

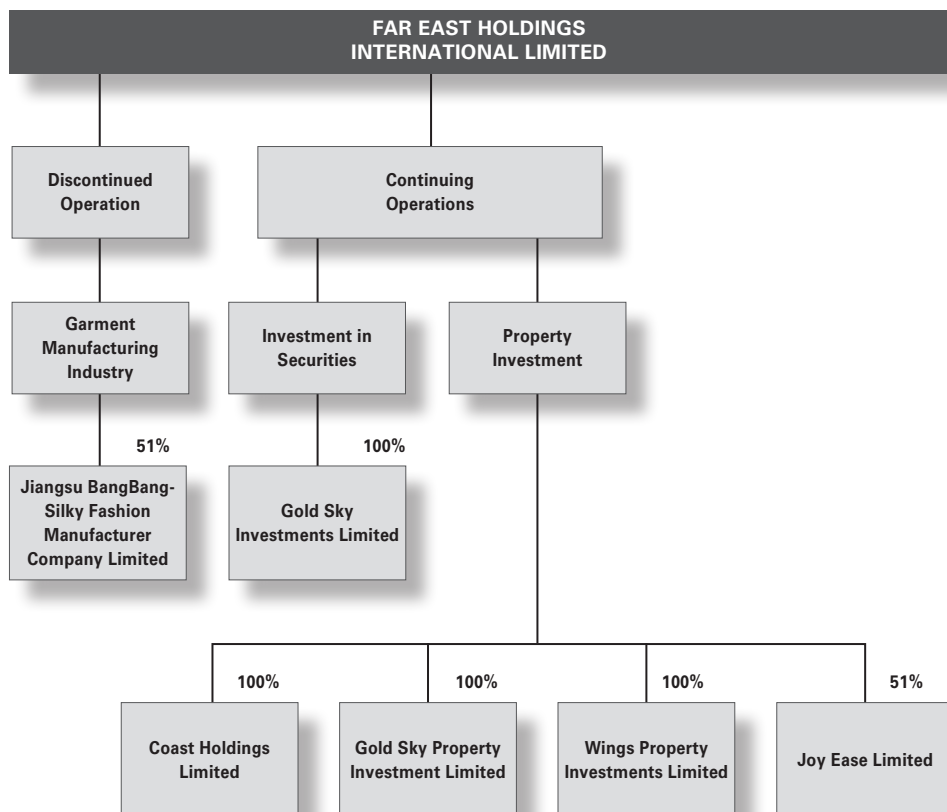
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CORPORATE PROFILE



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the six month ended 30 June 2021 (the "Period"), Far East Holdings International Limited (the "Company", together with its subsidiaries, collectively, the "Group") recorded revenue from continuing operations of approximately HK\$18.4 million (2020: approximately HK\$23.5 million), representing a decrease of approximately 22% as compared to the corresponding period in 2020. The Group's profit from continuing operations and discontinued operation attributable to owners of the Company was approximately HK\$14.7 million (2020: approximately HK\$6.4 million). The total comprehensive income from continuing operations and discontinued operation of the Group for the Period was approximately HK\$21.3 million (2020: approximately HK\$9.7 million), which was mainly contributed by rental income of property investment approximately HK\$18.4 million (2020: approximately HK\$23.5 million), and fair value gain on held-for-trading investments listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of approximately HK\$13.2 million (2020: fair value loss of approximately HK\$2.9 million). The basic earnings per share from continuing operations for the Period was 1.35 HK cents (2020: 0.30 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group's core business continues to be in Hong Kong. The principal activities include property investment and investment in securities. During 2020, the Group has deregistered a discontinued operation regarding the garment manufacturing business in the People's Republic of China (the "PRC"). Details of the discontinued operation are set out in note 8 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK\$1,552.8 million (31 December 2020: approximately HK\$1,552.8 million) as at 30 June 2021. The Group recorded rental income of approximately HK\$18.4 million (2020: approximately HK\$23.5 million) for the Period. Management will continue to review its portfolio of investment properties and seek for potential acquisition and/or disposal opportunities from time to time.

(a) Details analysis of the rental income of the Group during the Period are as follows:

Location of the properties	Notes	Rental income Six months ended		Increase/ (decrease) in percentage
		30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)	
9/F, Wings Building, 110 –116 Queen's Road Central, Central, Hong Kong	(1)	510	715	(28.7%)
10/F, Wings Building, 110 –116 Queen's Road Central, Central, Hong Kong	(2)	824	824	–
Workshop No. 5 on 4/F, Fullagar Industrial Building, 234 Aberdeen Main Road, Hong Kong	(3)	126	180	(30%)
Commercial Podium (Shop) On Lower Ground Floor, Upper Ground Floor, First Floor, Second Floor, Third Floor and Offices and Flat Roof on Forth Floor of Silver Fortune Plaza, No. 1 Wellington Street, Hong Kong	(4)	16,949	21,749	(22.1%)
		18,409	23,486	(21.6%)

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) The property is currently divided into five rental units and a conference room. The conference room is shared among tenants of the property. At the date of this report, two out of the five rental units of the property are leased to two different tenants with their leases expiration date in April 2022 and July 2023. Management is actively seeking for renewal with these tenants and no renewal terms have been finalized at the date of this report. Decrease in rental income during the Period mainly due to change of the registered office of the Company in April 2020 and two rental units have been occupied by the Company as its principal place of business since then.
 - (2) The whole floor of this property is leased to a tenant with its lease expiration date in January 2022. There was no change in rental income during the Period.
 - (3) The property is an industrial unit leased to a tenant with its lease expiration date in December 2021. Decrease in rental income mainly due to the renewal market rental income decreased during the Period.
 - (4) The property is a commercial podium leased to a tenant with its lease expiration date in December 2021. Decrease in rental income mainly due to rental concession offered to the tenant during the Period.
- (b) Management reviews its investment properties and tenants portfolio from time to time with aims to generate stable income to the Group and for capital appreciation. Taking into consideration the impact of the COVID-19 pandemic, certain rental concessions have been offered to the tenants who engaged in the provision of medical rehabilitation business or beverage and bar business.

Investment in Securities

During the Period, the Group recorded fair value gain on held-for-trading investments of approximately HK\$13.2 million (2020: fair value loss approximately HK\$2.9 million) attributable to unrealised gain of approximately HK\$13.7 million and realised loss of approximately HK\$0.5 million due to the fluctuation of Hong Kong equity market. No dividend income from held-for-trading investments was recorded for the Period (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, held-for-trading investments amounted to approximately HK\$286.5 million (31 December 2020: approximately HK\$278.6 million). This value represented an investment portfolio comprising 19 (31 December 2020: 20) equity securities listed in Hong Kong of which 13 (31 December 2020: 14) equity securities are/were listed on the Main Board of the Stock Exchange, 6 (31 December 2020: 6) equity securities listed on the GEM of the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Company name/(stock code)	Notes	Percentage of shareholdings at		Carrying amount at	Unrealised fair value gain/(loss) for the six months ended		Percentage of total held-for-trading investments at		Percentage of total assets of the Group at
		30 June 2021*	31 December 2020		30 June 2021	30 June 2021	30 June 2021*	30 June 2021*	
		No. of shares	(Note 1)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	%
China Evergrande New Energy Vehicle Group Limited (708)	2	8,034,000	0.08	243,714	(10,444)	232,183	81.0	12.3	
Others	3			34,869	24,156	54,354	19.0	2.9	
				278,583	13,712	286,537	100.0	15.2	

* The percentages are subject to rounding error.

Notes:

- The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 30 June 2021 of the issuers publicly available on the website of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

2. China Evergrande New Energy Vehicle Group Limited and its subsidiaries (collectively referred to as the “Evergrande Group”) mainly engaged in health management. Evergrande Group operates two segments. The Health Management segment’s businesses include Internet plus community health management, international hospitals, the elderly care and rehabilitation industry, medical beauty and anti-aging, as well as the sales of healthcare spaces. The New Energy Vehicle segment is involved in the research, development, production and sales of new energy vehicles, including selling lithium batteries and automotive components, as well as providing technical services.

Pursuant to the Evergrande Group’s annual report for the year ended 31 December 2020, the Evergrande Group recorded revenue of approximately RMB15.5 billion and total comprehensive loss of approximately RMB4.9 billion. In 2020, Evergrande Group’s new energy vehicle business is progressing steadily on track with its planned goals. Evergrande Group is also rapidly preparing to build Hengchi vehicles display experience centers, sales centers and after-sales maintenance and repair service centers, including 36 Hengchi display experience centers, 1,600 Hengchi sales centers, as well as 3,000 self operated and authorized after-sales maintenance and repair service centers, thereby creating a vast vehicle sales channel and network of after-sales service outlets. The Group believes that the expansion of operations will create value to the shareholders of the Evergrande Group.

During the Period, the Group has disposed of 36,000 shares in the Evergrande Health Group which led to a realised loss of approximately HK\$0.1 million.

3. Others comprised 15 listed securities and 3 delisted securities, none of these investments account for more than 0.6% of the total assets of the Group as at 30 June 2021.

Prospects

Looking ahead, it was expected the outbreak of Novel Coronavirus (“COVID-19”) continue to have adverse impact on the Group’s property investment and securities investment. It was also expected the fair values of investment properties and held-for-trading investments may be fluctuated. In view of the above, management will closely monitor the investment portfolio and capture opportunities in a prudent manner and balance investment risks of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2021, the Group had bank balances and cash and deposits held at financial institutions of approximately HK\$3.6 million (31 December 2020: approximately HK\$14.7 million). Fundamentally, the Group's funding policy was to finance the business operations with internally-generated cash, bank borrowing and financial instruments. As at 30 June 2021, the Group had approximately HK\$462 million interest-bearing bank borrowing (31 December 2020: HK\$472 million) and promissory note of approximately HK\$185 million (31 December 2020: HK\$187 million) which is interest bearing at 5% per annum.

Gearing Ratio

The gearing ratio, expressed as a percentage of total debts (including the bank borrowing and promissory note) to equity attributable to owners of the Company was 86.7% as at 30 June 2021 (31 December 2020: 90.14%). Decrease in gearing ratio was mainly attributable to the repayment of the bank borrowing and promissory note during the Period.

Capital Structure

The Group has mainly relied on a combination of operating cash flows, borrowings and equity to finance its operations. As at 30 June 2021, the total number of issued ordinary shares of the Company was 1,089,118,593 shares (31 December 2020: 1,089,118,593).

Exposure to Foreign Exchange Fluctuations

The Group had no significant exposure to foreign exchange fluctuations during the Period.

Charges Over Assets of the Group

As at 30 June 2021, an investment property of approximately HK\$1,430 million is secured for the Group's bank borrowing of approximately HK\$462 million (31 December 2020: HK\$472 million).

Contingent Liabilities

As at 30 June 2021, the Company had no contingent liabilities (31 December 2020: Nil).

Capital Commitment

As at 30 June 2021, the Group had no significant capital commitments (31 December 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisitions and Disposals

During the Period, the Group made no material acquisition or disposal (2020: Nil).

Discontinued Operation

On 14 October 2019, due to the regulatory detailed planning of Haimen City approved by the Jiangsu Provincial People's Government ("Jiangsu Government") of the PRC, upon receiving the notification from the Jiangsu Government, Jiangsu BangBang-Silky Fashion Manufacturer Company Limited ("JBB"), a 51% owned subsidiary of the Company, entered into an agreement on 14 October 2019 with the Haimen People's Government in relation to the recovery of the state-owned land use right of a parcel of land owned by JBB located at No. 380 Renmin Middle Road, Haimen, the PRC, with a total site area of 9,368.9 square meters. Given the significant drop in its business and revenue and the segmental loss of the garment manufacturing industry segment, upon receiving the notification from the Jiangsu Government, the Board has decided to cease the business of JBB and the garment manufacturing industry business. The Company had completed the de-registration of JBB in the PRC on 27 April 2020. Details of the discontinued operation are set out in notes 8 to the consolidated financial statements.

Employees and Remuneration Policy

As at 30 June 2021, the Group had approximately 8 employees in Hong Kong (31 December 2020: 8 employees in Hong Kong). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonus may be granted to reward and motivate well-performed employees.

INTERIM DIVIDEND

No dividends were paid, declared or proposed during the Period. The Board have determined that no dividend will be paid in respect of the Period.

DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR ANY ASSOCIATED CORPORATION

As at 30 June 2021, none of the Directors or chief executive of the Company and their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that no shareholder has notified the Company of any interest, direct or indirect, or short position in 5% or more of the issued share capital of the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period and up to the date of this report was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

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

DISCLOSURE OF ADDITIONAL INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTOR

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, except for the following:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a chief executive officer. The responsibilities of the chief executive officer and the daily operation of the Group’s business is handled by the executive Directors collectively. The Board is of the view that although there are no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who meet from time to time to discuss issues affecting the operations of the Group. As there is a clear division of responsibilities of each Director, the vacancy of chief executive officer did not have any material impact on the operations of the Group. The Board will continue to review the effectiveness of the Group’s structure as business continues to develop in order to assess whether any changes, including the appointment of a chief executive officer, is necessary.

DISCLOSURE OF ADDITIONAL INFORMATION

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2020 Annual Report of the Company are set out below:

Name of Director	Details of change
Mr. Eric Todd <i>Chairman and Executive Director</i>	Resigned as an executive director of Chinese Food and Beverage Group Limited (stock code: 8272 delisted on 13 July 2021) with effect from 30 April 2021. Appointed as an independent non-executive director of Jimu Group Limited (stock code: 8187) with effect from 25 May 2021.
Mr. Sheung Kwong Cho <i>Executive Director</i>	Appointed as an independent non-executive director of DeTai New Energy Group Limited (stock code: 559) with effect from 18 May 2021. Appointed as an executive director of Jimu Group Limited (stock code: 8187) with effect from 25 May 2021.
Mr. Wong Kui Shing, Danny <i>Independent non-executive Director</i>	Resigned as an executive director of China Information Technology Development Limited (Stock Code: 8178) with effect from 31 March 2021.

DISCLOSURE OF ADDITIONAL INFORMATION

AUDIT COMMITTEE

An audit committee was established by the Board with written terms of reference which are consistent with the provisions as set out in the CG Code. The audit committee comprises three independent non-executive Directors, namely, Ms. Kwan Shan (chairman of the audit committee), Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick.

The audit committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2021.

By Order of the Board
Far East Holdings International Limited
Eric Todd
Chairman & Executive Director

Hong Kong, 27 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended	
		30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Continuing operations			
Revenue	3	18,409	23,468
Rental operating costs		(314)	(191)
Net rental income		18,095	23,277
Other income		194	577
Other gains and losses, net	4	13,236	2,785
Administrative expenses		(1,998)	(3,149)
Finance costs	5	(8,261)	(12,863)
Profit before tax		21,266	10,627
Income tax expense	6	-	(512)
Profit for the period from continuing operations	7	21,266	10,115
Discontinued operation			
Profit for the period from discontinued operation	8	-	6,154
Profit for the period		21,266	16,269
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		-	(879)
Release of exchange translation reserve upon deregistration of a subsidiary		-	(5,717)
Other comprehensive loss for the period		-	(6,596)
Total comprehensive income for the period		21,266	9,673

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Profit for the period attributable to:		
Owners of the Company		
Profit for the period from continuing operations	14,736	3,225
Profit for the period from discontinued operation	–	3,138
	14,736	6,363
Non-controlling interests		
Profit for the period from continuing operations	6,530	6,890
Profit for the period from discontinued operation	–	3,016
	6,530	9,906
	21,266	16,269
Total comprehensive income/(loss) attributable to:		
Owners of the Company		
Profit/(loss) for the period from continuing operations	14,736	(2,492)
Profit for the period from discontinued operation	–	2,690
	14,736	198

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended	
		30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Non-controlling interests			
Profit for the period from continuing operations		6,530	6,890
Profit for the period from discontinued operation		–	2,585
		6,530	9,475
		21,266	9,673
Earnings per share			
Basic (HK cents)	10		
Continuing operations		1.35	0.30
Discontinued operation		–	0.29
Diluted (HK cents)	10		
Continuing operations		1.35	0.30
Discontinued operation		–	0.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Investment properties	11	1,552,800	1,552,800
Property, plant and equipment	11	17,526	17,450
		1,570,326	1,570,250
CURRENT ASSETS			
Corporate bond		1,000	2,667
Held-for-trading investments	12	286,537	278,583
Rental and other receivables	13	22,846	7,688
Tax recoverable		190	190
Deposits held at a financial institution	12	3,136	109
Bank balances and cash		415	14,589
		314,124	303,826
CURRENT LIABILITIES			
Other payables	14	20,800	19,526
Amount due to a non-controlling interest		2,966	2,868
Bank borrowing	16	461,871	472,135
Promissory note	15	185,200	–
		670,837	494,529
NET CURRENT LIABILITIES		(356,713)	(190,703)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,213,613	1,379,547
NON-CURRENT LIABILITY			
Promissory note	15	–	187,200
NET ASSETS		1,213,613	1,192,347
CAPITAL AND RESERVES			
Share capital	17	632,610	632,610
Reserves		113,579	98,843
Equity attributable to owners of the Company		746,189	731,453
Non-controlling interests		467,424	460,894
TOTAL EQUITY		1,213,613	1,192,347

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company						Total
	Share capital HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2021 (audited)	632,610	-	3,283	95,560	731,453	460,894	1,192,347
Profit for the period	-	-	-	14,736	14,736	6,530	21,266
Total comprehensive income for the period	-	-	-	14,736	14,736	6,530	21,266
At 30 June 2021 (unaudited)	632,610	-	3,283	110,296	746,189	467,424	1,213,613
At 1 January 2020 (audited)	632,610	6,165	3,283	2,121	644,179	512,931	1,157,110
Profit for the period	-	-	-	6,363	6,363	9,906	16,269
Other comprehensive (loss)/income for the period							
Exchange differences arising from the translation of foreign operations	-	(448)	-	-	(448)	(431)	(879)
Release of exchange translation reserve upon deregistration of a subsidiary	-	(5,717)	-	-	(5,717)	-	(5,717)
Total comprehensive (loss)/income for the period	-	(6,165)	-	6,363	198	9,475	9,673
Deregistration of a subsidiary	-	-	-	-	-	(17,721)	(17,721)
Dividend paid to non-controlling interest	-	-	-	-	-	(3,687)	(3,687)
At 30 June 2020 (unaudited)	632,610	-	3,283	8,484	644,377	500,998	1,145,375

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	2,449	34,449
INVESTING ACTIVITIES		
Withdrawal of deposits held at financial institutions	4,000	3,296
Acquisition of property, plant and equipment	(330)	–
Proceed from disposal of property, plant and equipment	16	–
Interest received	176	373
Repayment to non-controlling interests for deregistration of a subsidiary	–	(17,721)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	3,862	(14,052)
FINANCING ACTIVITIES		
Repayment of bank borrowing	(10,264)	(10,263)
Dividend paid to non-controlling interests	–	(3,687)
Repayment of promissory note	(2,000)	(21,000)
Interest paid	(8,319)	(12,862)
Capital elements of lease rental paid	–	(147)
Interest elements of lease rental paid	–	(1)
Advance from non-controlling interest	98	–
NET CASH USED IN FINANCING ACTIVITIES	(20,485)	(47,960)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,174)	(27,563)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	14,589	33,911
CASH AND CASH EQUIVALENTS AT 30 JUNE		
Represented by bank balances and cash	415	6,348

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

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

The accompanying condensed consolidated financial statements and the comparative figures have been re-presented to reflect the results of the discontinued operation separately (note 8).

The financial information relating to the year ended 31 December 2020 that is included in this report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

In the current interim period, the Group has adopted all the amended Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the unaudited condensed consolidated financial statements of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. SEGMENT INFORMATION

Information reported to the executive Directors of the Group, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance, is organised into the following segments which focus on the category of different industries and is consistent with the basis of organisation in the Group:

Securities investment	— short term securities investment
Property investment	— property investment
Industrial	— manufacturing and sale of garments

(a) Segment revenues and results

The following is an analysis of the Group’s revenue and results by operating and reportable segment:

Six months ended 30 June 2021

	Continuing operations		Discontinued operation	Consolidated HK\$’000 (unaudited)
	Securities investment HK\$’000	Property investment HK\$’000	Industrial HK\$’000	
Segment and external revenue	-	18,409	-	18,409
Segment results	13,403	14,480	-	27,883
Other income				194
Unallocated expenses				(6,811)
Profit before tax				21,266

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. SEGMENT INFORMATION (Continued) (a) Segment revenues and results (Continued)

Six months ended 30 June 2020

	Continuing operations		Discontinued operation	Consolidated HK\$'000 (unaudited)
	Securities investment HK\$'000	Property investment HK\$'000	Industrial HK\$'000	
Segment and external revenue	–	23,468	–	23,468
Segment results	(2,944)	15,567	5,045	17,668
Other income				6,294
Unallocated expenses				(8,290)
Profit before tax				15,672

Segment results represent the profit/(loss) from each segment net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of other income and corporate expenses. Unallocated items comprise corporate expenses which are not directly attributable to a particular reportable segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment result of securities investment segment includes gain or loss from changes in fair value of held-for-trading investments and dividend income from held-for-trading investments and administrative expenses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Continuing operations		
Fair value gain/(loss) on held-for-trading investments, net	13,236	(2,932)
Gain arising from deregistration of a subsidiary (note 19)	–	5,717
	13,236	2,785
Discontinued operation		
Reversal of impairment loss on amount due from non-controlling interest	–	5,030

5. FINANCE COSTS

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Continuing operations		
Interest on bank borrowing	3,617	7,688
Interest on promissory note	4,644	5,174
Interest on lease liabilities	–	1
	8,261	12,863

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Continuing operations		
Current tax:		
Hong Kong Profits Tax	–	–
People's Republic of China (the "PRC") tax	–	512
Total tax charge for the period from continuing operations	–	512
Total tax credit for the period from discontinued operation	–	(1,109)

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both periods.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5% (2020: 16.5%). The profits of corporations in Hong Kong not qualifying for two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 June 2021, Hong Kong profits tax had not been provided for as the Group had no assessable profit for the Period. PRC tax HK\$512,000 was recognised for the six months ended 30 June 2020 regarding to the dividend received from JBB.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Continuing operations		
Depreciation of property, plant and equipment	254	15
Depreciation of right-of-use assets	–	143
Directors' remuneration and other staff costs	1,347	1,530
Legal and professional fee	83	138

8. DISCONTINUED OPERATION

On 14 October 2019, Jiangsu BangBang-Silky Fashion Manufacturer Company Limited ("JBB"), a 51% owned subsidiary of the Company received the notification from the Jiangsu Government and entered into an agreement with the Haimen People's Government in relation to the recovery of the state-owned land use right of a parcel of land owned by JBB. Pursuant to the agreement, JBB received a compensation of HK\$45,406,000 (equivalent to RMB40,005,000) for the loss of the assets and business, and the compensation were fully received in November 2019 and January 2020. JBB completed the deregistration on 27 April 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. DISCONTINUED OPERATION (Continued)

Upon receiving the notification from the Haimen People's Government, the Board has decided to cease the business of JBB and the garment manufacturing industry business. The sales, results and cash flows of JBB were are follows:

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Discontinued operation		
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other income	-	80
Other gains, net	-	5,030
Administrative expenses	-	(65)
Profit before income tax	-	5,045
Income tax credit	-	1,109
Profit for the period from discontinued operation	-	6,154
Net cash used in operating activities	-	(156)
Net cash used in investing activities	-	(14,295)
Net cash used in financing activities	-	(7,525)
Net cash outflows	-	(21,976)
Staff costs	-	(61)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

9. DIVIDEND

No dividends was paid, declared or proposed during the Period. The Directors have determined that no dividend will be paid in respect of the Period (2020: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Profit for the period attributable to owners of the Company	14,736	6,363
Less: Profit for the period from a discontinued operation	–	3,138
Profit for the period from continuing operations	14,736	3,225
Number of shares:		
Weighted average number of ordinary shares for the purposes of earnings per share	1,089,118,593	1,089,118,593
	HK Cents	HK Cents
Basic earnings per share from continuing operations	1.35	0.30
Basic earnings per share from discontinued operation	–	0.29

Diluted earnings per share equals to basic earnings per share, as there was no potential dilutive ordinary shares issued for the six months ended 30 June 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the Period, the Group spent HK\$330,000 (2020: Nil) on purchase of property, plant and equipment. The Group transferred an investment property to property, plant and equipment for own-used purpose during the period ended 30 June 2020, when the management had changed the use of the property as operating office purpose. At the date of change, the fair value of the property was HK\$17,700,000.

The fair value of the Group's investment properties at 30 June 2021 was determined by the Directors based on the market approach. The fair value of the Group's investment properties as at 31 December 2020 has been arrived at on the basis of a valuation on the market approach carried out as at that date by Messrs. Roma Appraisals Limited ("Roma"), an independent qualified professional surveyor not connected to the Group. Roma is a member of the Hong Kong Institute of Surveyors who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The market approach uses prices and other relevant information generated by market transactions involving comparable properties. No change in fair value of investment properties has been recognised in profit or loss for the six months ended 30 June 2021 (2020: Nil).

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2021 and 31 December 2020. There were no transfers into or out of Level 3 during the Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12. HELD-FOR-TRADING INVESTMENTS/DEPOSITS HELD AT A FINANCIAL INSTITUTION

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Listed equity securities:		
Hong Kong	286,537	278,583

The fair value of held-for-trading investments have been determined by reference to the quoted market prices available on The Stock Exchange of Hong Kong Limited.

As at 30 June 2021, the Group's five largest held-for-trading investments contributed to approximately 94% of the Group's held-for-trading investments and such investments contributed approximately HK\$15,347,000 fair value gain of held-for-trading investments and recognised in profit or loss for the Period.

As at 30 June 2021, the Group's deposits held at a financial institution were held in securities trading accounts for the purpose of the Group's securities investment operation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13. RENTAL AND OTHER RECEIVABLES

The Group does not have any credit period to the tenants (31 December 2020: Nil).

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Rental receivables	20,850	6,701
Prepayments, deposits and other receivables	1,996	987
	22,846	7,688

The aging analysis of debtors, based on invoice date, were as follows:

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
1 to 30 days	2,825	2,800
31 to 60 days	2,825	2,800
61 to 90 days	2,825	1,101
91 to 180 days	8,475	–
Over 181 days	3,900	–
Total rental receivables	20,850	6,701

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. OTHER PAYABLES

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Other payables and accruals	20,800	19,526
	20,800	19,526

15. PROMISSORY NOTE

The principal amount of the promissory note is HK\$361,000,000, with 5% interest per annum and is matured on the third anniversary from the issue date, 1 April 2019. As at 30 June 2021, the balance of the promissory note is HK\$185,200,000 (31 December 2020: HK\$187,200,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. BANK BORROWING

	30.6.2021	31.12.2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Current		
Bank borrowing (Note)	461,871	472,135

Note: The bank borrowing is secured by an investment property of the Group amounted to HK\$1,430,000,000 (2020: HK\$1,430,000,000) with interest charged at HIBOR + 1.4% per annum. The loan agreements contained a repayment on demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount was classified as "on demand".

Ignoring the effect of any repayment on demand clause and based on the maturity term bank borrowing are repayable:

	30.6.2021	31.12.2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within first year	20,528	20,528
Within second year	20,528	20,528
In the third to fifth years, inclusive	61,582	61,582
Beyond five years	359,233	369,497
	461,871	472,135

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. SHARE CAPITAL

	Number of shares		Share capital	
	30.6.2021 (unaudited)	31.12.2020 (audited)	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Issued and fully paid	1,089,118,593	1,089,118,593	632,610	632,610

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value	Fair value	Fair value hierarchy	Valuation techniques and key inputs
	as at 30 June 2021	as at 31 December 2020		
	HK\$'000	HK\$'000		
1. Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	286,537	278,583	Level 1	Quoted prices in an active market

There were no transfers between Level 1, 2 and 3 in the current and prior periods.

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

The Group is exposed to equity price risk through its investment in listed equity securities classified as held-for-trading investments. During the Period, the decline of share prices in the Hong Kong stock market has resulted in unrealised fair value loss recognised in profit or loss.

19. DEREGISTRATION OF A SUBSIDIARY IN THE PRIOR PERIOD

During the six months ended 30 June 2020, the Group deregistered a subsidiary, namely Jiangsu BangBang-Silky Fashion Manufacturer Company Limited. A gain in connection with the deregistration of HK\$5,717,000 was recognised in the condensed consolidated statement of profit or loss, which mainly arise from release of exchange reserve of the same amount from the condensed consolidated statement of changes in equity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these condensed consolidated financial statements, the Group had the following related party transactions during the Period:

Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group are as follows:

	Six months ended	
	30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Short-term benefits	1,078	1,272
Post-employment benefits	–	–
	1,078	1,272

Relationship	Type of transaction	Six months ended	
		30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Director of a subsidiary	Disposal of property, plant and equipment to a director of a subsidiary (note)	–	200

Note: The transaction was made on an arm's length basis.

21. REVIEW OF INTERIM ACCOUNTS

The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.