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## CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

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

The board of directors (the “Board”) of Chinese Estates Holdings Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2021 (the “Period”) together with the comparative figures for the corresponding period in 2020:-

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

|   |       | Six months ended 30 June |                           |
|---|-------|--------------------------|---------------------------|
|   |       | 2021                     | 2020                      |
|   | Notes | HK\$'000                 | HK\$'000                  |
|   |       | (Unaudited)              | (Unaudited)<br>(restated) |
| Revenue   |       |                          |                           |
| Dividend income   |       | 160,751                  | 1,360,280                 |
| Interest income   |       | 201,881                  | 354,910                   |
| Others  |       | 363,535                  | 249,441                   |
| Total revenue   | 3     | 726,167                  | 1,964,631                 |
| Cost of goods and services provided                                   |       | (36,642)                 | (25,699)                  |
| Gross profit  |       | 689,525                  | 1,938,932                 |
| Other income  | 5     | 23,462                   | 257,004                   |
| Investment expenses, net  | 6     | (418,349)                | (597,439)                 |
| Administrative expenses   |       | (169,394)                | (168,533)                 |
| Gain on disposals of equipment, net                                   |       | 260                      | 482                       |
| Fair value changes on investment properties                           |       | (122,712)                | (425,967)                 |
| Finance costs   | 7     | (54,455)                 | (128,267)                 |
| Other gains and losses  |       | (38)                     | (1,942)                   |
| Share of results of investments accounted for using the equity method |       | 25,061                   | (19,445)                  |
| (Loss) profit before tax  |       | (26,640)                 | 854,825                   |
| Income tax expense  | 8     | (8,830)                  | (68,844)                  |
| (Loss) profit for the period  | 9     | (35,470)                 | 785,981                   |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(continued)*

*For the six months ended 30 June 2021*

|   |              | <b>Six months ended 30 June</b> |                           |
|---|--------------|---------------------------------|---------------------------|
|   |              | <b>2021</b>                     | 2020                      |
|   | <i>Notes</i> | <b>HK\$'000</b>                 | HK\$'000                  |
|   |              | <b>(Unaudited)</b>              | (Unaudited)<br>(restated) |
| <b>Other comprehensive expenses</b>   |              |                                 |                           |
| <i>Items that will not be reclassified to profit or loss</i>  |              |                                 |                           |
| Gains and losses on investments in equity instruments measured at fair value through other comprehensive income |              | <b>(3,999,375)</b>              | (1,364,384)               |
| Share of other comprehensive income (expenses) of investments accounted for using the equity method             |              | <u>126</u>                      | <u>(73)</u>               |
|   |              | <b><u>(3,999,249)</u></b>       | <b><u>(1,364,457)</u></b> |
| <i>Items that may be reclassified subsequently to profit or loss</i>  |              |                                 |                           |
| Exchange differences on translation of foreign operations   |              | <b>73,150</b>                   | (291,431)                 |
| Share of other comprehensive income (expenses) of investments accounted for using the equity method             |              | <u>1,909</u>                    | <u>(3,123)</u>            |
|   |              | <b><u>75,059</u></b>            | <b><u>(294,554)</u></b>   |
| Other comprehensive expenses for the period (net of tax)  |              | <b><u>(3,924,190)</u></b>       | <b><u>(1,659,011)</u></b> |
| <b>Total comprehensive expenses for the period</b>  |              | <b><u>(3,959,660)</u></b>       | <b><u>(873,030)</u></b>   |
| <b>(Loss) profit for the period attributable to:</b>  |              |                                 |                           |
| Owners of the Company   |              | <b>(37,284)</b>                 | 785,931                   |
| Non-controlling interests   |              | <u>1,814</u>                    | <u>50</u>                 |
|   |              | <b><u>(35,470)</u></b>          | <b><u>785,981</u></b>     |
| <b>Total comprehensive expenses for the period attributable to:</b>   |              |                                 |                           |
| Owners of the Company   |              | <b>(3,961,474)</b>              | (873,080)                 |
| Non-controlling interests   |              | <u>1,814</u>                    | <u>50</u>                 |
|   |              | <b><u>(3,959,660)</u></b>       | <b><u>(873,030)</u></b>   |
| <b>(Loss) earnings per share (HK\$)</b>   | 11           |                                 |                           |
| Basic and diluted   |              | <b><u>(0.020)</u></b>           | <b><u>0.412</u></b>       |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 June 2021*

|   |              | <b>30 June<br/>2021</b>   | 31 December<br>2020       |
|---|--------------|---------------------------|---------------------------|
|   | <i>Notes</i> | <b>HK\$'000</b>           | HK\$'000                  |
|   |              | <b>(Unaudited)</b>        | <b>(Audited)</b>          |
| <b>Non-current assets</b>   |              |                           |                           |
| Investment properties   |              | <b>14,387,267</b>         | 14,373,283                |
| Property, plant and equipment   |              | <b>147,305</b>            | 169,262                   |
| Right-of-use assets   |              | <b>91,323</b>             | 126,215                   |
| Intangible assets   |              | -                         | -                         |
| Investments accounted for using the equity method                             |              | <b>2,226,706</b>          | 2,199,510                 |
| Advances to associates  |              | <b>49,620</b>             | 48,463                    |
| Financial assets measured at fair value through profit or loss                | 12           | <b>2,660,235</b>          | 1,629,070                 |
| Financial assets measured at fair value through<br>other comprehensive income | 13           | <b>10,350,162</b>         | 14,407,220                |
| Advance to an investee company  |              | <b>100,737</b>            | 100,737                   |
| Deferred tax assets   |              | <b>15,199</b>             | 11,272                    |
| Pledged deposits  |              | -                         | 81,974                    |
| Prepayments   | 14           | <b>106,424</b>            | 50,380                    |
|   |              | <b><u>30,134,978</u></b>  | <b><u>33,197,386</u></b>  |
| <b>Current assets</b>   |              |                           |                           |
| Stock of properties   |              | <b>235,462</b>            | 232,938                   |
| Financial assets measured at fair value through profit or loss                | 12           | <b>2,528,565</b>          | 1,921,466                 |
| Inventories   |              | <b>5,195</b>              | 4,964                     |
| Debtors, deposits, other receivables and prepayments                          | 14           | <b>465,319</b>            | 250,152                   |
| Securities trading receivables and deposits                                   |              | <b>163,177</b>            | 27,055                    |
| Tax recoverable   |              | <b>14,598</b>             | 2,344                     |
| Pledged deposits  |              | <b>380,679</b>            | 178,532                   |
| Time deposits, bank balances and cash   |              | <b>712,425</b>            | 1,654,542                 |
|   |              | <b><u>4,505,420</u></b>   | <b><u>4,271,993</u></b>   |
| <b>Current liabilities</b>  |              |                           |                           |
| Creditors and accruals  | 15           | <b>142,220</b>            | 158,469                   |
| Securities trading and margin payable   |              | <b>20,411</b>             | 38,883                    |
| Deposits and receipts in advance  |              | <b>195,682</b>            | 167,623                   |
| Lease liabilities   |              | <b>62,272</b>             | 67,300                    |
| Tax liabilities   |              | <b>15,319</b>             | 36,110                    |
| Borrowings  |              | <b>7,148,448</b>          | 5,312,436                 |
| Derivative financial instrument   |              | -                         | 111                       |
|   |              | <b><u>7,584,352</u></b>   | <b><u>5,780,932</u></b>   |
| <b>Net current liabilities</b>  |              | <b><u>(3,078,932)</u></b> | <b><u>(1,508,939)</u></b> |
| <b>Total assets less current liabilities</b>                                  |              | <b><u>27,056,046</u></b>  | <b><u>31,688,447</u></b>  |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*  
*At 30 June 2021*

|   | <b>30 June<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2020<br>HK\$'000<br>(Audited) |
|---|--|--|
| <b>Equity attributable to owners of the Company</b>                                   |  |  |
| Share capital   | <b>190,762</b>                                       | 190,762                                      |
| Financial assets measured at fair value through<br>other comprehensive income reserve | <b>(3,930,075)</b>                                   | 65,461                                       |
| Contribution reserve  | <b>206,627</b>                                       | 206,627                                      |
| Statutory reserve   | <b>668</b>   | 668  |
| Special reserve   | <b>2,499,685</b>                                     | 2,499,685                                    |
| Capital redemption reserve  | <b>138,062</b>                                       | 138,062                                      |
| Translation reserve   | <b>(242,351)</b>                                     | (317,410)                                    |
| Retained profits  |  |  |
| - proposed dividend   | -  | 19,076                                       |
| - others  | <b>25,914,855</b>                                    | 25,955,852                                   |
|   | <b>24,778,233</b>                                    | 28,758,783                                   |
| <b>Non-controlling interests</b>  | <b>23,281</b>  | 21,467                                       |
| <b>Total equity</b>   | <b>24,801,514</b>                                    | 28,780,250                                   |
| <b>Non-current liabilities</b>  |  |  |
| Borrowings  | <b>1,061,155</b>                                     | 1,951,396                                    |
| Amounts due to associates   | <b>283,844</b>                                       | 260,344                                      |
| Amounts due to investee companies   | <b>823,498</b>                                       | 581,898                                      |
| Amounts due to non-controlling shareholders   | <b>275</b>   | 275  |
| Lease liabilities   | <b>28,670</b>  | 57,890                                       |
| Deferred tax liabilities  | <b>57,090</b>  | 56,394                                       |
|   | <b>2,254,532</b>                                     | 2,908,197                                    |
|   | <b>27,056,046</b>                                    | 31,688,447                                   |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

### 1. Basis of Preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Group incurred a net loss attributable to owners of the Company of approximately HK\$37,284,000 during the Period and, as of 30 June 2021, the Group’s current liabilities exceeded its current assets by approximately HK\$3,078,932,000 (31 December 2020: HK\$1,508,939,000). Notwithstanding the above results, these unaudited condensed consolidated financial statements have been prepared on a going concern basis.

The management closely monitors the Group’s financial performance and liquidity position. The validity of the going concern basis depends upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its financial obligations as and when they fall due, and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

As at 30 June 2021, the Group had unutilised bank facilities. Based on the latest communications with the banks, the directors of the Company (“Directors”) are not aware of any intention of the principal banks to withdraw their bank facilities or require early repayment of the bank borrowings, and the Directors believe that the existing bank facilities will be renewed or roll-overed when their current terms expire given the good track records and relationships the Group has with the banks. Further, the Group has unutilised loan facility from a Director.

The Directors have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 30 June 2021. Based on the cash flow projections, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2021. The management has made key assumptions on the projections with regard to the anticipated cash flows from the Group’s operations, capital expenditures and the continuous availability of bank facilities. The Group’s ability to achieve the projected cash flows depends on the continuous availability of bank facilities from the banks.

In view of the above, the Directors are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the Directors have prepared these unaudited condensed consolidated financial statements on a going concern basis.

#### *Change in presentation and classification of certain revenue items*

During the year ended 31 December 2020, the Group had changed its accounting policy for the presentation and classification in its consolidated statement of comprehensive income of building management fee income and property management services income (previously presented in and classified as “Other Income”) and interest income from bonds and other forms of debt securities and dividend income from listed and unlisted equity investments (previously presented in and classified as “Investment Income/Expenses, Net”). The Group had determined that these items should be presented in and classified as “Revenue” of the Group under the new accounting policy (“Reclassification”). The reasons of the change in accounting policy were set out in Note 3 to the consolidated financial statements of the 2020 annual report of the Company.

## 1. Basis of Preparation (continued)

### *Change in presentation and classification of certain revenue items (continued)*

The amounts of the adjustments to the line items in the unaudited condensed consolidated statement of comprehensive income affected by the Reclassification are as follows:

For the six months ended 30 June 2020:

|                                     | As previously<br>reported<br>HK\$'000 | Reclassification<br>HK\$'000 | As restated<br>HK\$'000 |
|-------------------------------------|---------------------------------------|------------------------------|-------------------------|
| Revenue                             | 222,679                               | 1,741,952                    | 1,964,631               |
| Cost of goods and services provided | (17,308)                              | (8,391) <sup>(1)</sup>       | (25,699)                |
| Gross profit                        | 205,371                               | 1,733,561                    | 1,938,932               |
| Other income                        | 275,375                               | (18,371) <sup>(1)</sup>      | 257,004                 |
| Investment income (expenses), net   | 1,117,751                             | (1,715,190) <sup>(2)</sup>   | (597,439)               |

For the six months ended 30 June 2021:

|                                     | Amounts without<br>Reclassification<br>HK\$'000 | Effects of<br>Reclassification<br>HK\$'000 | As reported<br>HK\$'000 |
|-------------------------------------|---|--|-------------------------|
| Revenue                             | 339,045   | 387,122                                    | 726,167                 |
| Cost of goods and services provided | (28,494)  | (8,148) <sup>(1)</sup>                     | (36,642)                |
| Gross profit                        | 310,551   | 378,974                                    | 689,525                 |
| Other income                        | 39,804  | (16,342) <sup>(1)</sup>                    | 23,462                  |
| Investment expenses, net            | (55,717)  | (362,632) <sup>(2)</sup>                   | (418,349)               |

*Notes:*

(1) These relate to building management fee income of approximately HK\$12,565,000 (2020: HK\$14,062,000) and property management services income of approximately HK\$11,925,000 (2020: HK\$12,700,000), amounted to approximately HK\$24,490,000 (2020: HK\$26,762,000) in aggregate now presented in and classified as revenue, net of building management fee expenses of approximately HK\$8,148,000 (2020: HK\$8,391,000) now presented in and classified as cost of goods and services provided.

(2) These relate to interest income from bonds and structured products of approximately HK\$201,881,000 (2020: HK\$354,910,000), dividend income from listed equity investments of approximately HK\$159,551,000 (2020: HK\$1,357,366,000) and from unlisted equity investments of HK\$1,200,000 (2020: HK\$2,914,000) now presented in and classified as revenue.

The Reclassification has no effect on the (loss) profit for the period and hence on the (loss) earnings per share figures presented in the unaudited condensed consolidated statement of comprehensive income.

These unaudited condensed consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments, which are measured at their fair values.

## 2. Principal Accounting Policies

The accounting policies adopted in these unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020 except as described below.

In the current period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") ("Amendments") issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of these unaudited condensed consolidated financial statements:

|  |  |
|--|--|
| HKFRS 9, HKAS 39, HKFRS 7,<br>HKFRS 4 and HKFRS 16<br>(Amendments) | Interest Rate Benchmark Reform - Phase 2                           |
| HKFRS 16 (Amendments)  | Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup> |

<sup>1</sup> *Effective for annual periods beginning on or after 1 April 2021 and early application is permitted*

The application of the Amendments had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted the following new and amendments to HKFRSs ("new and amended HKFRSs") that have been issued but are not yet effective.

|   |   |
|---|---|
| HKFRSs (Amendments)                                   | Annual Improvements to HKFRSs 2018-2020 <sup>1</sup>  |
| HKFRS 3 (Amendments)                                  | Reference to the Conceptual Framework <sup>1</sup>  |
| HKFRS 10 and HKAS 28<br>(Amendments)                  | Sale or Contribution of Assets between an Investor and its Associate or<br>Joint Venture <sup>3</sup>                               |
| HKFRS 17  | Insurance Contracts and the related amendments <sup>2</sup>   |
| HKAS 1 (Amendments)                                   | Classification of Liabilities as Current or Non-current and related<br>amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup> |
| HKAS 1 and HKFRS Practice<br>Statement 2 (Amendments) | Disclosure of Accounting Policies <sup>2</sup>  |
| HKAS 8 (Amendments)                                   | Definition of Accounting Estimates <sup>2</sup>   |
| HKAS 12 (Amendments)                                  | Deferred Tax related to Assets and Liabilities arising from a Single<br>Transaction <sup>2</sup>                                    |
| HKAS 16 (Amendments)                                  | Property, Plant and Equipment - Proceeds before Intended Use <sup>1</sup>   |
| HKAS 37 (Amendments)                                  | Onerous Contracts - Cost of Fulfilling a Contract <sup>1</sup>  |

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

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

<sup>3</sup> *Effective for annual periods beginning on or after a date to be determined*

The Directors are in the process of assessing the potential impact of the new and amended HKFRSs but are not yet in a position to determine whether the new and amended HKFRSs will have a significant impact on how the Group's performance and financial position are prepared and presented. The new and amended HKFRSs may result in changes in the future as to how the performance and financial position are prepared and presented.

### 3. Revenue

Revenue represents the aggregate amounts of commission from brokerage, settlement charges from brokerage, cosmetics goods sold less returns, building and property management services income, amounts received and receivable from property rental income, interest income from bonds and structured products, dividend income from listed and unlisted equity investments and gain on sales of investments held-for-trading, are analysed as follows:

|   | <b>Six months ended 30 June</b> |            |
|---|---------------------------------|------------|
|   | <b>2021</b>                     | 2020       |
|   | <b>HK\$'000</b>                 | HK\$'000   |
|   |                                 | (restated) |
| Revenue from contracts with customers:              |                                 |            |
| <i>Recognised at a point in time</i>                |                                 |            |
| Brokerage and cosmetics income                      | <b>8,922</b>                    | 8,213      |
| <i>Recognised over time</i>                         |                                 |            |
| Building and property management services income    | <b>24,490</b>                   | 26,762     |
|   | <b>33,412</b>                   | 34,975     |
| Revenue from other sources:                         |                                 |            |
| Property rental income                              | <b>161,284</b>                  | 211,450    |
| Interest income from                                | <b>201,881</b>                  | 354,910    |
| - bonds ( <i>note (i)</i> )                         | <b>196,046</b>                  | 348,650    |
| - structured products ( <i>note (i)</i> )           | <b>5,835</b>                    | 6,260      |
| Dividend income from                                | <b>160,751</b>                  | 1,360,280  |
| - listed equity investments ( <i>note (ii)</i> )    | <b>159,551</b>                  | 1,357,366  |
| - unlisted equity investments ( <i>note (iii)</i> ) | <b>1,200</b>                    | 2,914      |
| Gain on sales of investments held-for-trading       | <b>168,839</b>                  | 3,016      |
|   | <b>692,755</b>                  | 1,929,656  |
| <b>Total revenue</b>                                | <b>726,167</b>                  | 1,964,631  |

*Notes:*

- (i) *The interest income from bonds and structured products were derived from financial assets measured at fair value through profit or loss ("FVTPL").*
- (ii) *The dividend income from listed equity investments with amount of approximately HK\$3,031,000 (2020: HK\$286,000) and approximately HK\$156,520,000 (2020: HK\$1,357,080,000) were derived from financial assets measured at FVTPL and financial assets measured at fair value through other comprehensive income ("FVTOCI") respectively.*
- (iii) *The dividend income from unlisted equity investments was derived from financial assets measured at FVTOCI.*



#### 4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has six reportable segments – (i) property development and trading; (ii) property leasing for retail; (iii) property leasing for non-retail; (iv) listed equity investments at FVTOCI; (v) investments and treasury products at FVTPL; and (vi) unlisted investments, investment holding and brokerage, and the remaining businesses grouped under all other segments. The segmentations are based on the information about the operation of the Group that management of the Group uses to make decisions.

Principal activities are as follows:

|  |   |  |
|--|---|--|
| Property development and trading                       | – | Property development and sales of trading properties   |
| Property leasing                                       |   |  |
| - Retail   | – | Property leasing from retail properties  |
| - Non-retail   | – | Property leasing from non-retail properties  |
| Listed equity investments at FVTOCI                    | – | Listed equity securities at FVTOCI   |
| Investments and treasury products at FVTPL             | – | Securities investments in investments held-for-trading, over-the-counter trading and structured products |
| Unlisted investments, investment holding and brokerage | – | Unlisted securities investments, trading and brokerage   |
| All other segments                                     | – | Cosmetics distribution and trading, provision of building and property management services and others    |

The Group evaluates performance on the basis of profit or loss from operations after tax expense and non-controlling interests but not including the major non-cash items. The major non-cash items are unrealised fair value changes on investment properties and other properties together with their, if applicable, respective deferred tax.

Unallocated corporate assets mainly comprised leasehold land and building for own use, right-of-use assets, deferred tax assets, tax recoverable and derivative financial instrument.

Unallocated corporate liabilities mainly comprised tax liabilities, bank borrowings, amounts due to associates, amounts due to investee companies, amounts due to non-controlling shareholders, lease liabilities and deferred tax liabilities (31 December 2020: also included derivative financial instrument).

During the year ended 31 December 2020, the chief operating decision-makers changed the measurement of segment revenue to include building management fee income and property management services income, interest income from bonds and structured products and dividend income from listed and unlisted equity investments as these revenue items were included in the Group's consolidated revenue (see Note 1 for details of this change in accounting policy). Accordingly, segment revenue and relevant items as the subject matter of the Reclassification for the six months ended 30 June 2020 have been restated.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different markets and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and results are attributed to countries on the basis of the property or asset location.

There was no major customer who individually accounted for 10% or more of the Group's revenue.

#### 4. Operating Segments (continued)

Operating segment information is presented below:

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

|  | Property development and trading<br>HK\$'000 | Property leasing   |                        | Listed equity investments at FVTOCI<br>HK\$'000 | Investments and treasury products at FVTPL<br>HK\$'000 | Unlisted investments, investment holding and brokerage<br>HK\$'000 | All other segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|--|--------------------|------------------------|---|--|--|--------------------------------|--------------------------|
|  |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |   |  |  |                                |                          |
| <b>Major cash items excluding in revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | -                  | -                      | -   | 1,292,635  | -  | -                              | 1,292,635                |
| - Other countries  | -  | -                  | -                      | -   | 2,157,244  | -  | -                              | 2,157,244                |
|  | -  | -                  | -                      | -   | 3,449,879  | -  | -                              | 3,449,879                |
| <b>Revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| Dividend and interest income and gain on sales of investments held-for-trading   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 500  | -                  | -                      | 156,520   | 175,578  | -  | 700                            | 333,298                  |
| - Other countries  | -  | -                  | -                      | -   | 198,173  | -  | -                              | 198,173                  |
| Revenue from external customers  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 18,400             | 64,434                 | -   | -  | 3,980  | 29,432                         | 116,246                  |
| - United Kingdom   | -  | 17,218             | 60,843                 | -   | -  | -  | -                              | 78,061                   |
| - Mainland China   | -  | -                  | 389                    | -   | -  | -  | -                              | 389                      |
|  | 500  | 35,618             | 125,666                | 156,520   | 373,751  | 3,980  | 30,132                         | 726,167                  |
| Revenue (excluding dividend income from segments of property development and trading and property leasing)                                 |  |                    |                        |   |  |  |                                |                          |
|  | -  | 35,618             | 125,666                | 156,520   | 373,751  | 3,980  | 30,132                         | 725,667                  |
| Attributable property sales from associates/investee company   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 2,016,305                                    | -                  | -                      | -   | -  | -  | -                              | 2,016,305                |
| Attributable rental revenue from associates/investee company   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 9,080              | 21,626                 | -   | -  | -  | -                              | 30,706                   |
| - Mainland China   | -  | 15,501             | 4,113                  | -   | -  | -  | -                              | 19,614                   |
|  | 2,016,305                                    | 60,199             | 151,405                | 156,520   | 373,751  | 3,980  | 30,132                         | 2,792,292                |
| <b>Result</b>  |  |                    |                        |   |  |  |                                |                          |
| Segment result   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 500  | 16,779             | 61,053                 | 156,806   | (31,923)   | 2,639  | 18,378                         | 224,232                  |
| - United Kingdom   | -  | 12,976             | 47,222                 | -   | -  | 5  | -                              | 60,203                   |
| - Mainland China   | -  | -                  | 314                    | -   | -  | 1,492  | -                              | 1,806                    |
| - Other countries  | -  | -                  | -                      | -   | (15,992)   | -  | -                              | (15,992)                 |
|  | 500  | 29,755             | 108,589                | 156,806   | (47,915)   | 4,136  | 18,378                         | 270,249                  |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| - Attributable property sales, net   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 4,994  | -                  | -                      | -   | -  | -  | -                              | 4,994                    |
| - Attributable gross income  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 8,461              | 21,496                 | -   | -  | -  | 1,104                          | 31,061                   |
| - Mainland China   | -  | 15,501             | 4,113                  | -   | -  | -  | -                              | 19,614                   |
| - Attributable operating cost  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | (622)              | (2,863)                | -   | -  | -  | -                              | (3,485)                  |
| - Mainland China   | -  | (8,374)            | (1,698)                | -   | -  | -  | -                              | (10,072)                 |
|  | 5,494  | 44,721             | 129,637                | 156,806   | (47,915)   | 4,136  | 19,482                         | 312,361                  |
| Other income   | 7,059  | 3,059              | 436                    | -   | -  | -  | -                              | 10,554                   |
| Finance costs  | -  | -                  | -                      | (5,549)   | (4,321)  | -  | -                              | (9,870)                  |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| - Income tax and others  | (1,226)                                      | (18,393)           | (5,753)                | -   | -  | -  | (177)                          | (25,549)                 |
|  | 11,327                                       | 29,387             | 124,320                | 151,257   | (52,236)   | 4,136  | 19,305                         | 287,496                  |
| Unallocated items  |  |                    |                        |   |  |  |                                |                          |
| Unallocated corporate expenses, net  |  |                    |                        |   |  |  |                                | (155,337)                |
| Unallocated finance costs  |  |                    |                        |   |  |  |                                | (44,585)                 |
| Income tax expense   |  |                    |                        |   |  |  |                                | (8,830)                  |
| Non-controlling interests  |  |                    |                        |   |  |  |                                | (1,814)                  |
| <b>Operating profit for the period attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                |                          |
|  |  |                    |                        |   |  |  |                                | 76,930                   |
| Share of realised fair value changes on disposal of an investment property of an associate recognised in current period                    |  |                    |                        |   |  |  |                                |                          |
|  |  |                    |                        |   |  |  |                                | 125                      |
| Major non-cash items   |  |                    |                        |   |  |  |                                |                          |
| - Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method) |  |                    |                        |   |  |  |                                | (114,339)                |
| <b>Loss for the period attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                |                          |
|  |  |                    |                        |   |  |  |                                | (37,284)                 |

**4. Operating Segments (continued)**  
**Condensed Consolidated Statement of Comprehensive Income (continued)**  
For the six months ended 30 June 2021

|  |               |
|--|---------------|
|  | HK\$'000      |
| Core profit (excluding major non-cash items)   |               |
| Operating profit for the period attributable to owners of the Company                                  | 76,930        |
| Share of accumulated realised fair value changes on disposal of an investment property of an associate |               |
| - Recognised in current period   | 125           |
| - Recognised in prior years  | 832           |
|  | <hr/>         |
| Core profit for the period attributable to owners of the Company                                       | <u>77,887</u> |

**Condensed Consolidated Statement of Financial Position**  
At 30 June 2021

|   | Property<br>development<br>and trading<br>HK\$'000 | Property leasing   |                        | Listed<br>equity<br>investments<br>at FVTOCI<br>HK\$'000 | Investments<br>and treasury<br>products<br>at FVTPL<br>HK\$'000 | Unlisted<br>investments,<br>investment<br>holding and<br>brokerage<br>HK\$'000 | All<br>other<br>segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|--|--------------------|------------------------|--|---|--|--------------------------------------|--------------------------|
|   |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |  |   |  |                                      |                          |
| <b>Assets</b>   |  |                    |                        |  |   |  |                                      |                          |
| Segment assets  |  |                    |                        |  |   |  |                                      |                          |
| - Hong Kong   | 1,016,823  | 1,613,569          | 5,961,330              | 8,860,036  | 2,099,740   | 362,091  | 195,662                              | 20,109,251               |
| - United Kingdom  | -  | 1,128,979          | 6,914,175              | -  | -   | -  | -                                    | 8,043,154                |
| - Mainland China  | 268,929  | -                  | 28,825                 | -  | -   | 640  | -                                    | 298,394                  |
| - Other countries   | -  | -                  | -                      | -  | 3,142,189   | 620,678  | -                                    | 3,762,867                |
| Investments accounted for using the equity method   |  |                    |                        |  |   |  |                                      |                          |
| - Hong Kong   | 45,754   | 433,807            | 1,602,270              | -  | -   | 1,904  | 9,231                                | 2,092,966                |
| - Mainland China  | -  | 125,591            | 8,149                  | -  | -   | -  | -                                    | 133,740                  |
| Advances to associates  |  |                    |                        |  |   |  |                                      |                          |
| - Hong Kong   | 1,726  | -                  | 80                     | -  | -   | 2  | 1,221                                | 3,029                    |
| - Mainland China  | -  | 43,782             | 2,809                  | -  | -   | -  | -                                    | 46,591                   |
| Reportable segment assets   | <u>1,333,232</u>                                   | <u>3,345,728</u>   | <u>14,517,638</u>      | <u>8,860,036</u>   | <u>5,241,929</u>  | <u>985,315</u>   | <u>206,114</u>                       | <u>34,489,992</u>        |
| Unallocated corporate assets  |  |                    |                        |  |   |  |                                      | 150,406                  |
| Consolidated total assets   |  |                    |                        |  |   |  |                                      | <u>34,640,398</u>        |
| <b>Liabilities</b>  |  |                    |                        |  |   |  |                                      |                          |
| Segment liabilities   |  |                    |                        |  |   |  |                                      |                          |
| - Hong Kong   | 35,850   | 15,530             | 102,243                | 818,226  | 495,047   | 13,318   | 5,762                                | 1,485,976                |
| - United Kingdom  | -  | 13,866             | 161,257                | -  | -   | -  | -                                    | 175,123                  |
| - Mainland China  | 3  | -                  | 195                    | -  | -   | 2  | -                                    | 200                      |
| - Other countries   | -  | -                  | -                      | -  | 711,581   | 3  | -                                    | 711,584                  |
| Reportable segment liabilities  | <u>35,853</u>                                      | <u>29,396</u>      | <u>263,695</u>         | <u>818,226</u>   | <u>1,206,628</u>  | <u>13,323</u>  | <u>5,762</u>                         | <u>2,372,883</u>         |
| Unallocated corporate liabilities   |  |                    |                        |  |   |  |                                      | 7,466,001                |
| Consolidated total liabilities  |  |                    |                        |  |   |  |                                      | <u>9,838,884</u>         |
| <b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b> |  |                    |                        |  |   |  |                                      |                          |
|   | -  | 862                | 9,509                  | -  | -   | 196  | 328                                  |                          |

**4. Operating Segments** *(continued)*  
**Other Material Items**  
*For the six months ended 30 June 2021*

|  | Reportable<br>segments<br>HK\$'000 | Adjustments<br>for<br>unallocated<br>items<br>HK\$'000 | Adjustment<br>for realised<br>fair value<br>changes<br>HK\$'000 | Adjustments<br>for major<br>non-cash<br>items<br>HK\$'000 | Condensed<br>consolidated<br>statement of<br>comprehensive<br>income<br>HK\$'000 |
|--|------------------------------------|--|---|---|--|
| Interest income  | 204,069                            | -  | -   | -   | 204,069  |
| Finance costs  | (9,870)                            | (44,585)   | -   | -   | (54,455)   |
| Net income   | 194,199                            | (44,585)   | -   | -   | 149,614  |
| Depreciation of:   |                                    |  |   |   |  |
| - Property, plant and equipment  | -                                  | (25,023)   | -   | -   | (25,023)   |
| - Right-of-use assets  | -                                  | (34,892)   | -   | -   | (34,892)   |
| Fair value changes on investment properties                              | -                                  | -  | -   | (122,712)   | (122,712)  |
| Share of results of investments accounted<br>for using the equity method | 16,563                             | -  | 125   | 8,373   | 25,061   |
| Income tax expense   | -                                  | (8,830)  | -   | -   | (8,830)  |
| Non-controlling interests  | -                                  | (1,814)  | -   | -   | (1,814)  |

#### 4. Operating Segments (continued)

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020 (restated)

|  | Property development and trading<br>HK\$'000 | Property leasing   |                        | Listed equity investments at FVTOCI<br>HK\$'000 | Investments and treasury products at FVTPL<br>HK\$'000 | Unlisted investments, investment holding and brokerage<br>HK\$'000 | All other segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|--|--------------------|------------------------|---|--|--|--------------------------------|--------------------------|
|  |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |   |  |  |                                |                          |
| <b>Major cash items excluding in revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | -                  | -                      | 2,772   | 4,099,217  | -  | -                              | 4,101,989                |
| <b>Revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| Dividend and interest income and gain on sales of investments held-for-trading   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | -                  | -                      | 1,357,080                                       | 269,305  | 2,914  | -                              | 1,629,299                |
| - Other countries  | -  | -                  | -                      | -   | 88,907   | -  | -                              | 88,907                   |
| Revenue from external customers  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 19,028             | 72,269                 | -   | -  | 2,898  | 32,077                         | 126,272                  |
| - United Kingdom   | -  | 16,935             | 102,861                | -   | -  | -  | -                              | 119,796                  |
| - Mainland China   | -  | -                  | 357                    | -   | -  | -  | -                              | 357                      |
|  | -  | 35,963             | 175,487                | 1,357,080                                       | 358,212  | 5,812  | 32,077                         | 1,964,631                |
| Revenue (excluding dividend income from segments of property development and trading and property leasing)                                 |  |                    |                        |   |  |  |                                |                          |
|  | -  | 35,963             | 175,487                | 1,357,080                                       | 358,212  | 5,812  | 32,077                         | 1,964,631                |
| Attributable property sales from associate/investee company  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 11,935                                       | -                  | -                      | -   | -  | -  | -                              | 11,935                   |
| Attributable rental revenue from associates/investee company   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 10,084             | 22,252                 | -   | -  | -  | -                              | 32,336                   |
| - Mainland China   | -  | 5,687              | 3,981                  | -   | -  | -  | -                              | 9,668                    |
|  | 11,935                                       | 51,734             | 201,720                | 1,357,080                                       | 358,212  | 5,812  | 32,077                         | 2,018,570                |
| <b>Result</b>  |  |                    |                        |   |  |  |                                |                          |
| Segment result   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 16,978             | 66,561                 | 1,357,068                                       | (261,051)  | 6,063  | 19,951                         | 1,205,570                |
| - United Kingdom   | -  | 15,420             | 100,279                | -   | -  | 132  | -                              | 115,831                  |
| - Mainland China   | -  | -                  | 244                    | -   | -  | 897  | -                              | 1,141                    |
| - Other countries  | -  | -                  | -                      | -   | 13,409   | -  | -                              | 13,409                   |
|  | -  | 32,398             | 167,084                | 1,357,068                                       | (247,642)  | 7,092  | 19,951                         | 1,335,951                |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| - Attributable property sales, net   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 252  | -                  | -                      | -   | -  | -  | -                              | 252                      |
| - Attributable gross income  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 9,410              | 22,117                 | -   | -  | -  | 1,125                          | 32,652                   |
| - Mainland China   | -  | 5,687              | 3,981                  | -   | -  | -  | -                              | 9,668                    |
| - Attributable operating cost  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | (65)               | (3,889)                | -   | -  | -  | -                              | (3,954)                  |
| - Mainland China   | -  | (4,924)            | (1,528)                | -   | -  | -  | -                              | (6,452)                  |
|  | 252  | 42,506             | 187,765                | 1,357,068                                       | (247,642)  | 7,092  | 21,076                         | 1,368,117                |
| Other income   | -  | -                  | 249,836                | -   | -  | -  | -                              | 249,836                  |
| Finance costs  | -  | -                  | -                      | (24,343)  | (22,421)   | -  | -                              | (46,764)                 |
| Other gains and losses   | (1,941)                                      | -                  | -                      | -   | -  | -  | -                              | (1,941)                  |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| - Income tax and others  | (13)   | (12,729)           | (8,553)                | -   | -  | -  | (212)                          | (21,507)                 |
|  | (1,702)                                      | 29,777             | 429,048                | 1,332,725                                       | (270,063)  | 7,092  | 20,864                         | 1,547,741                |
| Unallocated items  |  |                    |                        |   |  |  |                                |                          |
| Unallocated corporate expenses, net  |  |                    |                        |   |  |  |                                | (155,342)                |
| Unallocated finance costs  |  |                    |                        |   |  |  |                                | (81,503)                 |
| Income tax expense   |  |                    |                        |   |  |  |                                | (63,728)                 |
| Non-controlling interests  |  |                    |                        |   |  |  |                                | (50)                     |
| <b>Operating profit for the period attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                |                          |
|  |  |                    |                        |   |  |  |                                | 1,247,118                |
| Major non-cash items   |  |                    |                        |   |  |  |                                |                          |
| - Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method) |  |                    |                        |   |  |  |                                | (456,071)                |
| - Deferred tax expense   |  |                    |                        |   |  |  |                                | (5,116)                  |
| <b>Profit for the period attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                |                          |
|  |  |                    |                        |   |  |  |                                | 785,931                  |
| <b>Core profit for the period attributable to owners of the Company</b>  |  |                    |                        |   |  |  |                                |                          |
|  |  |                    |                        |   |  |  |                                | 1,247,118                |

**4. Operating Segments (continued)**  
**Condensed Consolidated Statement of Financial Position**  
*At 31 December 2020*

|   | Property development and trading<br>HK\$'000 | Property leasing   |                        | Listed equity investments at FVTOCI<br>HK\$'000 | Investments and treasury products at FVTPL<br>HK\$'000 | Unlisted investments, investment holding and brokerage<br>HK\$'000 | All other segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|--|--------------------|------------------------|---|--|--|--------------------------------|--------------------------|
|   |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |   |  |  |                                |                          |
| <b>Assets</b>   |  |                    |                        |   |  |  |                                |                          |
| Segment assets  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 948,739                                      | 1,355,453          | 7,043,891              | 12,814,008                                      | 1,951,314  | 362,249  | 186,279                        | 24,661,933               |
| - United Kingdom  | -  | 1,171,231          | 6,734,639              | -   | -  | -  | -                              | 7,905,870                |
| - Mainland China  | 266,459                                      | -                  | 27,200                 | -   | -  | 640  | -                              | 294,299                  |
| - Other countries   | -  | -                  | -                      | -   | 1,604,648  | 586,390  | -                              | 2,191,038                |
| Investments accounted for using the equity method   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 44,071                                       | 415,351            | 1,579,177              | -   | -  | 1,803  | 8,473                          | 2,048,875                |
| - Mainland China  | -  | 119,671            | 30,964                 | -   | -  | -  | -                              | 150,635                  |
| Advances to associates  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 641  | -                  | 83                     | -   | -  | 2  | 1,221                          | 1,947                    |
| - Mainland China  | -  | 36,977             | 9,539                  | -   | -  | -  | -                              | 46,516                   |
| Reportable segment assets   | <u>1,259,910</u>                             | <u>3,098,683</u>   | <u>15,425,493</u>      | <u>12,814,008</u>                               | <u>3,555,962</u>                                       | <u>951,084</u>   | <u>195,973</u>                 | <u>37,301,113</u>        |
| Unallocated corporate assets  |  |                    |                        |   |  |  |                                | <u>168,266</u>           |
| Consolidated total assets   |  |                    |                        |   |  |  |                                | <u><u>37,469,379</u></u> |
| <b>Liabilities</b>  |  |                    |                        |   |  |  |                                |                          |
| Segment liabilities   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 62,295                                       | 15,541             | 80,855                 | 768,423   | 192,424  | 26,354   | 5,581                          | 1,151,473                |
| - United Kingdom  | -  | 13,302             | 144,722                | -   | -  | -  | -                              | 158,024                  |
| - Mainland China  | 28   | -                  | 210                    | -   | -  | 3  | -                              | 241                      |
| - Other countries   | -  | -                  | -                      | -   | 129,360  | 6  | -                              | 129,366                  |
| Reportable segment liabilities  | <u>62,323</u>                                | <u>28,843</u>      | <u>225,787</u>         | <u>768,423</u>                                  | <u>321,784</u>   | <u>26,363</u>  | <u>5,581</u>                   | <u>1,439,104</u>         |
| Unallocated corporate liabilities   |  |                    |                        |   |  |  |                                | <u>7,250,025</u>         |
| Consolidated total liabilities  |  |                    |                        |   |  |  |                                | <u><u>8,689,129</u></u>  |
| <b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b> |  |                    |                        |   |  |  |                                |                          |
|   | <u>-</u>                                     | <u>-</u>           | <u>1,063,132*</u>      | <u>-</u>  | <u>-</u>   | <u>62</u>  | <u>5</u>                       |                          |

\* included the acquisition of investment properties of Landrich (H.K.) Limited through acquisition of a subsidiary

**Other Material Items**  
*For the six months ended 30 June 2020*

|   | Reportable segments<br>HK\$'000 | Adjustments for unallocated items<br>HK\$'000 | Adjustments for major non-cash items<br>HK\$'000 | Condensed consolidated statement of comprehensive income<br>HK\$'000 |
|---|---------------------------------|---|--|--|
| Interest income   | 359,539                         | -   | -  | 359,539  |
| Finance costs   | (46,764)                        | (81,503)                                      | -  | (128,267)  |
| Net income  | 312,775                         | (81,503)                                      | -  | 231,272  |
| Depreciation of:  |                                 |   |  |  |
| - Property, plant and equipment                                       | -                               | (9,903)                                       | -  | (9,903)  |
| - Right-of-use assets   | -                               | (27,403)                                      | -  | (27,403)   |
| Fair value changes on investment properties                           | -                               | -   | (425,967)  | (425,967)  |
| Write-down of stock of properties                                     | (1,941)                         | -   | -  | (1,941)  |
| Share of results of investments accounted for using the equity method | 10,659                          | -   | (30,104)   | (19,445)   |
| Income tax expense  | -                               | (63,728)                                      | (5,116)  | (68,844)   |
| Non-controlling interests   | -                               | (50)  | -  | (50)   |

## 5. Other Income

|   | Six months ended 30 June |                        |
|---|--------------------------|------------------------|
|   | 2021                     | 2020                   |
|   | HK\$'000                 | HK\$'000<br>(restated) |
| Included in other income are:   |                          |                        |
| Rental services income  | 1,590                    | 1,949                  |
| Leasing administration services and property administration services income   | 2,529                    | 3,004                  |
| Advisory and consultancy services income  | 15                       | 20                     |
| Consultancy fee income  | 3,932                    | -                      |
| Exchange gain, net  | 4,128                    | -                      |
| Overprovision of costs in respect of a development project  | 7,059                    | -                      |
| Reversal of allowance for credit losses recognised in respect of trade receivables, net                             | 3,046                    | 17                     |
| Surrender premium and dilapidations settlement received from tenants in respect of properties in the United Kingdom | 436                      | 249,836                |
|   | <b>436</b>               | <b>249,836</b>         |

## 6. Investment Expenses, Net

|  | Six months ended 30 June |                        |
|--|--------------------------|------------------------|
|  | 2021                     | 2020                   |
|  | HK\$'000                 | HK\$'000<br>(restated) |
| Financial assets measured at fair value through profit or loss:                          |                          |                        |
| Unrealised loss arising from change in fair value of bonds                               | (309,181)                | (244,861)              |
| Realised gain (loss) arising from change in fair value of bonds                          |                          |                        |
| - Change in fair value   | 2,108                    | (342,782)              |
| - Exchange component of change   | 209                      | (17,619)               |
| Net loss arising from change in fair value of bonds                                      | (306,864)                | (605,262)              |
| Unrealised (loss) gain arising from change in fair value of structured products          | (1,112)                  | 21                     |
| Realised gain (loss) arising from change in fair value of structured products            | 1,543                    | (1,220)                |
| Net gain (loss) arising from change in fair value of structured products                 | 431                      | (1,199)                |
| Unrealised (loss) gain arising from change in fair value of investments held-for-trading | (100,847)                | 278                    |
| Unrealised gain (loss) arising from change in fair value of club debentures              | 200                      | (1,290)                |
| Realised loss arising from change in fair value of club debentures                       | -                        | (223)                  |
| Gain (loss) arising from change in fair value of club debentures                         | 200                      | (1,513)                |
| Financial assets/liabilities measured at fair value through profit or loss:              |                          |                        |
| Unrealised gain (loss) arising from change in fair value of cross currency swap          | 816                      | (518)                  |
| Realised gain arising from change in fair value of cross currency swap                   | 111                      | 6,060                  |
| Net gain arising from change in fair value of cross currency swaps                       | 927                      | 5,542                  |
| Other investment (expenses) income, net  | (14,100)                 | 317                    |
| Interest income from other financial assets  | 1,904                    | 4,398                  |
|  | <b>(418,349)</b>         | <b>(597,439)</b>       |

## 7. Finance Costs

|  | <b>Six months ended 30 June</b> |                       |
|--|---------------------------------|-----------------------|
|  | <b>2021</b>                     | <b>2020</b>           |
|  | <b>HK\$'000</b>                 | <b>HK\$'000</b>       |
| Interest on:   |                                 |                       |
| Bank borrowings  | 40,782                          | 71,625                |
| Other borrowings   | 7,138                           | 62,024                |
| Lease liabilities  | 1,082                           | 1,522                 |
| Total interest   | <u>49,002</u>                   | <u>135,171</u>        |
| Exchange loss (gain) on translation of foreign currency<br>bank and other borrowings and loan, net | 3,162                           | (8,659)               |
| Other finance costs  | <u>3,468</u>                    | <u>3,199</u>          |
|  | <b>55,632</b>                   | <b>129,711</b>        |
| Less: Interest capitalised to investment property under construction                               | <u>(1,177)</u>                  | <u>(1,444)</u>        |
|  | <b><u>54,455</u></b>            | <b><u>128,267</u></b> |

During the Period, the Group has capitalised borrowing costs at a rate of 1.32% (2020: 2.39%) per annum amounted to approximately HK\$1,177,000 (2020: HK\$1,444,000) on qualifying assets.

## 8. Income Tax Expense

|  | <b>Six months ended 30 June</b> |                      |
|--|---------------------------------|----------------------|
|  | <b>2021</b>                     | <b>2020</b>          |
|  | <b>HK\$'000</b>                 | <b>HK\$'000</b>      |
| The charge comprises:                          |                                 |                      |
| Current tax:                                   |                                 |                      |
| Hong Kong Profits Tax                          | 4,759                           | 3,074                |
| Other than Hong Kong                           | 7,702                           | 61,805               |
|  | <b>12,461</b>                   | <b>64,879</b>        |
| (Overprovision) underprovision in prior years: |                                 |                      |
| Hong Kong Profits Tax                          | -                               | (140)                |
| Other than Hong Kong                           | -                               | 141                  |
|  | <b>-</b>                        | <b>1</b>             |
| Deferred tax:                                  |                                 |                      |
| Current period (credit) charge                 | <u>(3,631)</u>                  | <u>3,964</u>         |
|  | <b><u>8,830</u></b>             | <b><u>68,844</u></b> |

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The People's Republic of China ("PRC") Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (2020: 25%). The Group is subject to tax rate in the United Kingdom at 19% (2020: changed from 20% to 19% as the Group has been subject to corporation tax instead of non-resident landlord income tax effective from 6 April 2020). Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.



## 9. (Loss) Profit for the Period

|   | <b>Six months ended 30 June</b> |                 |
|---|---------------------------------|-----------------|
|   | <b>2021</b>                     | <b>2020</b>     |
|   | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| (Loss) profit for the period has been arrived at after (charging) crediting:  |                                 |                 |
| Total staff costs:  |                                 |                 |
| Staff costs, including Directors' emoluments  | (71,871)                        | (78,898)        |
| Retirement benefit scheme contributions, net of forfeited contributions of approximately HK\$166,000 (2020: HK\$28,000)                               | (3,939)                         | (4,411)         |
|   | <b>(75,810)</b>                 | <b>(83,309)</b> |
| Auditors' remuneration:   |                                 |                 |
| Auditors of the Company   |                                 |                 |
| - Current period  | (1,032)                         | (1,028)         |
| Other auditors  |                                 |                 |
| - Current period  | (135)                           | (114)           |
| - Underprovision in prior years   | (1)                             | (10)            |
|   | <b>(1,168)</b>                  | <b>(1,152)</b>  |
| Depreciation of:  |                                 |                 |
| - Property, plant and equipment   | (25,023)                        | (9,903)         |
| - Right-of-use assets   | (34,892)                        | (27,403)        |
|   | <b>(59,915)</b>                 | <b>(37,306)</b> |
| Exchange loss, net  | -                               | (1,107)         |
| Rental expenses from short-term leases  | (170)                           | (14,257)        |
| Cost of cosmetics products recognised   | (2,210)                         | (2,471)         |
| Share of tax of associates  | (5,202)                         | (3,847)         |
| Share of tax of a joint venture   | -                               | 313             |
| Share of tax of investments accounted for using the equity method (included in share of results of investments accounted for using the equity method) | (5,202)                         | (3,534)         |
| Gross proceeds on sales of investments held-for-trading   | 3,272,416                       | 49,354          |
| Carrying amount of investments held-for-trading disposed of   | (3,097,997)                     | (46,250)        |
| Transaction costs on sales of investments held-for-trading  | (5,580)                         | (88)            |
| Gain on sales of investments held-for-trading included in revenue   | <b>168,839</b>                  | <b>3,016</b>    |
| Gross rental income from investment properties  | <b>161,284</b>                  | <b>211,450</b>  |
| Less: Direct operating expenses from investment properties that generated rental income during the period   | (5,857)                         | (8,270)         |
| Direct operating expenses from investment properties that did not generate rental income during the period  | (17,083)                        | (3,698)         |
|   | <b>138,344</b>                  | <b>199,482</b>  |
| Reversal of allowance for credit losses recognised in respect of trade receivables, net   | 3,046                           | 17              |
| Allowance for credit losses recognised in respect of interest receivables from bonds  | (7,448)                         | -               |
| Allowance for credit losses recognised in respect of advances to associates   | (38)                            | -               |

## 10. Dividends

|   | <b>Six months ended 30 June</b> |                 |
|---|---------------------------------|-----------------|
|   | <b>2021</b>                     | <b>2020</b>     |
|   | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Final dividend for 2020 paid on 11 June 2021 of HK1 cent (2019: HK1 cent) per share | <b>19,076</b>                   | <b>19,076</b>   |

The Board has resolved not to declare any interim dividend for 2021 (2020: HK1 cent per share) after interim period end.

## 11. (Loss) Earnings per Share

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

|  | <b>Six months ended 30 June</b> |                      |
|--|---------------------------------|----------------------|
|  | <b>2021</b>                     | <b>2020</b>          |
|  | <b>HK\$'000</b>                 | <b>HK\$'000</b>      |
| (Loss) earnings:   |                                 |                      |
| (Loss) earnings for the purposes of basic and diluted (loss) earnings per share                            |                                 |                      |
| (Loss) profit for the period attributable to owners of the Company   | <b>(37,284)</b>                 | <b>785,931</b>       |
|  | <b>Number of shares</b>         |                      |
|  | <b>Six months ended 30 June</b> |                      |
|  | <b>2021</b>                     | <b>2020</b>          |
| Number of shares:  |                                 |                      |
| Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share | <b>1,907,619,079</b>            | <b>1,907,619,079</b> |

Diluted (loss) earnings per share for the six months ended 30 June 2021 and 2020 were the same as the basic (loss) earnings per share as there were no diluting events during both periods.

## 12. Financial Assets Measured at Fair Value Through Profit or Loss

|                                    | <b>30 June</b>   | <b>31 December</b> |
|------------------------------------|------------------|--------------------|
|                                    | <b>2021</b>      | <b>2020</b>        |
|                                    | <b>HK\$'000</b>  | <b>HK\$'000</b>    |
| Bonds                              | <b>4,315,391</b> | 3,287,649          |
| Structured products                | <b>38,215</b>    | 52,426             |
| Investments held-for-trading       | <b>776,404</b>   | 152,687            |
| Club and corporate debentures      | <b>57,974</b>    | 57,774             |
| Derivative financial instrument    | <b>816</b>       | -                  |
|                                    | <b>5,188,800</b> | <b>3,550,536</b>   |
| Analysed for reporting purpose as: |                  |                    |
| Non-current                        | <b>2,660,235</b> | 1,629,070          |
| Current                            | <b>2,528,565</b> | 1,921,466          |
|                                    | <b>5,188,800</b> | <b>3,550,536</b>   |

Major terms of the bonds denominated in United States dollar ("US\$"), Pound Sterling ("GBP") and Euro ("EUR") are as follows:

| <b>Notional amount</b> | <b>Maturity</b> |
|------------------------|-----------------|
| US\$130,000,000        | 2021            |
| US\$70,000,000         | 2022            |
| US\$67,700,000         | 2023            |
| US\$117,000,000        | 2024            |
| US\$151,000,000        | 2025            |
| US\$33,000,000         | Perpetual       |
| GBP23,500,000          | Perpetual       |
| EUR2,000,000           | Perpetual       |

### 13. Financial Assets Measured at Fair Value Through Other Comprehensive Income

|   | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Listed investment:  |                                      |                                 |
| - Equity securities listed in Hong Kong ( <i>note (i)</i> ) | <b>8,703,200</b>                     | 12,814,000                      |
| Unlisted equity securities:                                 |                                      |                                 |
| - Incorporated in Hong Kong ( <i>note (ii)</i> )            | <b>1,026,850</b>                     | 1,007,337                       |
| - Incorporated elsewhere ( <i>note (iii)</i> )              | <b>620,112</b>                       | 585,883                         |
|   | <b>10,350,162</b>                    | 14,407,220                      |

*Notes:*

- (i) As at 30 June 2021, the Group held certain shares of China Evergrande Group, listed on the Stock Exchange (stock code: 3333) ("China Evergrande") ("Evergrande Shares"). The unrealised loss on fair value change of the Evergrande Shares of HK\$4,110,800,000 (during the year ended 31 December 2020: HK\$5,762,000,000), which was determined based on quoted market bid price in active market, was recorded in financial assets measured at FVTOCI reserve during the Period. The carrying amount of the Evergrande Shares held by the Group as at 30 June 2021 was HK\$8,703,200,000 (31 December 2020: HK\$12,814,000,000). Subsequent to the end of the reporting period, the unit share price of China Evergrande has dropped from HK\$10.12 as at 30 June 2021 to HK\$5.72 as at 13 August 2021 (being the last trading date before the date of this announcement), an additional amount of unrealised loss on fair value change of listed equity investment at FVTOCI of HK\$3,784,000,000 would be resulted; and the carrying amount of the equity securities listed in Hong Kong would then be reduced from HK\$8,703,200,000 to HK\$4,919,200,000. This is a non-adjusting event in these unaudited condensed consolidated financial statements.
- (ii) As at 30 June 2021, the carrying amount mainly comprised investment in a property development project in Hong Kong (10% interest) of HK\$927,447,000 (31 December 2020: HK\$859,286,000).
- (iii) As at 30 June 2021, the carrying amount mainly comprised investment in an exempted limited partnership formed under the Exempted Limited Partnership Law (Revised) of the Cayman Islands ("Cayman Islands Partnership") of approximately HK\$514,499,000 (31 December 2020: HK\$488,583,000).

### 14. Debtors, Deposits, Other Receivables and Prepayments

|  | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Trade receivables (net of allowance for credit losses)                                       | <b>33,346</b>                        | 21,817                          |
| Deposits and prepayments   | <b>148,838</b>                       | 94,497                          |
| Dividend receivables from listed equity investments  | <b>158,965</b>                       | -                               |
| Interest receivables from bonds and structured products (net of allowance for credit losses) | <b>80,311</b>                        | 61,455                          |
| Other receivables  | <b>150,283</b>                       | 122,763                         |
|  | <b>571,743</b>                       | 300,532                         |
| Analysed for reporting purpose as:   |                                      |                                 |
| Non-current  | <b>106,424</b>                       | 50,380                          |
| Current  | <b>465,319</b>                       | 250,152                         |
|  | <b>571,743</b>                       | 300,532                         |

Included in debtors, deposits, other receivables and prepayments are trade receivables of approximately HK\$33,346,000 (31 December 2020: HK\$21,817,000), which comprised rental and building management fee receivables billed in advance and settlements from tenants which are expected upon receipts of billings and receivables from property management services and cosmetics business.

The carrying amounts of trade receivables (net of allowance for credit losses) of the Group's major businesses are as follows:

|  | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Rental receivables from property leasing                   | <b>26,048</b>                        | 12,628                          |
| Receivables from building and property management services | <b>4,144</b>                         | 7,940                           |
| Receivables from cosmetics business                        | <b>3,154</b>                         | 1,249                           |
|  | <b>33,346</b>                        | 21,817                          |

#### 14. Debtors, Deposits, Other Receivables and Prepayments (continued)

The following is the aged analysis of trade receivables (net of allowance for credit losses), presented based on the respective revenue recognition dates, at the end of the reporting period:

|              | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|--------------|--------------------------------------|---------------------------------|
| 0 - 30 days  | 12,411                               | 13,941                          |
| 31 - 60 days | 2,905                                | 4,116                           |
| 61 - 90 days | 697                                  | 498                             |
| Over 90 days | 17,333                               | 3,262                           |
|              | <b>33,346</b>                        | <b>21,817</b>                   |

#### 15. Creditors and Accruals

Included in creditors and accruals are trade payables of approximately HK\$805,000 (31 December 2020: HK\$4,142,000).

The following is the aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

|              | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|--------------|--------------------------------------|---------------------------------|
| 0 - 90 days  | 294                                  | 1,737                           |
| Over 90 days | 511                                  | 2,405                           |
|              | <b>805</b>                           | <b>4,142</b>                    |

#### 16. Capital Commitments

|  | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Authorised and contracted for:                   |                                      |                                 |
| Capital investment in limited partnership (note) | 60,436                               | 69,348                          |
| Redevelopment expenditure of properties          | 181,610                              | 20,917                          |
| Purchases of equipment and leasehold improvement | 91,160                               | 6,864                           |
| Refurbishment of properties                      | 6,754                                | 1,272                           |
|  | <b>339,960</b>                       | <b>98,401</b>                   |

Note: The Group had committed to make a capital contribution of US\$100,000,000 (equivalent to HK\$776,510,000) in the Cayman Islands Partnership. Up to the end of the reporting period, approximately US\$92,217,000 (equivalent to approximately HK\$715,234,000) (31 December 2020: US\$91,055,000 (equivalent to approximately HK\$706,224,000)) among the contribution has been paid by the Group. The outstanding amount was approximately US\$7,783,000 (equivalent to approximately HK\$60,436,000, after exchange adjustment) (31 December 2020: US\$8,945,000 (equivalent to approximately HK\$69,348,000, after exchange adjustment)).

#### 17. Contingent Liabilities

|  | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries                         | 15,000                               | 15,000                          |
| Guarantee given to a bank in respect of a banking facility utilised by an investee company/indemnity given to a third party in relation to an investee company | 613,830                              | 613,830                         |
|  | <b>628,830</b>                       | <b>628,830</b>                  |

No provision for financial guarantee contracts and/or deed of indemnity have been made as at 30 June 2021 and 31 December 2020 as the Directors considered the default risk is low.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2020: HK1 cent per share).

Having considered the Company's dividend policy, to preserve more cash for the Group's future financial, property investment or securities investment opportunities, the Board has resolved not to declare any interim dividend for the Period (2020: HK1 cent per share).

## FINANCIAL OPERATION REVIEW

### Results

As disclosed in Note 1 to the unaudited condensed consolidated financial statements and explanation set out in Note 3 to the consolidated financial statements of the 2020 annual report of the Company, the Group had changed its presentation and classification of certain revenue items. Accordingly, certain comparative figures were restated.

#### Revenue

Revenue for the Period amounted to HK\$726.2 million (2020: HK\$1,964.6 million (restated)), a decrease of 63.0% over the same period of last year and comprised gross rental income of HK\$161.3 million (2020: HK\$211.5 million), gain on sales of investments held-for-trading on a net basis of HK\$168.9 million (2020: HK\$3.0 million), dividend income from listed and unlisted equity investments of HK\$160.7 million (2020: HK\$1,360.3 million), interest income from bonds and structured products of HK\$201.9 million (2020: HK\$354.9 million), building and property management services income of HK\$24.5 million (2020: HK\$26.7 million) and others of HK\$8.9 million (2020: HK\$8.2 million). The decline in revenue was mainly due to the decrease in dividend income from the Evergrande Shares for the Period.

#### Gross Profit

Gross profit for the Period amounted to HK\$689.5 million (2020: HK\$1,938.9 million (restated)), a decrease of 64.4% as compared with the same period of last year which was also mainly due to the decrease in dividend income from the Evergrande Shares.

#### Property Leasing

For property leasing, the rental revenue in non-retail and retail section decreased by 28.4% to HK\$125.7 million and 1.1% to HK\$35.6 million respectively during the Period. The total rental income in revenue for the Period recorded a decrease of 23.7% to HK\$161.3 million as compared with the same period of last year of HK\$211.5 million. The decrease in rental income was mainly due to an anchor tenant of an investment property in the United Kingdom surrendered the lease in the first half of year 2020, if rental income from the anchor tenant is excluded, the total rental revenue would record a decrease of 5.7% as compared with the same period of last year.

Together with the attributable rental revenue generated from associates and an investee company of HK\$50.3 million (2020: HK\$42.0 million), the total attributable rental revenue to the Group amounted to HK\$211.6 million (2020: HK\$253.5 million), which represents a decrease of 16.5% over the same period of last year.

Attributable net rental income for the Period showed HK\$174.4 million, a decrease of 24.3% over HK\$230.3 million in the same period of last year.

#### Property Development and Trading

During the Period, the Group did not dispose of any trading property (2020: no disposal).

In respect of properties held by associates, sales of one unit of The Hermitage in West Kowloon (25% interest) and one parking space of Greenville Residence in Yuen Long (50% interest) generated profit of HK\$4.8 million and HK\$0.2 million respectively as reflected in the share of results of investments accounted for using the equity method. In respect of properties held by an investee company, sales of 1,609 units of Grand Central in Kwun Tong (10% interest) were recorded by the investee company during the Period and will contribute profit to the Group upon recognition of dividend income.

The Group's associates and investee company recorded an attributable sales of HK\$2,016.3 million for the Period.

## Securities Investments

The Group has in the ordinary and usual course of business conducted its securities investment activities, as at 30 June 2021, mainly comprised bonds, listed equity investments and treasury products. During the Period, the net gain (excluding gain/loss recognised in financial assets measured at FVTOCI reserve) recognised from securities investments and treasury products was HK\$99.0 million (2020: HK\$1,062.7 million), comprised gain on listed equity investments at FVTOCI of HK\$151.2 million (2020: HK\$1,332.7 million) and loss on investments and treasury products at FVTPL of HK\$52.2 million (2020: HK\$270.0 million).

During the Period, the Group disposed of listed investments held-for-trading and recognised a realised gain of HK\$168.9 million (2020: HK\$3.0 million) (the gains/losses of which was included in revenue) with gross proceeds of HK\$3,272.4 million (2020: HK\$49.4 million). During the Period, the Group disposed of/redeemed 4 bonds (2020: 18 bonds (including those with partial disposal)) with carrying amounts in the sum of HK\$84.7 million (2020: HK\$4,027.1 million) and recorded a realised gain of HK\$2.3 million (2020: realised loss of HK\$360.4 million). During the Period, the Group had acquired 6 bonds (2020: 5 bonds) in the sum of HK\$1,419.4 million (2020: HK\$310.6 million). In addition, realised gain on the structured products of HK\$1.5 million (2020: realised loss of HK\$1.2 million) was recorded during the Period.

Furthermore, the Group recorded an unrealised loss of HK\$411.1 million (2020: HK\$244.5 million) mainly representing the changes in fair value of bonds, listed equity investments and structured products, which had no effect on the cash flow of the Group. The unrealised loss of HK\$309.2 million (2020: HK\$244.8 million) from changes in fair value of bonds represented 27 bonds (2020: 24 bonds), mainly comprising the unrealised loss from the industry of PRC-based real estate of HK\$319.9 million (2020: HK\$184.2 million) or decrease in fair value of 7.4% over the Period. Of which, a PRC-based real estate issuer had defaulted in paying interest and repayment of principal generally for its offshore US\$ bonds since February 2021, the fair value of its bonds held by the Group had declined by approximately 60.4% over the Period, an unrealised loss of HK\$105.1 million was included above; further allowance for credit losses of bond interest receivables of HK\$7.4 million were also made during the Period. In addition, the Group believes that the decrease in price of bonds in the industry of PRC-based real estate in the Period, among others, was owing to concerns about the tightening gearing policy over the real estate developers in the PRC. During the Period, the Group also recorded unrealised loss on listed investments held-for-trading of HK\$100.8 million (2020: gain of HK\$0.3 million) and unrealised loss on structured products of HK\$1.1 million (2020: nil).

During the Period, interest income from bonds (which was included in revenue) amounted to HK\$196.1 million (2020: HK\$348.6 million), represented 5.0% (2020: 5.0%) (before effect on leverage) return on average market value of bondholding during the Period. The decrease in interest income from bonds was mainly due to disposal of debt securities to Ms. Chan, Hoi-wan (an executive Director and the trustee of substantial shareholders of the Company) in year 2020, details of the transaction were set out in the Company's announcement dated 29 January 2020, circular dated 28 February 2020 and announcement dated 18 December 2020. The interest income from structured products (which was included in revenue) amounted to HK\$5.8 million (2020: HK\$6.3 million).

Summing up the realised and unrealised gain/loss and adding the net income from net dividend income, interest income, other investment income/expenses and net finance costs of HK\$337.4 million (2020: HK\$1,665.8 million), the gain recognised from securities investments and treasury products was HK\$99.0 million (2020: HK\$1,062.7 million), of which net dividend income from the Evergrande Shares was HK\$156.5 million (2020: HK\$1,357.1 million) for the Period.

The dividend income from listed equity investments of HK\$159.5 million (2020: HK\$1,357.4 million) and interest income from bonds and structured products of HK\$201.9 million (2020: HK\$354.9 million) were recorded in revenue.

The respective income/expense from securities investments under different categories are further elaborated below:

*Investments and Treasury Products at Fair Value Through Profit or Loss*

The investments and treasury products at FVTPL recorded a loss before and after net finance costs of HK\$47.9 million (2020: HK\$247.6 million) and HK\$52.2 million (2020: HK\$270.0 million) respectively for the Period.

Details of realised and unrealised gain/loss, interest and dividend income by each type of bonds, listed investments held-for-trading and structured products during the Period are shown below:

|  | Realised gain (loss)     |              | Unrealised (loss) gain   |              | Interest/dividend income |              | Total (loss) profit      |              |
|--|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
|  | Six months ended 30 June |              | Six months ended 30 June |              | Six months ended 30 June |              | Six months ended 30 June |              |
|  | 2021                     | 2020         | 2021                     | 2020         | 2021                     | 2020         | 2021                     | 2020         |
|  | HK\$ million             | HK\$ million | HK\$ million             | HK\$ million | HK\$ million             | HK\$ million | HK\$ million             | HK\$ million |
| <b>Bond issuers by industry</b>        |                          |              |                          |              |                          |              |                          |              |
| Overseas financial institutions        | -                        | (256.6)      | 10.7                     | (60.6)       | 10.5                     | 97.8         | 21.2                     | (219.4)      |
| PRC-based real estate                  | 2.3                      | (59.2)       | (319.9)                  | (184.2)      | 185.6                    | 245.0        | (132.0)                  | 1.6          |
| Others                                 | -                        | (44.6)       | -                        | -            | -                        | 5.8          | -                        | (38.8)       |
|  | 2.3                      | (360.4)      | (309.2)                  | (244.8)      | 196.1                    | 348.6        | (110.8)                  | (256.6)      |
| <b>Listed investments</b>              |                          |              |                          |              |                          |              |                          |              |
| held-for-trading                       | 168.9                    | 3.0          | (100.8)                  | 0.3          | 3.0                      | 0.3          | 71.1                     | 3.6          |
| Structured products                    | 1.5                      | (1.2)        | (1.1)                    | -            | 5.8                      | 6.3          | 6.2                      | 5.1          |
|  | 172.7                    | (358.6)      | (411.1)                  | (244.5)      | 204.9                    | 355.2        | (33.5)                   | (247.9)      |
| Other net investment (expenses) income |                          |              |                          |              |                          |              | (14.4)                   | 0.3          |
| Loss before net finance costs          |                          |              |                          |              |                          |              | (47.9)                   | (247.6)      |
| Net finance costs                      |                          |              |                          |              |                          |              | (4.3)                    | (22.4)       |
| Loss after net finance costs           |                          |              |                          |              |                          |              | (52.2)                   | (270.0)      |

*Listed Equity Investments at Fair Value Through Other Comprehensive Income*

(a) *Implication on Profit or Loss for the Period*

Dividend income, other investment income and relevant finance costs of holding listed equity investments at FVTOCI were recognised in profit or loss for the Period. During the Period, net dividend income of HK\$156.5 million (2020: HK\$1,357.1 million) (after transaction cost) from holding of 860,000,000 Evergrande Shares, net relevant finance costs of HK\$5.6 million (2020: HK\$24.4 million) and other investment income of HK\$0.3 million (2020: nil) were recorded, hence the results from listed equity investments of FVTOCI recorded a net gain of HK\$151.2 million (2020: HK\$1,332.7 million). Dividend income for the Period represented 2020 final dividend (2020: 2018 final dividend) from the Evergrande Shares, the decrease was mainly due to the decrease in both China Evergrande's profit attributable to the shareholders and its dividend payout ratio (year 2020 versus year 2018).

(b) *Implication on Other Comprehensive Expenses for the Period*

During the Period, the unit share price of China Evergrande had dropped from HK\$14.90 as at 31 December 2020 to HK\$10.12 as at 30 June 2021, or 32.1% over the Period, hence an unrealised loss on fair value change of listed equity investment at FVTOCI of HK\$4,110.8 million (2020: HK\$1,376.0 million) was recognised in other comprehensive expenses. The Group believes that the decrease in share price of China Evergrande for the Period, among others, was owing to a decline in profitability and reduced dividend payout ratio of China Evergrande, and the tightening gearing policy over the real estate developers in the PRC. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

The performance of listed equity investments at FVTOCI - the Evergrande Shares during the Period are summarised as follows:

|   | Closing price<br>(per share)<br>HK\$ | Recorded in unaudited condensed consolidated statement of financial position               |  | Recorded in unaudited condensed consolidated statement of comprehensive income |   |
|---|--------------------------------------|--|--|--|---|
|   |                                      | Financial assets measured at fair value through other comprehensive income<br>HK\$ million | Financial assets measured at fair value through other comprehensive income reserve<br>HK\$ million | Profit for the Period<br>HK\$ million  | Other comprehensive expenses for the Period<br>HK\$ million |
| At 31 December 2020                                       | 14.90                                | 12,814.0   | (782.0)  |  |   |
| Unrealised fair value changes                             |                                      | (4,110.8)  | (4,110.8)  | -  | (4,110.8)   |
| Net dividend income                                       |                                      |  |  | 156.5  | -   |
| Other investment income                                   |                                      |  |  | 0.3  | -   |
| Net finance costs   |                                      |  |  | (5.6)  | -   |
| <b>Profit/other comprehensive expenses for the Period</b> |                                      |  |  | <b>151.2</b>   | <b>(4,110.8)</b>  |
| At 30 June 2021   | 10.12                                | <b>8,703.2</b>   | <b>(4,892.8)</b>   |  |   |
| <b>Percentage to total assets</b>                         |                                      |  |  |  |   |
| At 30 June 2021   |                                      | <b>25.1%</b>   |  |  |   |
| At 31 December 2020                                       |                                      | <b>34.2%</b>   |  |  |   |

#### Other Income and Expenses

During the Period, the Group recorded other income of HK\$23.5 million (2020: HK\$257.0 million (restated)). The decrease was mainly due to the amount of dilapidations settlement received from tenants in respect of investment properties in the United Kingdom reduced to HK\$0.4 million (2020: surrender premium and dilapidations settlement in aggregate of HK\$249.8 million, mainly represented the amount received in respect of an anchor tenant of an investment property in the United Kingdom surrendered the lease in the first half of year 2020 which was an one-off item).

During the Period, administrative expenses increased by 0.5% to HK\$169.4 million (2020: HK\$168.5 million). Finance costs decreased by 57.5% to HK\$54.5 million (2020: HK\$128.3 million) during the Period, including exchange loss of HK\$2.8 million (2020: exchange gain of HK\$15.3 million) on translation of foreign currency other borrowings hedged for foreign currency securities investments and exchange loss of HK\$0.4 million on translation of foreign currency bank borrowing (2020: HK\$6.6 million on translation of foreign currency bank borrowing and loan). The decrease in finance costs was mainly due to the decrease in average total borrowings and interest rates during the Period.

Other gains and losses for the Period recorded a minimal loss (2020: loss on write-down of stock of properties of HK\$1.9 million).

#### Investments Accounted for Using the Equity Method

The share of results of investments accounted for using the equity method for the Period recorded a profit from the share of results of associates of HK\$25.1 million (2020: loss of HK\$19.4 million comprised loss from the share of results of associates of HK\$16.6 million and a joint venture of HK\$2.8 million). The share of results of associates turned from loss to profit was mainly due to the share of fair value change of investment properties held by associates turned from loss of HK\$27.0 million to gain of HK\$8.4 million.

#### Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong and Mainland China were revalued at 30 June 2021 by B.I. Appraisals Limited ("B.I. Appraisals") whereas investment properties in the United Kingdom were revalued by Peak Vision Appraisals Limited ("Peak Vision Appraisals"). B.I. Appraisals and Peak Vision Appraisals are independent property valuers. An unrealised loss on fair value changes of investment properties of HK\$122.7 million (2020: HK\$426.0 million) was recorded during the Period. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.



## **Loss/Profit, Core Profit, Dividends, Repurchase, Cash Payment Ratio and Total Comprehensive Expenses**

### Loss/Profit

Loss for the Period attributable to owners of the Company was HK\$37.3 million as compared to profit of HK\$785.9 million for the same period of last year. The turning from profit to loss for the Period was mainly due to (a) decrease in net dividend income from the Evergrande Shares; (b) decrease in dilapidations settlement received from tenants in respect of investment properties in the United Kingdom; despite of (c) decrease in unrealised loss on fair value changes of investment properties were recorded during the Period. Loss per share for the Period was HK\$0.02 (2020: earnings per share of HK\$0.41).

### Core Profit

If the net loss on the major non-cash items of HK\$114.3 million (2020: HK\$461.2 million) is excluded but the share of accumulated realised fair value gain on disposal of an investment property of an associate of HK\$0.9 million (2020: nil) is included, the Group will have a core profit for the Period attributable to owners of the Company of HK\$77.9 million (2020: HK\$1,247.1 million) and a core profit per share of HK\$0.04 (2020: HK\$0.65).

The major non-cash items represented the attributable net unrealised fair value loss on investment properties together with their respective deferred tax from the Group and its associates of HK\$114.3 million (2020: from the Group and its associates and joint venture of HK\$461.2 million).

### Dividends

Final dividend of HK1 cent (year ended 31 December 2019: HK1 cent) per share in total amount of HK\$19.1 million for the year ended 31 December 2020 was paid in cash on 11 June 2021.

### Repurchase

During the Period, the Company had not repurchased any of the Company's share.

### Cash Payment Ratio

Based on (a) the core profit for the Period of HK\$77.9 million or HK\$0.04 per share (2020: HK\$1,247.1 million or HK\$0.65 per share); and (b) no interim dividend (2020: cash interim dividend of HK1 cent per share) declared, the ratio of such cash payment to the core profit is undefined (2020: 1.5%).

### Total Comprehensive Expenses

Total comprehensive expenses for the Period attributable to owners of the Company was HK\$3,961.5 million or HK\$2.08 per share (2020: HK\$873.1 million or HK\$0.46 per share), which comprised (a) loss for the Period attributable to owners of the Company of HK\$37.3 million (2020: profit of HK\$785.9 million); and (b) other comprehensive expenses for the Period attributable to owners of the Company of HK\$3,924.2 million (2020: HK\$1,659.0 million) which mainly included unrealised loss on fair value changes of listed equity investment at FVTOCI of HK\$4,110.8 million (2020: HK\$1,376.0 million), details are disclosed in the sub-paragraph headed "Listed Equity Investments at Fair Value Through Other Comprehensive Income (b) Implication on Other Comprehensive Expenses for the Period" of paragraph headed "Securities Investments" above.

### **Net Asset Value**

As at 30 June 2021, the Group's net asset value attributable to owners of the Company amounted to HK\$24,778.2 million (31 December 2020: HK\$28,758.8 million), a decrease of HK\$3,980.6 million or 13.8% when compared with 31 December 2020. With the total number of ordinary shares in issue of 1,907,619,079 as at 30 June 2021 and 31 December 2020, the net asset value per share attributable to owners of the Company was HK\$12.99 (31 December 2020: HK\$15.08). The movement in net asset value was mainly due to total comprehensive expenses for the Period attributable to owners of the Company of HK\$3,961.5 million and final dividend recognised as distribution during the Period of HK\$19.1 million.

During the Period, loss on fair value changes of listed equity investments categorised as financial assets measured at FVTOCI of HK\$4,110.8 million (2020: HK\$1,375.9 million) was recorded in other comprehensive expenses. The cumulative amount of loss on fair value changes of listed equity investment included in financial assets measured at FVTOCI reserve as at 30 June 2021 was HK\$4,892.8 million (31 December 2020: HK\$782.0 million).

Other than the existing projects and those disclosed in the interim results, the Group did not have material acquisition or disposal of assets and any future plans for material investment or capital assets.

## **Net Current Liabilities**

The Group recorded net current liabilities as at 30 June 2021 of HK\$3,078.9 million (31 December 2020: HK\$1,508.9 million), of which current assets were HK\$4,505.4 million (31 December 2020: HK\$4,272.0 million) and current liabilities were HK\$7,584.3 million (31 December 2020: HK\$5,780.9 million). The position was mainly due to certain of the Group's current liabilities had been utilised to finance the Group's non-current assets.

In the unaudited condensed consolidated statement of financial position and within securities investment activities, which comprised of bonds, listed equity investments and structured products, the total carrying amount as at 30 June 2021 was HK\$13,833.2 million (31 December 2020: HK\$16,306.8 million). Included in non-current assets were part of the bonds in the sum of HK\$2,602.3 million (31 December 2020: HK\$1,571.3 million) presented as financial assets measured at FVTPL and listed equity investment in the sum of HK\$8,703.2 million (31 December 2020: HK\$12,814.0 million) presented as financial assets measured at FVTOCI. Included in current assets were part of the bonds, listed investments held-for-trading and structured products in the sum of HK\$2,527.7 million (31 December 2020: HK\$1,921.5 million) presented as financial assets measured at FVTPL. Margin loans utilised to finance the securities investments in both non-current and current assets in the sum of HK\$2,014.6 million (31 December 2020: HK\$1,074.1 million) were presented as borrowings in current liabilities.

The ratio of margin loans against pledged securities investments was loan-to-value ratio, which was 18.6% as at 30 June 2021 (31 December 2020: 8.3%). In accordance with the terms and conditions of margin loans facility agreements of the Group with financial institutions, among others, as long as the securities investments maintained market value which is in excess of pre-defined loan-to-value ratios as set out by the financial institutions, the margin loans upon interest payment due date would be roll-overed month-for-month, and repayment of margin loans by the Group to financial institutions would not be required. As such, very often margin loans of the Group which were presented as current liabilities would not be current and would be repayable over one year. As at 30 June 2021, the outstanding margin loans amounted to HK\$2,014.6 million (31 December 2020: HK\$1,074.1 million) were recorded in current liabilities. In the event that the Group intends to reduce or repay part of the margin loans, the Group might, among others, dispose of some of the securities investments to effect the payment.

Securities investments and treasury products of the Group were frequently traded in the market, and formed part of the Group's treasury management. They were presented as non-current assets and current assets according to their intended holding periods.

If the entire securities investments and treasury products of the Group as at 30 June 2021 were presented as current assets, current assets would be increased by HK\$11,305.5 million (31 December 2020: HK\$14,385.3 million), and net current liabilities position of HK\$3,078.9 million (31 December 2020: HK\$1,508.9 million) would become net current assets position of HK\$8,226.6 million (31 December 2020: HK\$12,876.4 million).

The Group believes that the net current liabilities position as at 30 June 2021 would not have adverse financial effect to the Group's liquidity or gearing position and the Group has ability to continue as a going concern.

## **Securities Investments**

The Group's strategy is to maintain securities investment portfolio for treasury management and invest in securities investments and treasury products with attractive yield and good prospect in order to bring stable and satisfactory realised return in long run. During the Period, the Group diversified the bonds portfolio comprised of the bonds issued by overseas financial institutions and PRC-based real estate companies.

As at 30 June 2021, the portfolio of securities investments and treasury products of HK\$13,833.2 million (31 December 2020: HK\$16,306.8 million) comprised (a) bonds, listed investments held-for-trading and structured products (presented as financial assets measured at FVTPL (non-current and current assets)) in aggregate of HK\$5,130.0 million (31 December 2020: HK\$3,492.8 million); and (b) listed equity investment (presented as financial assets measured at FVTOCI) of HK\$8,703.2 million (31 December 2020: HK\$12,814.0 million), representing 39.9% (31 December 2020: 43.5%) of total assets.

The respective securities investments under different categories are elaborated below:

Listed Equity Investments at Fair Value Through Other Comprehensive Income

In prior years, the Group had acquired 860,000,000 shares of China Evergrande and recorded as financial assets measured at FVTOCI. During the Period, there was no acquisition or disposal of shares of China Evergrande. The Group held 860,000,000 shares of China Evergrande, representing approximately 6.5% of the total issued share capital of China Evergrande as at 30 June 2021.

As at 31 December 2020, the cumulative unrealised loss on fair value change of the Evergrande Shares was HK\$782.0 million and the carrying amount of the Evergrande Shares was HK\$12,814.0 million. After deducting the unrealised fair value loss of HK\$4,110.8 million for the Period, the carrying amount of the Evergrande Shares as at 30 June 2021 was HK\$8,703.2 million, representing 25.1% (31 December 2020: 34.2%) of total assets. The cumulative unrealised loss on fair value change of the Evergrande Shares was increased from HK\$782.0 million as at 31 December 2020 to HK\$4,892.8 million as at 30 June 2021, which was recorded in the financial assets measured at FVTOCI reserve.

China Evergrande group is principally engaged in property development, property investment, property management, new energy vehicle business, cultural tourism business, finance business, internet business and health industry business in the PRC. According to the audited consolidated financial statements of China Evergrande for the years ended 31 December 2020 and 2019, the revenue and profit attributable to shareholders were Renminbi (“RMB”) 507.2 billion (2019: RMB477.6 billion) and RMB8.1 billion (2019: RMB17.3 billion) respectively; while the total assets and total equity were RMB2,301.2 billion (2019: RMB2,206.6 billion) and RMB350.4 billion (2019: RMB358.5 billion) respectively, the net debt was RMB535.8 billion (2019: RMB571.1 billion). Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash.

Investments and Treasury Products at Fair Value Through Profit or Loss

As at 31 December 2020, the carrying amount of the bonds presented as financial assets measured at FVTPL was HK\$3,287.6 million. During the Period, the bonds portfolio was increased by a net purchase of HK\$1,334.7 million. After deducting the fair value loss of HK\$306.9 million recognised in profit or loss, the bonds portfolio of the Group became HK\$4,315.4 million as at 30 June 2021, representing 12.4% (31 December 2020: 8.8%) of total assets, which formed part of the Group’s cash management activities.

As at 30 June 2021, the bonds portfolio comprised of 27 bonds (31 December 2020: 27 bonds). In terms of credit rating, non-investment grade and unrated were 18 bonds and 9 bonds (31 December 2020: 18 bonds and 9 bonds) respectively. In terms of maturity, 5 bonds (31 December 2020: 5 bonds) were contingent convertible bonds issued by overseas financial institutions which were perpetual with no fixed tenor, 22 bonds (31 December 2020: 22 bonds) issued by issuers in the industry of PRC-based real estate of which 21 bonds (31 December 2020: 21 bonds) will be matured between 2021 to 2025 (31 December 2020: 2021 to 2025) and remaining 1 bond (31 December 2020: 1 bond) was perpetual bond.

Details and movement of the bonds portfolio at the end of the reporting period are set out below:

|   | Overseas<br>financial<br>institutions<br>HK\$<br>million | PRC-based<br>real estate<br>HK\$<br>million | Total<br>HK\$<br>million |
|---|--|---|--------------------------|
| <b>Movement of bonds portfolio</b>                |  |   |                          |
| Carrying amounts                                  |  |   |                          |
| At 31 December 2020                               | 309.5  | 2,978.1                                     | 3,287.6                  |
| Purchases   | -  | 1,419.4                                     | 1,419.4                  |
| Disposals   | -  | (84.7)                                      | (84.7)                   |
| Fair value changes (recognised in profit or loss) | 10.7   | (317.6)                                     | (306.9)                  |
| <b>At 30 June 2021</b>                            | <b>320.2</b>   | <b>3,995.2</b>                              | <b>4,315.4</b>           |
| <b>Percentage to total assets</b>                 |  |   |                          |
| At 30 June 2021                                   | <b>0.9%</b>  | <b>11.5%</b>                                | <b>12.4%</b>             |
| At 31 December 2020                               | 0.8%   | 8.0%  | 8.8%                     |

|                                 | At 30 June 2021 |                     | At 31 December 2020 |                     |
|---------------------------------|-----------------|---------------------|---------------------|---------------------|
|                                 | HK\$ million    | Percentage to total | HK\$ million        | Percentage to total |
| <b>Bond issuers by industry</b> |                 |                     |                     |                     |
| Carrying amounts                |                 |                     |                     |                     |
| Overseas financial institutions | 320.2           | 7.4%                | 309.5               | 9.4%                |
| PRC-based real estate           | 3,995.2         | 92.6%               | 2,978.1             | 90.6%               |
|                                 | <b>4,315.4</b>  | <b>100.0%</b>       | <b>3,287.6</b>      | <b>100.0%</b>       |

|                          | At 30 June 2021         |                |                     | At 31 December 2020     |                |                     |
|--------------------------|-------------------------|----------------|---------------------|-------------------------|----------------|---------------------|
|                          | Coupon rate (per annum) | HK\$ million   | Percentage to total | Coupon rate (per annum) | HK\$ million   | Percentage to total |
| <b>Bonds by currency</b> |                         |                |                     |                         |                |                     |
| Carrying amounts         |                         |                |                     |                         |                |                     |
| US\$                     | 7.500% to 13.750%       | 4,021.5        | 93.2%               | 7.000% to 13.000%       | 3,004.6        | 91.4%               |
| GBP                      | 5.875% to 7.250%        | 273.5          | 6.3%                | 5.875% to 7.250%        | 262.6          | 8.0%                |
| EUR                      | 6.125%                  | 20.4           | 0.5%                | 6.125%                  | 20.4           | 0.6%                |
|                          |                         | <b>4,315.4</b> | <b>100.0%</b>       |                         | <b>3,287.6</b> | <b>100.0%</b>       |

### Significant Investments

As at 30 June 2021, the Group's securities investments in an entity with a value which exceeds 5% of the Group's total assets are investments in China Evergrande and Kaisa Group Holdings Ltd. ("Kaisa").

### Investment in China Evergrande

As at 30 June 2021, the Group's securities investments in China Evergrande including listed shares and bonds amounted to HK\$9,230.3 million (31 December 2020: HK\$13,414.2 million) or 26.6% (31 December 2020: 35.8%) of total assets.

The Group held 860,000,000 shares of China Evergrande at a total consideration (including transaction costs) of HK\$13,596.0 million. As at 30 June 2021, the market value of the Evergrande Shares was HK\$8,703.2 million (31 December 2020: HK\$12,814.0 million), there were net dividend income of HK\$156.5 million (after transaction costs) and other investment income of HK\$0.3 million recognised in profit or loss and unrealised loss of HK\$4,110.8 million recognised in other comprehensive expenses for the Period. As at 30 June 2021, the Group also held 7 bonds which were issued by China Evergrande and its indirect wholly-owned subsidiary, Scenery Journey Limited (collectively "Evergrande Group") recorded an unrealised loss of HK\$103.1 million and relevant interest income of HK\$39.6 million in profit or loss for the Period.

Details and the performance of the 7 bonds issued by the Evergrande Group as at 30 June 2021 and for the Period are summarised as follows:

| Bonds                               | Coupon rate (per annum) | Currency | Maturity   | Acquisition cost HK\$ million | Market price % | Market value HK\$ million | Unrealised loss HK\$ million | Interest income HK\$ million |
|-------------------------------------|-------------------------|----------|------------|-------------------------------|----------------|---------------------------|------------------------------|------------------------------|
| Evergrande 8.75% <sup>1</sup>       | 8.75                    | US\$     | 28/6/2025  | 6.2                           | 66.565         | 5.2                       | (1.2)                        | 0.3                          |
| Evergrande 10.5% <sup>1</sup>       | 10.50                   | US\$     | 11/4/2024  | 40.1                          | 71.995         | 33.5                      | (8.8)                        | 2.5                          |
| Evergrande 12% <sup>1</sup>         | 12.00                   | US\$     | 22/1/2024  | 112.7                         | 74.800         | 92.9                      | (24.8)                       | 7.5                          |
| Scenery Journey 11.5% <sup>2</sup>  | 11.50                   | US\$     | 24/10/2022 | 29.6                          | 80.190         | 24.9                      | (4.4)                        | 1.8                          |
| Scenery Journey 12% <sup>2</sup>    | 12.00                   | US\$     | 24/10/2023 | 30.9                          | 78.941         | 27.6                      | (3.2)                        | 1.2                          |
| Scenery Journey 13% <sup>2</sup>    | 13.00                   | US\$     | 6/11/2022  | 438.5                         | 81.870         | 330.6                     | (59.4)                       | 26.2                         |
| Scenery Journey 13.75% <sup>2</sup> | 13.75                   | US\$     | 6/11/2023  | 13.7                          | 79.835         | 12.4                      | (1.3)                        | 0.1                          |
| <b>Evergrande Group's bonds</b>     |                         |          |            |                               |                |                           |                              |                              |
| <b>For the Period</b>               |                         |          |            |                               |                |                           | <b>(103.1)</b>               | <b>39.6</b>                  |
| <b>At 30 June 2021</b>              |                         |          |            | <b>671.7</b>                  |                | <b>527.1</b>              |                              |                              |

<sup>1</sup> Issued by China Evergrande

<sup>2</sup> Issued by Scenery Journey Limited

Evergrande 8.75% bond is listed on the Frankfurt Stock Exchange (“FSE”), the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Stuttgart Stock Exchange (“STU”) and rated “B2” by Moody’s Investors Service, Inc. (“Moody’s”).

Evergrande 10.5%, Evergrande 12%, Scenery Journey 11.5%, Scenery Journey 12%, Scenery Journey 13% and Scenery Journey 13.75% bonds are listed on the SGX-ST and rated “B2” by Moody’s.

Subsequent to the end of the reporting period, Moody’s has revised the credit rating of the above 7 bonds to “Caa2”.

China Evergrande group is principally engaged in property development, property investment, property management, new energy vehicle business, cultural tourism business, finance business, internet business and health industry business in the PRC. Its shares are listed on the Stock Exchange (stock code: 3333). China Evergrande is one of the leading real estate developers in the PRC with strong property sale. The Group believes that dividend payment from the Evergrande Shares will provide steady income to the Group. Bonds issued by the Evergrande Group carry attractive coupon rates which the Group believes that it will enhance investment return from treasury management perspective.

### Investment in Kaisa

As at 30 June 2021, the Group’s securities investments in Kaisa including listed shares and bonds amounted to HK\$1,871.6 million (31 December 2020: HK\$796.0 million) or 5.4% (31 December 2020: 2.1%) of total assets.

The Group held 140,000 shares of Kaisa listed on the Stock Exchange (stock code: 1638) (“Kaisa Shares”) at a total consideration of HK\$0.5 million classified as financial assets measured at FVTPL. As at 30 June 2021, the market value of the Kaisa Shares was HK0.4 million and recorded an unrealised loss of HK\$0.1 million in profit or loss for the Period. During the Period, the Group also recognised a realised gain of HK\$1.7 million from shares of Kaisa and its listed subsidiary in profit or loss. As at 30 June 2021, the Group also held 3 bonds which were issued by Kaisa recorded an unrealised loss of HK\$89.0 million and relevant interest income of HK\$58.9 million in profit or loss for the Period.

Details and the performance of the 3 bonds issued by Kaisa as at 30 June 2021 and for the Period are summarised as follows:

| <b>Bonds</b>               | <b>Coupon rate<br/>(per annum)</b> | <b>Currency</b> | <b>Maturity</b> | <b>Acquisition<br/>cost<br/>HK\$<br/>million</b> | <b>Market<br/>price<br/>%</b> | <b>Market<br/>value<br/>HK\$<br/>million</b> | <b>Unrealised<br/>loss<br/>HK\$<br/>million</b> | <b>Interest<br/>income<br/>HK\$<br/>million</b> |
|----------------------------|------------------------------------|-----------------|-----------------|--|-------------------------------|--|---|---|
| Kaisa 9.375% <sup>3</sup>  | 9.375                              | US\$            | 30/6/2024       | 586.8  | 94.020                        | 547.6  | (16.7)  | 27.3  |
| Kaisa 10.875% <sup>3</sup> | 10.875                             | US\$            | Perpetual       | 232.5  | 96.110                        | 223.9  | (5.7)   | 12.7  |
| Kaisa 11.7% <sup>3</sup>   | 11.700                             | US\$            | 11/11/2025      | 1,166.4  | 94.415                        | 1,099.7                                      | (66.6)  | 18.9  |
| <b>Kaisa’s bonds</b>       |                                    |                 |                 |  |                               |  |   |   |
| <b>For the Period</b>      |                                    |                 |                 |  |                               |  | <b>(89.0)</b>                                   | <b>58.9</b>                                     |
| <b>At 30 June 2021</b>     |                                    |                 |                 | <b>1,985.7</b>                                   |                               | <b>1,871.2</b>                               |   |   |

<sup>3</sup> Issued by Kaisa

Kaisa 9.375% bond is listed on the Berlin Stock Exchange, the FSE, the SGX-ST and the STU and rated “B2” by Moody’s.

Kaisa 10.875% and Kaisa 11.7% bonds are listed on the SGX-ST and rated “B2” by Moody’s.

Kaisa is principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and health care operations in the PRC. Kaisa is one of the leading real estate developers in the PRC with strong property sale. Bonds issued by Kaisa carry attractive coupon rates which the Group believes that it will enhance investment return from treasury management perspective.

## Unlisted Securities Investments

The Group invested in the Cayman Islands Partnership and the carrying amount was HK\$488.6 million as at 31 December 2020. During the Period, the Group has contributed US\$1.2 million (equivalent to approximately HK\$9.0 million) and received distribution of US\$2.3 million (equivalent to approximately HK\$17.9 million) (which were included in financial assets measured at FVTOCI), after adding the fair value gain for the Period of HK\$34.8 million (which was recognised in financial assets measured at FVTOCI reserve), the carrying amount was HK\$514.5 million as at 30 June 2021, representing 1.5% (31 December 2020: 1.3%) of total assets.

## **Risk Management**

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

## **Equity**

The number of issued ordinary shares as at 30 June 2021 and 31 December 2020 were 1,907,619,079.

## **Debt and Gearing**

As at 30 June 2021, the Group's total debt amounted to HK\$8,300.5 million (31 December 2020: HK\$7,389.0 million), comprised bank and other borrowings of HK\$8,209.6 million (31 December 2020: HK\$7,263.8 million) and lease liabilities amounted to HK\$90.9 million (31 December 2020: HK\$125.2 million). Cash and deposits at banks amounted to HK\$712.4 million (31 December 2020: HK\$1,654.5 million), pledged deposits amounted to HK\$380.7 million (31 December 2020: HK\$260.5 million) and net debt (including lease liabilities) amounted to HK\$7,207.4 million (31 December 2020: HK\$5,474.0 million).

Total debt to equity ratio (including lease liabilities) was 33.5% (31 December 2020: 25.7%) and net debt to equity ratio (including lease liabilities) was 29.1% (31 December 2020: 19.0%), which are expressed as a percentage of total debt, and net debt, respectively, over the total equity of HK\$24,801.5 million (31 December 2020: HK\$28,780.3 million). The increase in both ratios was mainly due to increase in total debt and net debt and decrease in total equity.

If the securities investments and treasury products of HK\$13,833.2 million (31 December 2020: HK\$16,306.8 million) are included, there would be a net cash position of HK\$6,625.8 million (31 December 2020: HK\$10,832.8 million).

As at 30 June 2021, the Group's bank and other borrowings of HK\$8,209.6 million, 87.1%, 0.5% and 12.4% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively. Of which the Group's bank and other borrowings were denominated in HK\$ (29.4%), GBP (45.0%), US\$ (25.3%) and EUR (0.3%) before entering the cross currency swap. HK\$, US\$ and EUR securities investments were hedged by HK\$, US\$ and EUR borrowings. During the Period, the Group has entered into short term US\$/HK\$ cross currency swap to enhance interest payable on borrowing, and as at 30 June 2021, notional amount of approximately US\$159.5 million was outstanding. The Group's bank borrowings were carried at interest rates calculated with reference to cost of funds, Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate or compounded reference rate; other borrowings were carried at interest rates calculated with reference to cost of funds or HIBOR. As at 30 June 2021, all the Group's borrowings were on floating rate basis. Except as disclosed, no hedging for interest rate is subsisted at the end of the reporting period.

## **Pledge of Assets**

As at 30 June 2021, the Group had pledged the following assets with their respective carrying amounts:

- (a) The Group's investment properties of HK\$12,412.5 million (31 December 2020: HK\$12,387.0 million) and bank deposits of HK\$312.4 million (31 December 2020: HK\$233.2 million) were pledged to the banks to secure general banking and loan facilities granted to the Group.

- (b) The Group's bonds, listed equity investments and structured product with carrying amounts of HK\$10,812.2 million (31 December 2020: HK\$12,877.3 million) and cash deposits of HK\$68.3 million (31 December 2020: HK\$27.3 million) were pledged to the financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions, of which HK\$2,014.6 million (31 December 2020: HK\$1,074.1 million) was utilised as at 30 June 2021 as borrowings due within one year.
- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

### **Financial and Interest Income/Expenses**

Interest income was included in revenue and investment expenses, net. Interest income for the Period decreased to HK\$204.1 million (2020: HK\$359.5 million) as compared with the same period of last year which was mainly due to the decrease in bonds portfolio and hence its relevant interest income during the Period.

Finance costs included interest expenses on bank and other borrowings and lease liabilities; exchange difference on translation of foreign currency borrowings; and arrangement fee and facility and commitment fee expenses. Interest expenses (excluding interest expenses on lease liabilities) for the Period amounted to HK\$46.7 million, representing a decrease of 64.7% over the same period of last year of HK\$132.2 million. Interest capitalised for the Period was HK\$1.2 million (2020: HK\$1.4 million). The decrease in interest expenses was mainly due to the decrease in average total borrowings and interest rates during the Period. The average interest rate over the period under review was 1.25% (2020: 2.39%), which was expressed as a percentage of total interest paid (excluding interest on lease liabilities) over the average total interest-bearing borrowings.

### **Remuneration Policies**

As at 30 June 2021, the Group employed a total of 473 staff (31 December 2020: 475 staff) including about 240 staff (31 December 2020: 236 staff) employed under the estate management company in Hong Kong and 3 staff (31 December 2020: 1 staff) in the United Kingdom.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance.

### **United Kingdom and Mainland China**

As at 30 June 2021, the Group's investment properties in the United Kingdom with carrying amount of GBP706.8 million (equivalent to approximately HK\$7,604.4 million) (31 December 2020: GBP719.7 million (equivalent to approximately HK\$7,614.2 million)) incurred a net loss of HK\$113.5 million (2020: net profit of HK\$214.9 million) to the Group for the Period, the profit/loss mainly included in gross profit, other income, fair value changes on investment properties, finance costs and taxation. GBP exchange gain of foreign operations included in other comprehensive expenses for the Period amounted to HK\$69.3 million (2020: exchange loss of HK\$286.1 million). As at 30 June 2021, the Group's net investment in the United Kingdom amounted to HK\$4,151.4 million (31 December 2020: HK\$4,025.4 million) representing 16.7% (31 December 2020: 14.0%) of the Group's total equity.

Loss incurred by the Group's investment in Mainland China (mainly included in fair value changes on investment properties, share of results of investments accounted for using the equity method and taxation) for the Period amounted to HK\$18.2 million (2020: HK\$25.3 million). RMB exchange gain of foreign operations included in other comprehensive expenses (including share of investments accounted for using the equity method) for the Period amounted to HK\$5.8 million (2020: exchange loss of HK\$8.4 million). The Group's net investment in Mainland China as at 30 June 2021 amounted to HK\$505.1 million (31 December 2020: HK\$518.1 million) representing 2.0% (31 December 2020: 1.8%) of the Group's total equity.

### **Property Valuation**

Property valuations in respect of the Group's investment properties in Hong Kong and Mainland China as at 30 June 2021 and 31 December 2020 were carried out by B.I. Appraisals, an independent qualified professional valuer. For the investment properties in the United Kingdom, the property valuations as at 30 June 2021 and 31 December 2020 were carried out by Peak Vision Appraisals, another independent qualified professional valuer. Their valuations were based on investment method and/or direct comparison method and/or residual method as the valuation methodologies and were used in preparing 2021 interim results.

The Group's investment properties were valued at HK\$14,387.3 million (31 December 2020: HK\$14,373.3 million), a decrease of 0.8% over 2020 after adjusted for the additions and exchange adjustments of investment properties during the Period. The decrease in fair value of HK\$122.7 million was recognised in the unaudited condensed consolidated statement of comprehensive income for the Period. The Group also shared an increase in fair value of investment properties of associates of HK\$8.4 million for the Period.

The decrease in fair value of HK\$122.7 million was mainly derived from the decrease in fair value of investment properties located in the United Kingdom due to the persistence of COVID-19 pandemic has adversely affected the fair value of investment properties. The fair value change is a non-cash item and will not affect the cash flow of the Group.

## **BUSINESS REVIEW**

### **Hong Kong Property Investment**

Rentals from investment properties continued to be one of the major sources of our income.

As at 30 June 2021, the occupancy rate of the shops of Causeway Place was approximately 98.07%.

Olympian City 3 (25% interest), the retail mall in The Hermitage residences in West Kowloon, the occupancy rate was approximately 95.53% as at 30 June 2021.

Coronation Circle (15% interest), the retail mall in The Coronation residences in West Kowloon, the average occupancy rate was approximately 62.50% during the Period.

During the Period, the average occupancy rate of the Group's office property, Harcourt House was approximately 75.31%.

Nos. 14-18 Ma Kok Street (100% interest), an industrial site in Tsuen Wan with a total gross floor area of approximately 228,000 square feet. It will be redeveloped into a 25-storey industrial building (including 2 basement levels for parking and loading/unloading facilities). The project is currently in planning and design stage. Demolition work has been completed, and foundation construction commenced in May 2021. The new building is expected to be completed by early 2025.

No. 1 Hung To Road (33.33% interest), a 33-storey industrial building in Kwun Tong, the average occupancy rate was approximately 94.92% during the Period.

### **Hong Kong Property Development**

The Hermitage (25% interest) is the Group's joint venture development project in West Kowloon. It comprises 6 residential tower blocks and provides in aggregate 964 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. As at 30 June 2021, 99.90% of total residential units were sold.

Grand Central (10% interest) is a joint venture development project of the Group awarded by the Urban Renewal Authority. Its total site area is approximately 234,160 square feet, with a total gross floor area of around 1,853,561 square feet. 4 residential tower blocks with 1,999 residential units in aggregate are built in two phases. Superstructure works of both phases were completed, occupation permit was issued in November 2020, and certificate of compliance was granted in April 2021. Up to 30 June 2021, 815 units of first phase and 794 units of second phase were sold.

### **Mainland China Property Investment**

Hilton Beijing (50% interest), a five-star international hotel having 506 rooms. Due to the pandemic, the renovation works of 5th to 14th Floors of the main tower were temporarily suspended. As at 30 June 2021, the occupancy rate was approximately 45.26%.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing. As at 30 June 2021, the occupancy rate was approximately 95.95%.



## **Overseas Property Investment**

River Court is a freehold office building situated at 116-129 Fleet Street, London, United Kingdom. It provides a total net internal area of approximately 431,324 square feet, together with certain car parking spaces. During the Period, the retail portion of River Court was fully let while the office accommodation was vacant as the anchor tenant has moved out in the first quarter of 2020. Planning Application has been submitted to the City of London for redevelopment. Demolition work will commence once the relevant government approval is granted.

“14 St George Street” is a freehold office building located in London, United Kingdom. The building comprises approximately 51,861 square feet of office accommodation arranged over lower ground, ground and four upper floors, approximately 86.73% had been let out during the Period on average.

“61-67 Oxford Street and 11-14 Soho Street” is a mixed use freehold building located in London, United Kingdom, comprising approximately 55,162 square feet in aggregate. The building provides retail, office and residential accommodation, occupying approximately 33,850 square feet, 13,735 square feet and 7,577 square feet respectively, over lower ground, ground and six upper floors. As at 30 June 2021, the occupancy rate was approximately 81.31%.

“11 and 12 St James’s Square and 14 to 17 Ormond Yard” is a mixed use freehold building located in London, United Kingdom. The building provides around 80,000 square feet office accommodation arranged over lower ground, ground and six upper floors, approximately 93.26% had been let out during the Period on average.

## **Securities Investments**

Securities investment is one of the principal activities of the Group.

The Group’s strategy is to maintain securities investment portfolio for treasury management. As at 30 June 2021, the Group’s securities investment portfolio mainly comprised of bonds, listed equity investments and treasury products. The Group’s primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders of the Company. The Group’s strategy for future investments is to invest in a diversified portfolio to minimise risks with attractive yield, good liquidity and issuers from reputable entities, so as to maintain a healthy financial status and grasp every good investment chance.

The net gain recognised from securities investments and treasury products for the Period was approximately HK\$99.0 million. Details of the performance of securities investments are disclosed in the “Financial Operation Review” of this announcement.

The Group will continue to closely monitor its portfolio of securities investment to achieve satisfactory returns.

## **OTHER INFORMATION AND EVENT AFTER THE REPORTING PERIOD**

### **Subscription of Senior Notes - Discloseable Transaction**

On 28 April 2021, the Group received confirmations that US\$500,000,000 11.7% senior notes due 2025 of Kaisa Group Holdings Ltd. (the shares of which are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock Code: 1638)), an independent third party, in the principal amount of US\$150,000,000 (equivalent to approximately HK\$1,166,355,000) was allocated to the order placed by the Group for subscription at the issue price of 100% of the principal amount thereof (the “Subscription”). The Subscription constituted a discloseable transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as more described in the Company’s announcement dated 28 April 2021.

### **Subsequent Event and Material Adverse Change**

Since 30 June 2021 and up to 13 August 2021 (being the latest practicable date prior to the issuing of this announcement), the fair value of the Group’s major securities investment, which is equity investment in China Evergrande Group (the shares of which are listed on the Stock Exchange (Stock Code: 3333)), has further declined by approximately 43.5%, or HK\$3,784.0 million. If such fair value is adopted, the total assets and net assets of the Group will be reduced by the same amount accordingly. This is a non-adjusting event in the unaudited condensed consolidated financial statements. Shareholders of the Company and potential investors are advised to exercise caution when reading the condensed consolidated financial statements of the Group or dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

## **Update on Impact on the Outbreak of COVID-19 to the Group**

The outbreak of COVID-19 in Hong Kong and many countries started in early 2020 and continues up to the date of this announcement, its social-economic impact is unprecedented. The global pandemic is having a major impact on the economies and financial markets.

The drop in rental income of the Group during the Period was mainly due to the surrender of lease by an anchor tenant of one of the Group's investment properties in the United Kingdom in the first half of year 2020. Meanwhile, in view of COVID-19 pandemic, rent concession has been given by the Group to tenant to ease its hardship.

The persistence of COVID-19 pandemic has adversely affected the fair value of investment properties of the Group mainly located in the United Kingdom. During the Period, the Group recorded an unrealised loss on fair value changes of investment properties of HK\$122.7 million.

The Group continued to share loss from Hilton Beijing (50% interest) during the Period but the results showed improvement compared with the first half of year 2020, mainly derived from better room sales during the Period.

As COVID-19's duration is unpredictable and the extent of its impact is not easy to determine under this volatile situation of the pandemic, it is believed that COVID-19 will continue to affect the Group's businesses for a period of time.

## **PROSPECTS**

The global economy gathered further momentum in the first quarter of 2021, but the pace of recovery was uneven across countries, it is subject to the effectiveness of the rollout of vaccination programmes and the pandemic control. Moreover, the persistently strained political-economic relations between China and the United States still require attention.

Hong Kong economy recovered visibly in the first quarter of 2021. The unemployment rate has fallen gradually since hitting a 17-year high of 7.2% in December 2020 to February 2021. The seasonally adjusted unemployment rate declined to 6.4% in February to April 2021. The economic impact of the COVID-19 pandemic appeared to ease amid falling case counts in the community and a relaxation of social-distancing measures. In order to get through the epidemic, the Government and different sectors in the community launched campaign to boost vaccination with an aim that a large-scale vaccination of the public could be built. It is expected that the increasing participation in the vaccination programme in the community provides favourable conditions for restoring normal life and allowing other economic activities to revive to the greatest extent.

On local front, though inbound tourism remained frozen, the performance of retail and food and beverage sectors show signs of improvement, but in a rather slow pace. Accordingly, it is expected that the Group's investment properties will continue to face numerous challenges over the remainder of 2021. Despite that, the Group's experts will take this opportunity to perform better planning for effective asset management.

In the United Kingdom, the rebounded of new variants of the virus pose concerns. However, as the vaccination programme is well underway, it is expected that the short-term outlook for the United Kingdom economy is favourable and will recover to pre-pandemic level. Despite the uncertainty, the Group preserves long-term view for the United Kingdom economy. Our immediate focus in the United Kingdom is on asset enhancement works of our investment properties.

For equity market, global equities had an active performance in second quarter of 2021, amid the economic recovery and rising inflationary expectations. In Hong Kong stock market, it showed some volatility in the first four months in 2021, Hang Sang Index fell from the highs in the first quarter of 2021 and thereafter consolidated in the second quarter. Despite the uncertainty about the direction of fiscal and monetary policies, the Group will keep an eye on our bond investment.

Looking forward, the Group remains cautiously optimistic on its core businesses. In addition, we will act watchfully when replenishing the Group's investment portfolio as we concern shareholders' value as a whole.

## **AUDIT COMMITTEE REVIEW**

The interim results for the Period are unaudited and have not been reviewed by the auditors of the Company. The Audit Committee of the Company, comprised all the Independent Non-executive Directors (“INEDs”), has reviewed with management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the Period.

## **CORPORATE GOVERNANCE**

Throughout the Period, the Company had applied the principles and complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except the following deviations:-

### **Code Provision A.6.7**

#### **– Non-executive Director Attending General Meeting**

Mr. Lau, Ming-wai, a Non-executive Director, was unable to attend the annual general meeting of the Company held on 26 May 2021 (“AGM”) as he had business engagement.

### **Code Provision E.1.2**

#### **– Chairman Attending Annual General Meeting**

Mr. Lau, Ming-wai, the Chairman of the Board, was unable to attend the AGM as he had business engagement. Mr. Chan, Kwok-wai, the chairman of the Audit Committee and Remuneration Committee, was elected as the chairman of the AGM to ensure effective communication with shareholders of the Company at the AGM. The chairman of Nomination Committee, Ms. Phillis Loh, Lai-ping had also attended the AGM.

## **BOARD OF DIRECTORS**

Ms. Chan, Sze-wan resigned from her offices of Executive Director, the Chief Executive Officer of the Company, an authorised representative of the Company under Rule 3.05 of the Listing Rules, and the chairman and member of the Investment Committee of the Company with effect from 17 February 2021. In light of the resignation of Ms. Chan, Sze-wan, the Board has appointed Ms. Chan, Hoi-wan, an Executive Director, as the Chief Executive Officer of the Company, an authorised representative of the Company under Rule 3.05 of the Listing Rules, and the chairman and member of the Investment Committee of the Company with effect from 17 February 2021. The Company had made relevant announcement on 17 February 2021.

The Board currently comprised eight Directors with INEDs representing more than one-third of the Board.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “Model Code”). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code and the said code of conduct during the Period.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees (the “Relevant Employees”) who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group’s securities had been requested to follow such code when dealing in the securities of the Company. After specific enquiries by the Company, the Relevant Employees confirmed that they had complied with the required standard set out in the said code during the Period.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **APPRECIATION**

We would like to take this opportunity to express our gratitude to the shareholders for their continuing support. We would also like to express our sincere thanks to all staff members for their dedication and hard work.

On behalf of the Board  
**Lau, Ming-wai**  
Chairman

Hong Kong, 16 August 2021

*As at the date of this announcement, the Board comprised Ms. Chan, Hoi-wan, Ms. Chan, Lok-wan and Mr. Lam, Kwong-wai as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.*

Website: <http://www.chineseestates.com>

*This results announcement is published on the website of the Company (<http://www.chineseestates.com>) and the HKEXnews website (<http://www.hkexnews.hk>).*

*Results Highlights will also be posted on the Company's website on 16 August 2021.*