29)</b>	HK\$3.70	(135%)
Earnings per share			
– after excluding the changes in fair value of investment properties and related tax effects	<b>HK\$2.91</b>	HK\$2.86	2%

The Board of Directors of Nanyang Holdings Limited (“the Company”) announces that the unaudited Group results for the six months ended 30 June 2024 reported a loss attributable to equity holders of HK\$43.7 million (2023: profit of HK\$125.8 million). The current period’s result comprised the dividend receivable from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2023 earnings of approximately HK\$64.1 million (after netting 21% withholding tax); and the investment income from financial assets at fair value through profit or loss of HK\$2.7 million and net realised and unrealised gains from financial assets at fair value through profit or loss of approximately HK\$22.7 million. It also includes the change in fair value of investment properties (including those owned by a joint venture), which is non-cash and unrealised, resulted in a net loss of HK\$142.7 million (2023: gain of HK\$28.7 million). However, if excluding the net effect of the change in fair value of the investment properties (including those owned by a joint venture), 2024 would have shown a profit attributable to equity holders of HK\$99 million (2023: profit of HK\$97.1 million). Loss per share were HK\$1.29 (2023: gain of HK\$3.7). However, if the net effect of the change in fair value of the investment properties (including those owned by a joint venture) had been excluded, earnings per share would have been HK\$2.91 (2023: HK\$2.86). During the period, the Group recorded total comprehensive expense of HK\$202 million (2023: total comprehensive income of HK\$165.8 million).

## **Business Review and Prospects**

### **Real Estate**

#### *Hong Kong*

In the first half of 2024, market conditions remained challenging. The local property market continued to be affected by the high interest rate environment and a slow economy. This affected the leasing activities at our industrial/office (I/O) building, Nanyang Plaza, in Kwun Tong. Of the 290,000 sq.ft. of I/O space the Group holds, approximately 83.7% is presently leased. In the face of the current glut of space at the Kwun Tong area, we are offering very favourable terms, landlord provisions and aggressive leasing rates in order to retain existing tenants and attract the few tenants looking for space.

#### *Shanghai*

Sung Nan’s business licence was extended to 31 May 2042 but its land use right and joint venture term expired on 31 May 2022. We have held many discussions with the Chinese partner to resolve the issue and have proactively offered certain solutions to resolve it. To date no agreement has been reached. The operation, however, is ongoing smoothly.

#### *Shenzhen*

Earnings at Southern Textile Company Limited, the joint venture of which the Group owns 45%, continued to be satisfactory. Its main asset, a factory building, is fully leased to third parties. Due to the sluggish economy, business of the tenant who leased the ground and first floors has not improved.

## **Business Review and Prospects** *(Continued)*

### **Financial Investments**

Performance of the world equity markets, in the first half of 2024, was uneven. U.S. inflation fell more slowly than expected and interest rate cuts were pushed back to the latter part of the year. However, during this period, the U.S. equities market continued to perform especially the tech sector. China's recovery, on the other hand, has been slower than expected and more stimulus was needed to address weak domestic demand and to stabilize the property market. During this period, we reduced investments in emerging market equities and increased investments in investment grade U.S. bonds. For the six months ended 30 June 2024, the investment portfolios, including cash held in the portfolios, increased by approximately 6%. Financial assets at fair value through profit or loss, classified as current assets, totalled HK\$419.8 million. This represented approximately 8.3% of the total assets of the Group. They were well diversified and comprised approximately 350 individual holdings. The Group recorded net realised and unrealised fair value gains of HK\$22.7 million or equivalent to approximately US\$2.9 million and investment income of HK\$2.7 million or equivalent to approximately US\$0.3 million. Equities comprised approximately 67.6% (of which U.S. 57%; European 17.6%; Japanese 3.6%; Asia ex-Japan and others 9.5% and Emerging Markets 12.3%), bonds 23.5% (of which U.S. 62.1%; European 22.6%; Emerging Markets and others 15.3%), commodities 4.1% and cash 4.8%.

At the time of this writing, the recent weak July employment figures reported in the U.S. and the fear of recession, increase of interest rates in Japan and escalation of tensions in the Middle East, have created more uncertainty and extreme volatility in the markets. Presently, markets are in a correction phase. Investors anticipate the U.S. Federal Reserve will start cutting rates in September. Also, continuous efforts by the PRC government to support the housing market and measures to stimulate local consumer demand may stabilize its market and hopefully lead to better performance. As at 15 August 2024, the latest practicable date, the portfolios increased year-to-date by 8% and the value including cash held in the portfolios, stood at approximately US\$57.8 million or HK\$450.8 million.

As we look ahead, geopolitical tensions, wars in the Middle East and Europe, the results of the U.S. presidential election and the potential for policy change, will impact markets. However, weak economic data and the continuous fear of recession will enable the U.S. Federal Reserve to cut interest rates which may cushion any dramatic downturns.

## **Business Review and Prospects** *(Continued)*

### **Financial Investments** *(Continued)*

The Group has an investment in a licensed bank incorporated in Taiwan, The Shanghai Commercial & Savings Bank, Ltd. (“SCSB”). The shares are listed on the Taiwan Stock Exchange Corporation (Stock Code: 5876). The Group holds a total of 190,585,095 SCSB shares representing approximately 3.9% of the issued share capital of SCSB. This investment of HK\$2,075.6 million has been classified under non-current assets as financial assets at fair value through other comprehensive income (representing approximately 41% of the total assets of the Group). There is no intention to dispose of the investment within 12 months of this report date. The Group received a net cash dividend of approximately HK\$64.1 million from SCSB’s 2023 earnings (2023: received approximately HK\$67.2 million from SCSB’s 2022 earnings).

Presently SCSB has 74 branches in Taiwan and one each in Hong Kong, Vietnam, Singapore and Wuxi, China. They also have four representative offices, in Jakarta, Indonesia, Bangkok, Thailand and Phnom Penh, Cambodia and Bac Ninh, Vietnam. SCSB’s redevelopment of its headquarters in Taipei which commenced in 2021 has completed and its grand opening was held on 18 June 2024. SCSB holds a 57.6% interest in Shanghai Commercial Bank Limited (“SCB”) in Hong Kong. SCB has 44 branches in Hong Kong, three in China and four branches overseas. The audited net profit attributable to owners of SCSB for the period ended 30 June 2024 was approximately NT\$5,802.9 million (2023 same period: net profit of NT\$9,769.8 million). Total equity attributable to owners of SCSB at 30 June 2024 was approximately NT\$187,228.5 million (31/12/2023: approximately NT\$183,317.0 million). (These figures were extracted from SCSB’s website at <http://www.scsb.com.tw>.)

### **Financial Position**

The Group’s investment properties with an aggregate carrying value of HK\$2,125 million (31/12/2023: HK\$2,256 million) have been mortgaged to a bank to secure general banking facilities. As at 30 June 2024 and 31 December 2023, no bank facilities were utilized. Debt to equity ratio decreased from 0.08% as at 31 December 2023 to 0.05% as at 30 June 2024. Debt was represented by lease liabilities and equity was total equity of the Group. At the end of the period, the Group had net current assets of HK\$539.7 million (31/12/2023: HK\$483.5 million).

### **Purchase, Sale or Redemption of Shares**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company during the period.

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO and so far as is known to the Directors, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Name	Shares of HK\$0.10 each of the Company				% of issued share capital
	Personal interests	Family interests	Corporate interests	Total	
Hung Ching Yung (Note 1)	10,584,090	147,854	5,500,000 (Note 2)	16,231,944	47.79%
Lincoln C. K. Yung	2,307,500	10,000	–	2,317,500	6.82%
John Con-sing Yung	33,000	37,000	–	70,000	0.21%
Yung Ka Sing, Kathryn (Note 3)	2,000	–	–	2,000	0.01%

Notes:

1. Mr. Hung Ching Yung (the then Executive Director and Managing Director) deceased on 3 March 2022.
2. As stated below, the late Mr. Hung Ching Yung is taken to be interested in the same 5,500,000 shares owned by a substantial shareholder, Tankard Shipping Co. Inc., pursuant to the SFO.
3. Ms. Yung Ka Sing, Kathryn was appointed as the Chief Investment Officer with effect from 14 March 2024.

During the period, the Company has not granted to any Directors, chief executive or their respective spouses or children under 18 years of age any rights to subscribe for shares of the Company and its associated corporations.

At no time during the period was the Company, its subsidiaries or its associated corporations a party to any arrangements to enable the Directors or chief executive or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any of its associated corporations.

## Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at 30 June 2024, the Register of Substantial Shareholders' Interests and Short Positions maintained under Section 336 of the SFO shows that the following party, other than the Directors as disclosed above, was interested in 5 per cent or more of the issued share capital of the Company:

	Number of shares	% of issued share capital
Tankard Shipping Co. Inc.	5,500,000 (Note)	16.19%

Note: Mr. Hung Ching Yung (the then Executive Director and Managing Director) is taken to be interested in the same 5,500,000 shares owned by Tankard Shipping Co. Inc. pursuant to the SFO.

## Employees

The Group employed 13 employees as at 30 June 2024 (2023: 13). Remuneration is determined by reference to the qualifications and experience of the staff concerned. Salaries and discretionary bonuses are reviewed annually. The Group also provides other benefits including medical cover and provident fund.

On behalf of the Board of Directors, I would like to take this opportunity to thank the entire staff for their contribution to the Group.

## Change in Director's Information under Rule 13.51B(1) of Listing Rules

Mr. John Con-sing Yung, the Non-Executive Director of the Company, was appointed as the Vice Chairman of The Shanghai Commercial & Savings Bank, Ltd. on 21 June 2024.

Saved as disclosed above, there is no other change to Director's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Corporate Governance

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2024, in compliance with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.

## Code for Dealing in Company's Securities by Directors

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules. Having made specific enquiry of all Directors, the Company's Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2024.



## **Audit Committee and Review of Results**

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 with the management. The unaudited interim financial statements of the Group for the six months ended 30 June 2024 have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Note	Six months ended 30 June	
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
Revenue	6	<b>121,532</b>	122,062
Other income	6	<b>22,653</b>	20,503
Revenue and other income	6	<b>144,185</b>	142,565
Direct costs		<b>(10,988)</b>	(10,150)
Gross profit		<b>133,197</b>	132,415
Administrative expenses		<b>(18,106)</b>	(18,692)
Other operating expenses, net		<b>(450)</b>	(403)
Changes in fair value of investment properties		<b>(141,000)</b>	31,000
Operating (loss)/profit	7	<b>(26,359)</b>	144,320
Finance income	8	<b>1,856</b>	338
Finance expense	8	<b>(43)</b>	(89)
Share of profit of joint ventures		<b>650</b>	678
(Loss)/profit before income tax		<b>(23,896)</b>	145,247
Income tax expense	9	<b>(19,844)</b>	(19,438)
(Loss)/profit attributable to equity holders of the Company		<b>(43,740)</b>	125,809
(Loss)/earnings per share (basic and diluted)	10	<b>HK\$(1.29)</b>	HK\$3.70

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>(Loss)/profit for the period</b>	<b>(43,740)</b>	125,809
<b>Other comprehensive (expense)/income</b>		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	<b>(2,894)</b>	5,352
Items that may not be reclassified subsequently to profit or loss		
Fair value (losses)/gains on financial assets at fair value through other comprehensive income	<b>(155,413)</b>	34,619
<b>Other comprehensive (expense)/income for the period, net of tax</b>	<b>(158,307)</b>	39,971
<b>Total comprehensive (expense)/income for the period attributable to equity holders of the Company</b>	<b>(202,047)</b>	165,780

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2024**

	Note	30 June 2024 HK\$'000	31 December 2023 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	94	115
Right-of-use assets		2,185	3,933
Investment properties	13	2,280,000	2,421,000
Investments in joint ventures	14	84,106	85,314
Financial assets at fair value through other comprehensive income	15	2,081,325	2,237,597
Non-current financial assets at fair value through profit or loss	17	7,397	9,006
		<u>4,455,107</u>	<u>4,756,965</u>
<b>Current assets</b>			
Trade and other receivables	16	91,929	10,472
Financial assets at fair value through profit or loss	17	419,849	405,189
Cash and bank balances			
– Pledged bank deposits		3,291	3,531
– Cash and cash equivalents		101,433	125,278
		<u>616,502</u>	<u>544,470</u>
<b>Total assets</b>		<u><b>5,071,609</b></u>	<u><b>5,301,435</b></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	18	3,397	3,397
Other reserves		1,618,627	1,776,934
Retained profits		3,342,418	3,430,316
<b>Total equity</b>		<u><b>4,964,442</b></u>	<u><b>5,210,647</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		–	448
Deferred income tax liabilities	19	28,887	27,911
Other non-current liability		1,505	1,500
		<u>30,392</u>	<u>29,859</u>
<b>Current liabilities</b>			
Trade and other payables	20	56,501	57,267
Current income tax liabilities		18,048	129
Lease liabilities		2,226	3,533
		<u>76,775</u>	<u>60,929</u>
<b>Total liabilities</b>		<u><b>107,167</b></u>	<u><b>90,788</b></u>
<b>Total equity and liabilities</b>		<u><b>5,071,609</b></u>	<u><b>5,301,435</b></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June 2024			
	Attributable to equity holders of the Company			
	Share capital HK\$'000	Other reserves (Note) HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2024</b>	<b>3,397</b>	<b>1,776,934</b>	<b>3,430,316</b>	<b>5,210,647</b>
Loss for the period	-	-	(43,740)	(43,740)
Other comprehensive expense for the period	-	(158,307)	-	(158,307)
<b>Total comprehensive expense for the period</b>	<b>-</b>	<b>(158,307)</b>	<b>(43,740)</b>	<b>(202,047)</b>
<b>Transactions with owners, recognised directly in equity:</b>				
Dividends relating to 2023 paid in May 2024 (Note 11)	-	-	(44,158)	(44,158)
	-	-	(44,158)	(44,158)
<b>Balance at 30 June 2024</b>	<b>3,397</b>	<b>1,618,627</b>	<b>3,342,418</b>	<b>4,964,442</b>
	Six months ended 30 June 2023			
	Attributable to equity holders of the Company			
	Share capital HK\$'000	Other reserves (Note) HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2023</b>	<b>3,397</b>	<b>1,645,823</b>	<b>3,416,038</b>	<b>5,065,258</b>
Profit for the period	-	-	125,809	125,809
Other comprehensive income for the period	-	39,971	-	39,971
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>39,971</b>	<b>125,809</b>	<b>165,780</b>
<b>Transactions with owners, recognised directly in equity:</b>				
Dividends relating to 2022 paid in June 2023 (Note 11)	-	-	(33,968)	(33,968)
	-	-	(33,968)	(33,968)
<b>Balance at 30 June 2023</b>	<b>3,397</b>	<b>1,685,794</b>	<b>3,507,879</b>	<b>5,197,070</b>

Note: Other reserves mainly represent financial assets at fair value through other comprehensive income reserve.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Net cash inflows/(outflows) from operating activities</b>	<b>19,646</b>	(11,141)
<b>Net cash inflows from investing activities</b>	<b>2,215</b>	579
<b>Cash flows from financing activities</b>		
Dividends paid	(44,158)	(33,968)
Principal elements of lease payments	(1,755)	(1,709)
Decrease/(increase) in pledged bank deposits	<b>240</b>	(1,032)
<b>Net cash outflows from financing activities</b>	<b>(45,673)</b>	(36,709)
<b>Net decrease in cash and cash equivalents</b>	<b>(23,812)</b>	(47,271)
<b>Cash and cash equivalents at 1 January</b>	<b>125,278</b>	96,963
<b>Currency translation difference</b>	<b>(33)</b>	240
<b>Cash and cash equivalents at 30 June</b>	<b>101,433</b>	49,932
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>101,433</b>	49,932

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

Nanyang Holdings Limited (“the Company”) is a limited liability company incorporated in Bermuda. The address of its office in Hong Kong is Room 1808 St George’s Building, 2 Ice House Street, Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together “the Group”) are engaged in property investment and investment holding and trading.

This condensed consolidated interim financial information (“Interim Financial Information”) is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors on 21 August 2024.

## 2 Basis of preparation

This Interim Financial Information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This Interim Financial Information should be read in conjunction with the 2023 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3 Accounting policies

The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2023 annual financial statements, except for the adoption of amendments to standards and interpretation effective for the year ending 31 December 2024.

### *(a) Amendments to standards and interpretation that are effective in current accounting period*

During the period ended 30 June 2024, the Group has adopted the following amendments to standards and interpretation which are mandatory for accounting periods beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of amendments to standards and interpretation does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

### 3 Accounting policies (Continued)

(b) *New standards and amendments to standards that are not yet effective and have not been early adopted by the Group*

The following new standards and amendments to standards have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2025 or in later periods but have not been early adopted by the Group:

Amendments to HKAS 21	Lack of Exchangeability <sup>(1)</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>(2)</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>(3)</sup>
HKFRS 19	Subsidiaries without Public Accountability Disclosures <sup>(3)</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(4)</sup>

<sup>(1)</sup> Effective for accounting periods beginning on or after 1 January 2025

<sup>(2)</sup> Effective for accounting periods beginning on or after 1 January 2026

<sup>(3)</sup> Effective for accounting periods beginning on or after 1 January 2027

<sup>(4)</sup> Effective date is to be determined

The Group has already commenced an assessment of the impact of the above new standards and amendments to standards and does not expect that they would have any significant impact to its results of operations and financial position.

### 4 Financial risk management

The Group's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. The types of financial risk to which the Group is exposed are market risk (including equity price risk, foreign currency risk and interest rate risk), credit and counterparty risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects it may have on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

There have been no changes in any risk management policies since the year end.



#### 4 Financial risk management (Continued)

##### Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2024. See Note 13 for disclosures of the investment properties that are measured at fair value.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Non-current financial assets at fair value through profit or loss	-	-	7,397	7,397
Current financial assets at fair value through profit or loss	306,735	105,596	7,518	419,849
Financial assets at fair value through other comprehensive income	<u>2,081,325</u>	-	-	<u>2,081,325</u>
<b>Total assets</b>	<u><b>2,388,060</b></u>	<u><b>105,596</b></u>	<u><b>14,915</b></u>	<u><b>2,508,571</b></u>

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2023.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Non-current financial assets at fair value through profit or loss	-	-	9,006	9,006
Current financial assets at fair value through profit or loss	289,604	109,396	6,189	405,189
Financial assets at fair value through other comprehensive income	<u>2,237,597</u>	-	-	<u>2,237,597</u>
<b>Total assets</b>	<u><b>2,527,201</b></u>	<u><b>109,396</b></u>	<u><b>15,195</b></u>	<u><b>2,651,792</b></u>

#### **4 Financial risk management** *(Continued)*

##### **Fair value estimation** *(Continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between any level during the period.

#### **5 Critical accounting estimates and judgements**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

## 6 Revenue and other income and segment information

Revenue mainly comprises rental income and management fee income from investment properties, investment income from financial assets at fair value through profit or loss and dividend income from financial assets at fair value through other comprehensive income. Other income represents net realised and unrealised gains on financial assets at fair value through profit or loss. Revenue and other income recognised during the period comprises the following:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
Gross rental income from investment properties	31,265	29,300
Investment income from financial assets at fair value through profit or loss	2,719	2,293
Dividend income from financial assets at fair value through other comprehensive income	81,530	85,319
Management fee income from investment properties	5,852	4,978
Other	166	172
	<u>121,532</u>	<u>122,062</u>
Other income		
Net realised and unrealised gains on financial assets at fair value through profit or loss	<u>22,653</u>	<u>20,503</u>
Revenue and other income	<u>144,185</u>	<u>142,565</u>

The Group is organised on a worldwide basis into two main business segments:

- Real estate – investment in and leasing of industrial/office premises
- Financial investments – holding and trading of investment securities

There are no sales or other transactions between the business segments.

## 6 Revenue and other income and segment information (Continued)

The segment results for the six months ended 30 June 2024 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Revenue and other income	<u>37,117</u>	<u>107,068</u>	<u>144,185</u>
Segment result	<b>(128,968)</b>	<b>102,609</b>	<b>(26,359)</b>
Finance income			<b>1,856</b>
Finance expense			<b>(43)</b>
Share of profit of joint ventures	<b>650</b>	-	<u><b>650</b></u>
Loss before income tax			<b>(23,896)</b>
Income tax expense			<u><b>(19,844)</b></u>
Loss attributable to equity holders of the Company			<u><b>(43,740)</b></u>
Other items			
Depreciation of right-of-use assets	-	-	<b>(1,747)</b>
Depreciation of property, plant and equipment	<b>(11)</b>	<b>(12)</b>	<b>(23)</b>
Net fair value losses on investment properties	<u><b>(141,000)</b></u>	<u>-</u>	<u><b>(141,000)</b></u>

The segment results for the six months ended 30 June 2023 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Revenue and other income	<u>34,278</u>	<u>108,287</u>	<u>142,565</u>
Segment result	40,058	104,262	144,320
Finance income			338
Finance expense			(89)
Share of profit of joint ventures	678	-	<u>678</u>
Profit before income tax			145,247
Income tax expense			<u>(19,438)</u>
Profit attributable to equity holders of the Company			<u>125,809</u>
Other items			
Depreciation of right-of-use assets	-	-	(1,748)
Depreciation of property, plant and equipment	(11)	(12)	(23)
Net fair value gains on investment properties	<u>31,000</u>	<u>-</u>	<u>31,000</u>

## 6 Revenue and other income and segment information *(Continued)*

Reportable segments' assets and liabilities are reconciled to total assets and liabilities below. Segment assets exclude investments in joint ventures and right-of-use assets and segment liabilities exclude deferred income tax liabilities, lease liabilities and other non-current liability which are managed on a central basis.

The segment assets and liabilities as at 30 June 2024 are as follows:

	<b>Real estate HK\$'000</b>	<b>Financial investments HK\$'000</b>	<b>Total HK\$'000</b>
Segment assets	<b>2,294,883</b>	<b>2,690,435</b>	<b>4,985,318</b>
Right-of-use assets			<b>2,185</b>
Investments in joint ventures	<b>84,106</b>	–	<b>84,106</b>
			<b>5,071,609</b>
Segment liabilities	<b>51,786</b>	<b>22,763</b>	<b>74,549</b>
Unallocated liabilities			<b>32,618</b>
			<b>107,167</b>

The segment assets and liabilities as at 31 December 2023 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Segment assets	2,430,067	2,782,121	5,212,188
Right-of-use assets			3,933
Investments in joint ventures	85,314	–	85,314
			5,301,435
Segment liabilities	52,051	5,345	57,396
Unallocated liabilities			33,392
			90,788

## 6 Revenue and other income and segment information (Continued)

The Company is incorporated in Bermuda and is domiciled in Hong Kong. The Group's revenue and other income from Hong Kong and from other countries for the period ended 30 June is analysed as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	<b>38,193</b>	33,401
United States of America	<b>12,473</b>	12,182
Europe	<b>12,079</b>	10,944
Taiwan	<b>81,166</b>	85,078
Other countries	<b>274</b>	960
	<b>144,185</b>	142,565

At 30 June 2024, the total of non-current assets other than financial instruments located/operated in Hong Kong and in Mainland China are as follows:

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	<b>2,282,232</b>	2,424,990
Mainland China	<b>84,153</b>	85,372
	<b>2,366,385</b>	2,510,362

## 7 Operating (loss)/profit

Operating (loss)/profit is stated after charging the following:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	<b>23</b>	23
Depreciation of right-of-use assets	<b>1,747</b>	1,748
Employee benefit expense (including directors' emoluments)	<b>12,269</b>	13,003
Management fee expense in respect of investment properties	<b>7,075</b>	6,508

## 8 Finance income/(expense)

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Finance income</b>		
Bank interest income	<u>1,856</u>	<u>338</u>
<b>Finance expense</b>		
Interest expense on lease liabilities and other non-current liability	<u>(43)</u>	<u>(89)</u>

## 9 Income tax expense

Hong Kong profits tax has been provided at 16.5% (2023: 16.5%) of the estimated assessable profits for the period. Withholding tax on dividends receivable from overseas investments including joint ventures has been calculated at the rates of taxation prevailing in the countries in which the investees operate.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	1,823	1,294
– Withholding tax	17,045	17,866
Deferred income tax	<u>976</u>	<u>278</u>
	<u>19,844</u>	<u>19,438</u>

## 10 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
<b>(Loss)/earnings (HK\$'000)</b>		
(Loss)/profit attributable to equity holders of the Company	<u>(43,740)</u>	<u>125,809</u>
<b>Number of shares (thousands)</b>		
Weighted average number of ordinary shares in issue	<u>33,968</u>	<u>33,968</u>
<b>(Loss)/earnings per share (HK\$)</b>		
Basic and diluted (Note)	<u>(1.29)</u>	<u>3.70</u>

Note: The Company has no dilutive potential ordinary shares and diluted (loss)/earnings per share are equal to basic (loss)/earnings per share.

## 11 Dividends

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
2023 final dividend paid of HK\$0.70 (2023: 2022 final dividend paid of HK\$0.70) per share	23,778	23,778
2023 special dividend paid of HK\$0.60 (2023: 2022 special dividend paid of HK\$0.30) per share	20,380	10,190
	<u>44,158</u>	<u>33,968</u>

The Directors have not declared an interim dividend for the six months ended 30 June 2024 (2023: Nil).

## 12 Property, plant and equipment

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Property, plant and equipment	<u>94</u>	<u>115</u>

Movement during the period is set out below:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Net book amount as at 1 January	115	161
Additions	2	–
Depreciation	(23)	(23)
Net book amount as at 30 June	<u>94</u>	<u>138</u>



### 13 Investment properties

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Investment properties	<b>2,280,000</b>	2,421,000

Movement during the period is set out below:

	Six months ended 30 June	
	<b>2024 HK\$'000</b>	2023 HK\$'000
<b>At fair value</b>		
Balance at 1 January	<b>2,421,000</b>	2,494,000
Fair value changes	<b>(141,000)</b>	31,000
Balance at 30 June	<b>2,280,000</b>	2,525,000

The Group's investment properties with an aggregate carrying value of HK\$2,125,000,000 (31 December 2023: HK\$2,256,000,000) have been mortgaged to a bank to secure general banking facilities. As at 30 June 2024 and 31 December 2023, no bank facilities were utilised.

#### Valuation processes of the Group

The basis of the valuation of investment properties is fair value being the amount for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, an independent qualified valuer not related to the Group, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued, at 30 June 2024. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purposes. This department reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial reporting dates the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior period valuation report;
- Holds discussions with the independent valuer.

## 13 Investment properties (Continued)

### Valuation techniques

#### *Fair value measurements using significant unobservable inputs*

Fair values of completed industrial and commercial properties in Hong Kong are generally derived using direct comparison method. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have been recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

As at 30 June 2024, all investment properties are included in level 3 fair value hierarchy.

There were no changes in valuation techniques during the period and there were no transfers between fair value hierarchies during the period.

### Significant inputs used to determine fair value

#### *Information about fair value measurements using significant unobservable inputs for the Group's principal investment properties*

Descriptions	Fair value		Valuation techniques	Unobservable inputs	Relationship of unobservable inputs of fair value
	30 June 2024 HK\$'000	31 December 2023 HK\$'000			
Commercial	2,164,000	2,299,000	Direct comparison	Average unit rate – HK\$6,133 – HK\$10,490 per square feet (31 December 2023: HK\$6,521 – HK\$11,565 per square feet)	The higher the average unit rates, the higher the fair value
				Carpark: HK\$1,680,000 – HK\$2,270,000 per unit (31 December 2023: HK\$1,770,000 – HK\$2,380,000 per unit)	
Industrial	116,000	122,000	Direct comparison	Average unit rate – HK\$2,741 per square feet (31 December 2023: HK\$2,883 per square feet)	The higher the average unit rates, the higher the fair value
				Carpark: HK\$640,000 – HK\$770,000 per unit (31 December 2023: HK\$680,000 – HK\$810,000 per unit)	
	<u>2,280,000</u>	<u>2,421,000</u>			

### 13 Investment properties (Continued)

#### Significant inputs used to determine fair value (Continued)

At 30 June 2024, sensitivity analysis has been performed to assess the impact on the valuations of changes in the unobservable inputs for average unit rates. The results are shown in the table below:

	Change in assumption %	Increase/(decrease) in valuation	
		Increase in assumption HK\$'000	Decrease in assumption HK\$'000
Average unit rates	5.0	114,000	(114,000)

### 14 Investments in joint ventures

In respect of a joint venture of the Group, Shanghai Sung Nan Textile Co., Ltd., its joint venture term and land use right expired on 31 May 2022 despite its business licence is valid up to 31 May 2042. The Group accounted for its share of result of this joint venture up to 31 May 2022.

### 15 Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income are primarily the Group's investment in The Shanghai Commercial & Savings Bank, Ltd. ("SCSB"), a licensed bank in Taiwan and whose shares are listed on the Taiwan Stock Exchange, representing approximately 3.9% of the total issued share capital of SCSB, which is stated at fair value.

### 16 Trade and other receivables

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables (Note a)	560	373
Other receivables, prepayments and deposits	9,802	9,341
Dividend receivables	81,166	–
Amounts due from joint ventures (Note b)	401	758
	<b>91,929</b>	<b>10,472</b>

Notes:

(a) The Group does not grant any credit period to its customers. At 30 June 2024, the aging analysis of the trade receivables is as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within 30 days	350	373
31–60 days	210	–
	<b>560</b>	<b>373</b>

(b) The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

## 17 Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss with an aggregate carrying value of HK\$199,221,000 (31 December 2023: HK\$179,446,000) together with the bank deposit of HK\$3,291,000 (31 December 2023: HK\$3,531,000) have been secured for banking facilities.

## 18 Share capital

	Number of shares	Amount HK\$'000
<b>Ordinary share, issued and fully paid:</b>		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<b>33,967,738</b>	<b>3,397</b>

## 19 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method.

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Deferred income tax liabilities		
– to be settled after more than 12 months	<b>(28,887)</b>	(27,911)

The movement on the deferred income tax liabilities is as follows:

	Accelerated tax depreciation 30 June 2024 HK\$'000	31 December 2023 HK\$'000
Balance at 1 January	<b>(27,911)</b>	(27,894)
Charged to the consolidated income statement (Note 9)	<b>(976)</b>	(17)
Balance at 30 June/31 December	<b>(28,887)</b>	(27,911)

Deferred income tax assets are recognised for tax losses carried forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets of HK\$55,000 (31 December 2023: HK\$55,000) in respect of tax losses amounting to HK\$334,000 (31 December 2023: HK\$334,000). These tax losses have no expiry date.

## 20 Trade and other payables

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Trade payables	2,417	1,927
Rental and management fee deposits	21,231	20,130
Other payables and accruals	32,852	35,210
	<u>56,500</u>	<u>57,267</u>

At 30 June 2024, the aging analysis of trade payables is as follows:

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Within 30 days	<u>2,417</u>	<u>1,927</u>

## 21 Related party transactions

In addition to the related party information and transactions disclosed elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period.

### (a) Key management compensation

	Six months ended 30 June	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Salaries and other employee benefits	8,726	8,197
Post-employment benefits	36	27
	<u>8,762</u>	<u>8,224</u>

### (b) Related party balances

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Amounts due from joint ventures	<u>401</u>	<u>758</u>

On behalf of the Board

**Nicholas Timothy James Colfer**

Chairman

Hong Kong, 21 August 2024