



渝太地產集團有限公司  
Y. T. REALTY GROUP LIMITED

*Stock Code : 75*

INTERIM REPORT

2020





# Contents

	<i>Pages</i>
Corporate information	1
Management discussion and analysis	2
Disclosure of interests	6
Other information	8
Consolidated statement of profit or loss	10
Consolidated statement of comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	14
Condensed consolidated statement of cash flows	15
Notes to interim condensed consolidated financial statements	16

# Corporate Information

## Executive Director

Cheung Chung Kiu (*Chairman and Managing Director*)  
Yuen Wing Shing  
Tung Wai Lan, Iris  
Wong Hy Sky (former English name: Huang Yun)

## Independent Non-executive Director

Ng Kwok Fu  
Luk Yu King, James  
Leung Yu Ming, Steven

## Audit Committee

Luk Yu King, James (*Chairman*)  
Ng Kwok Fu  
Leung Yu Ming, Steven

## Remuneration Committee

Leung Yu Ming, Steven (*Chairman*)  
Cheung Chung Kiu  
Ng Kwok Fu

## Nomination Committee

Cheung Chung Kiu (*Chairman*)  
Ng Kwok Fu  
Leung Yu Ming, Steven

## Authorised Representative

Cheung Chung Kiu  
Yuen Wing Shing (*Alternate to Cheung Chung Kiu*)  
Yuen Wing Shing  
Cheung Chung Kiu (*Alternate to Yuen Wing Shing*)

## Company Secretary

Albert T. da Rosa, Jr.

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## Principal Place of Business

25th Floor, China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong  
Tel: (852) 2500 5555  
Fax: (852) 2507 2120  
Website: [www.ytrealtygroup.com.hk](http://www.ytrealtygroup.com.hk)  
Email: [investors@ytrealtygroup.com.hk](mailto:investors@ytrealtygroup.com.hk)

## External Auditor

Ernst & Young

## Principal Banker

The Hongkong and Shanghai Banking  
Corporation Limited  
The Bank of East Asia, Limited

## Legal Adviser

*Bermuda:*  
Conyers Dill & Pearman

*Hong Kong:*  
Woo, Kwan, Lee & Lo  
Cheung Tong & Rosa Solicitors

## Registrar & Transfer Office

*Bermuda:*  
MUFG Fund Services (Bermuda) Limited  
4th Floor North, Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

*Hong Kong:*  
Tricor Abacus Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong  
Tel: (852) 2980 1700  
Fax: (852) 2890 9350

## Share Listing

The Stock Exchange of Hong Kong Limited  
Stock Code: 75

# Management Discussion and Analysis

The board of directors is pleased to present the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2020.

## Business Review

During the first half of 2020, the global economy was in crisis due to the COVID-19 pandemic which had posted major health threats to the world. It has triggered contraction of global GDP as lockdown measures and cross-border restriction were imposed in many countries to control spread of the coronavirus. Most of the major economies had plunged into recession.

In the US, in addition to the impact of COVID-19, the trade dispute with China continued. The US economy had plunged into recession with GDP dropped and unemployment rose. In response, the US Federal Reserve cut interest rate to its lowest level in history. Despite the economic stimulus, the economy did not see any sign of recovery.

In Mainland China, in addition to challenges of the continuous US-China trade war, the impact of the coronavirus had severely affected the economy for the first quarter of 2020. GDP shrank over 5% during the first quarter. However, as the outbreak of coronavirus was under control with concerted efforts and strict epidemic prevention measures. During the second quarter, trades and business activities had gradually resumed. The central government had been committed to provide necessary fiscal stimulus and accommodative monetary policy to support the economy. As a result, China became the first major economy to show economic recovery and recorded growth as compared to last year.

In Hong Kong, the local economic activity fell sharply during the period as pandemic of the coronavirus worsen. Key economic sectors such as retail, catering, and tourism were hardest hit due to restriction on cross-border travels and increased social distancing measures. Even with government aid to local businesses to deal with the unprecedented economic hardship, unemployment rate climbed to over 6% at the end of the first half. The property market was very weak, especially in the retail sectors. Rental concessions were given to tenants by government as well as property owners in private sectors.

In the UK, even though it had formally left the European Union after January 2020, UK economy continued to be affected by uncertainty arising from unfinished trade and other negotiations between UK and European Union. With the coronavirus pandemic, the economy experienced negative growth as business and social activities dropped due to lockdown. The property market was affected by the coronavirus inevitably. Various degrees of rental concession were provided to tenants depending on the locations of the properties and trades of the tenants. During the period under review, the Group's major investment properties in London were affected relatively less than the general property market due to its prime location in London.

For the first half of 2020, the Group's revenue decreased by 5.0% to HK\$24.9 million from the last corresponding period. Rental income from investment properties amounted to HK\$22.1 million, down 3.4% from HK\$22.9 million. Decrease in rental income was mainly due to decline in exchange rate of British Pound Sterling as compared to the last corresponding period. As at 30 June 2020, the occupancy rate of the Group's investment properties in UK is 100%. Treasury management income amounted to HK\$2.8 million, down 15.8% from HK\$3.3 million. The Group had expanded its property business to include property development during the period. As the Group's development project was in the initial development phase, no revenue was recorded during the period under review.

# Management Discussion and Analysis

## Business Review *(continued)*

The Group's net loss attributable to shareholders for the first six months of 2020 amounted to HK\$43.2 million as compared to net profit of HK\$34.4 million in the last corresponding period. It is primarily due to loss on revaluation of the Group's investment properties in the first half of 2020 as compared to revaluation gain recorded in the last corresponding period. Loss per share for the first six-month period of 2020 was HK5.4 cents (2019: earning per share HK4.3 cents).

The Group's investment property portfolio was independently valued at the end of the period resulting in revaluation loss of HK\$42.0 million (2019: HK\$15.3 million surplus). The revaluation loss was reported in the statement of profit or loss.

## Material Acquisition

During the period under review, the Group stepped up its efforts to search for investment opportunities to create sustainable business development for the Group and stronger returns for our shareholders in property markets with positive prospects in the long run. On 26 March 2020, the Group entered into an agreement to acquire the entire issued share capital of Prime Circle Global Limited ("Acquisition"), which holds indirectly 80% of a PRC development company which in turn directly owns a property development site with aggregate site area of approximately 290,000 sqm in Meishan, Sichuan Province, the PRC. The total purchase consideration was HK\$350.0 million. Completion took place on 2 June 2020. The acquisition allowed the Group to tap into the property development business in the PRC and capture benefits of the PRC property market with sustainable demand in the long run, integrating well into the Group's existing property businesses.

Further details of the Acquisition were already disclosed in the relevant announcements and circular issued by the Company.

With the Acquisition, property development has become a major business operation for the Group. As the Acquisition is at its initial development phase, even though pre-sale has commenced, recognition of revenue will take place upon completion and delivery of the property units.

## Prospects

For the second half of the year, we anticipate the global economy to be challenging as volatility and uncertainty continue. Under the threat of COVID-19, it is difficult to predict when the global economy will resume its normal pace. The continuous trade war between US and China inevitably will have negative impact on the global economic recovery. In response to the impact to US and the global economy by the coronavirus pandemic, the US Federal Reserve had cut interest rate to a very low level and will continue to provide necessary fiscal stimulus to revive the economy. Other major economies will continue to adopt accommodative monetary policies to provide liquidity for economic recovery.

In Mainland China, if the coronavirus is under control for the rest of the year, the economy will continue to recover. However, the pace of economic recovery also depends on the intensity of the continuous trade conflict with the US. It is expected that the Chinese Government will continue to provide fiscal stimulus and accommodative monetary policy to support economic recovery and growth. The property market, in particular the residential sector, will be resilient in the long term.

# Management Discussion and Analysis

## Prospects *(continued)*

In Hong Kong, the degree of recovery of the local economy depends greatly on whether the coronavirus will subside or the spread of coronavirus is under control. Only when business can re-open normally and social distance measures relax, the economy will begin to pick up its pace. Besides the impact of the coronavirus, the local economy will be affected by economic development in Mainland China and the US-China trade war, downward pressure and adjustment in the property market is expected to continue for the rest of the year.

For the UK, economic recovery will remain weak due to impact of the coronavirus and the uncertainty arising from trade and other negotiations between UK and European Union. Even though the economy and property market in UK are subject to uncertainty, it is expected that London will be relatively more resilient as compared to other regions of UK as London is still the major business hub in Europe and preferred destination for global investors.

In anticipation of the volatility and uncertain economic environment ahead, the Group will adopt a cautious and proactive approach to manage its core investment and to look for business opportunities in property markets with resilient economic prospects for sustainable development of the Group and create stronger returns for our shareholders in the long run amid the challenging market conditions. The Group remains positive about the long-term economic prospect of China and will further expanding its property businesses in PRC property market which is expected to be resilient with sustainable demand in the long run.

## Liquidity and Financial Resources

As at 30 June 2020, the Group had net borrowing of HK\$156.9 million (31 December 2019: Nil), consisting cash and cash equivalents, and restricted bank balances of HK\$2,164.8 million and total borrowings of HK\$2,321.7 million. The gearing ratio of the Group was 9.8% (31 December 2019: Zero). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2020, the Group's total borrowings amounted to HK\$2,321.7 million which is secured by the pledge of equity interests in certain subsidiaries of the Group, and will be repayable in 2 years. The Group proactively managed its financial resources and devised appropriate funding plan for working capital and capital expenditure.

Following the Acquisition, the Group has its major property business operations in UK and PRC. Therefore, it is subject to foreign exchange rate fluctuation of British Pound Sterling and Renminbi.

## Contingent Liabilities / Financial Guarantees

As at 30 June 2020, the Group provided financial guarantees to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties amounting to HK\$547.1 million.

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

# Management Discussion and Analysis

## Staff

As at 30 June 2020, the Group employed 15 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the board depending upon the financial performance of the Group.

## Interim Dividend

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).



## Directors' and Chief Executive's Interests and Short Positions

The register kept by the Company under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following interests of directors in the shares of the Company as at 30 June 2020:

Name	Capacity	No. of shares	Total no. of shares	% of shareholding
Cheung Chung Kiu	Interest of controlled corporation	136,736,150	136,736,150	17.10%
Ng Kwok Fu	Beneficial owner	50,000	90,000	0.01%
	Interest of spouse	40,000		
Wong Hy Sky	Interest of controlled corporation	71,726,000	71,726,000	8.97%

### Notes:

- The above interests represent long positions.
- Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in 136,736,150 shares in the Company by virtue of his indirect control of First Rose Global Limited ("First Rose") which owned those shares. First Rose was a wholly owned subsidiary of Windsor Dynasty Limited ("Windsor Dynasty"), a company wholly owned by Mr. C.K. Cheung.
- Mr. Wong Hy Sky ("Mr. H.S. Wong") was deemed to be interested in 71,726,000 shares in the Company by virtue of his indirect control of Hong Kong Petrochemical Industrial Group Limited ("HK Petrochemical") which owned those shares. HK Petrochemical was a wholly owned subsidiary of Ever Lead Developments Limited ("Ever Lead"), and Ever Lead was in turn a wholly owned subsidiary of Joybeam Global Limited ("Joybeam Global", a company wholly owned by Mr. H.S. Wong).

Save as disclosed herein, as at 30 June 2020, no directors or chief executive had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors.

# Disclosure of Interests

## Share Options

The share option scheme adopted by the Company on 21 May 2015 (the “Scheme”) is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015.

No option lapsed and no option was granted, exercised or cancelled under the Scheme during the half-year period ended 30 June 2020. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of the period.

## Other Persons’ Interests and Short Positions

As at 30 June 2020, so far as is known to the directors of the Company, the following persons, other than the directors, had, or were deemed to have, interests in the shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name	Capacity	No. of shares	% of shareholding
Windsor Dynasty	Interest of controlled corporation	136,736,150	17.10%
First Rose	Beneficial owner	136,736,150	17.10%
Joybeam Global	Interest of controlled corporation	71,726,000	8.97%
Ever Lead	Interest of controlled corporation	71,726,000	8.97%
HK Petrochemical	Beneficial owner	71,726,000	8.97%

*Notes:*

1. Each parcel of 136,736,150 shares represents a long position and First Rose’s direct interest in the Company. Windsor Dynasty was deemed to be interested in those shares by virtue of its direct control of First Rose.
2. Each parcel of 71,726,000 shares represents a long position and HK Petrochemical’s direct interest in the Company. Joybeam Global and Ever Lead were deemed to be interested in those shares by virtue of their direct or indirect control of HK Petrochemical.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2020, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept by the Company under section 336 of the SFO, other than as disclosed on page 6.

### Corporate Governance Code

Throughout the accounting period covered by the interim report, the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out within Appendix 14 to the Main Board Listing Rules (the “Listing Rules”) save for the deviations described below.

The Company has deviated from A.2.1 of the CG Code to the extent that the roles of chairman and chief executive are performed by Mr. Cheung Chung Kiu (“Mr. C.K. Cheung”). Having considered the existing structure and composition of the board and operations of the Company and its subsidiaries (the “Group”) in Hong Kong, the board believes that vesting the roles of both chairman and managing director in Mr. C.K. Cheung facilitates the effective implementation and execution of its business strategies by, and ensure a consistent leadership for, the Group. Further, a balance of power and authority between the board and management can be ensured by the operation of the board, whose members (including the three independent non-executive directors) are individuals of high calibre with ample experience, such that the interests of shareholders can be safeguarded. The Company will continue to review the structure and composition of the board from time to time to ensure that a balance of power and authority between the board and management is appropriately maintained for the Group.

The Company has no formal letters of appointment for directors except Mr. Wong Hy Sky setting out the key terms and conditions of their appointment, and has therefore deviated from D.1.4 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company’s bye-laws, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

### Model Code for Securities Transactions

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix 10 to the Listing Rules (the “Model Code”).

All directors confirmed that they had complied with the required standard set out within the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the period.

### Purchase, Sale or Redemption of Shares

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

## Other Information

### Review by Audit Committee

The interim report has been reviewed by the audit committee. The audit committee has also reviewed the accounting principles and practices adopted by the Company and discussed internal control, risk management and financial reporting matters with management.

### Directors' Information

The Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to shareholders.

### Appreciation

On behalf of the board, I wish to express our gratitude and sincere appreciation to the management and staff for their hard work and contributions.

On behalf of the board

**Cheung Chung Kiu**

*Chairman and Managing Director*

Hong Kong, 21 August 2020

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

		Unaudited	
		Six months ended 30 June	
	Notes	2020	2019
		HK\$'000	HK\$'000
<b>REVENUE</b>	4		
Rental income		22,125	22,908
Interest income		2,758	3,275
Total revenue		24,883	26,183
Direct outgoings		(73)	(345)
		24,810	25,838
Other income and gains		1,430	63
Other expenses and losses		(13,784)	(404)
Selling and marketing expenses		(3,319)	—
Administrative expenses		(7,544)	(4,647)
Finance costs	5	(5,740)	(55)
Changes in fair value of investment properties		(41,992)	15,281
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	(46,139)	36,076
Income tax credit/(expense)	7	2,467	(1,666)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<u>(43,672)</u>	<u>34,410</u>
Attributable to:			
Equity holders of the Company		(43,190)	34,410
Non-controlling interests		(482)	—
		<u>(43,672)</u>	<u>34,410</u>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<u>HK(5.4) cents</u>	<u>HK4.3 cents</u>

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(43,672)</b>	<b>34,410</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(78,488)	(6,015)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(78,488)</b>	<b>(6,015)</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(122,160)</b>	<b>28,395</b>
Attributable to:		
Equity holders of the Company	(122,176)	28,395
Non-controlling interests	16	—
	<b>(122,160)</b>	<b>28,395</b>

# Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	18,662	2,838
Investment properties	10, 11	1,173,220	1,299,417
Interests in land use rights for property development	12	125,008	—
Goodwill		224,612	—
Intangible asset		8,560	8,560
Equity investment designated at fair value through other comprehensive income		2,320	2,320
Debt investments at amortised cost		—	13,744
Deposits		279	279
Total non-current assets		1,552,661	1,327,158
<b>CURRENT ASSETS</b>			
Properties under development	12	1,255,661	—
Interests in land use rights for property development	12	578,984	—
Trade receivables	13	681	—
Other receivables, deposits and prepayments		221,395	1,481
Debt investments at amortised cost		14,382	—
Prepaid income tax		19,570	—
Restricted bank balances		107,451	—
Cash and cash equivalents		2,057,331	451,571
Total current assets		4,255,455	453,052
<b>CURRENT LIABILITIES</b>			
Trade and retention payables	14	122,160	—
Other payables and accrued expenses		76,640	20,747
Contract liabilities		1,317,439	—
Tax payable		2,991	2,440
Total current liabilities		1,519,230	23,187
<b>NET CURRENT ASSETS</b>		2,736,225	429,865
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,288,886	1,757,023

# Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,288,886</b>	<b>1,757,023</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		309,390	10,892
Interest-bearing other borrowings	15	2,321,660	—
Other payables		5,984	6,831
Total non-current liabilities		2,637,034	17,723
Net assets		1,651,852	1,739,300
<b>EQUITY</b>			
<b>Attributable to equity holders of the Company</b>			
Issued share capital	16	79,956	79,956
Reserves		1,529,172	1,659,344
		1,609,128	1,739,300
<b>Non-controlling interests</b>		<b>42,724</b>	<b>—</b>
Total equity		1,651,852	1,739,300



# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

Note	Unaudited									
	Attributable to equity holders of the Company									
	Issued share capital	Share premium account	Capital redemption reserve	Capital reserve	Contributed surplus	Exchange fluctuation reserves	Other reserves <sup>#</sup>	Retained profits	Total	Non- controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	79,956	95,738	1,350	1,800	4,767	(31,975)	1,580	1,586,084	1,739,300	—
Loss for the period	—	—	—	—	—	—	—	(43,190)	(43,190)	(482)
Other comprehensive (loss)/income for the period	—	—	—	—	—	(78,986)	—	—	(78,986)	498
Total comprehensive (loss)/income for the period	—	—	—	—	—	(78,986)	—	(43,190)	(122,176)	16
Acquisition of subsidiaries	17	—	—	—	—	—	—	—	—	42,708
Final dividend declared and paid	—	—	—	—	—	—	—	(7,996)	(7,996)	—
At 30 June 2020	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>4,767*</u>	<u>(110,961)*</u>	<u>1,580*</u>	<u>1,534,898*</u>	<u>1,609,128</u>	<u>42,724</u>
At 1 January 2019	79,956	95,738	1,350	1,800	4,767	(64,317)	1,480	1,510,295	1,631,069	—
Profit for the period	—	—	—	—	—	—	—	34,410	34,410	—
Other comprehensive loss for the period	—	—	—	—	—	(6,015)	—	—	(6,015)	—
Total comprehensive income/(loss) for the period	—	—	—	—	—	(6,015)	—	34,410	28,395	—
Final dividend declared and paid	—	—	—	—	—	—	—	(7,996)	(7,996)	—
At 30 June 2019	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>4,767</u>	<u>(70,332)</u>	<u>1,480</u>	<u>1,536,709</u>	<u>1,651,468</u>	<u>—</u>

\* These reserve accounts comprise the consolidated reserves of HK\$1,529,172,000 (31 December 2019: HK\$1,659,344,000) in the consolidated statement of financial position.

# Other reserves represent the fair value reserve arising from an equity investment designated at fair value through other comprehensive income with no recycling of gains or losses to profit or loss on derecognition.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Unaudited	
	Six months ended 30 June	
Note	2020	2019
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	9,311	18,146
Interest received from debt investments at amortised cost	398	475
Interest received from time deposits	1,417	2,057
PRC land appreciation tax paid	(2,396)	—
Overseas profits tax paid	(1,807)	(3,299)
<b>Net cash flows from operating activities</b>	<b>6,923</b>	<b>17,379</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries	17 125,116	—
Purchases of items of property, plant and equipment	(721)	(7)
Other cash flows arising from investing activities	1,003	64
<b>Net cash flows from investing activities</b>	<b>125,398</b>	<b>57</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New interest-bearing other borrowings	1,569,313	—
Repayment of interest-bearing other borrowings	(93,208)	—
Principal portion of lease payments	(358)	(420)
Interest paid	(38)	(55)
Dividend paid	(7,996)	(7,996)
<b>Net cash flows from/(used in) financing activities</b>	<b>1,467,713</b>	<b>(8,471)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,600,034</b>	<b>8,965</b>
Cash and cash equivalents at 1 January	451,571	415,523
Effect on foreign exchange rate changes, net	5,726	(696)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>2,057,331</b>	<b>423,792</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,157,331	53,846
Non-pledged time deposits with original maturity of less than three months when acquired	900,000	369,946
	<b>2,057,331</b>	<b>423,792</b>

## 1 Basis of Preparation and Accounting Policies

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the revised HKFRSs as disclosed in note 2 to these unaudited interim condensed consolidated financial statements.

## 2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Other than the amendments to HKFRS 9, HKAS39 and HKFRS 7 *Interest Rate Benchmark Reform* which are not relevant to the preparation of the Group’s unaudited interim condensed consolidated financial information, the nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

## 2 Changes in Accounting Policies and Disclosures *(continued)*

- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

## 3 Operating Segment Information

For management purposes, the Group is organised into business units based on its business activities and has four reportable operating segments during the first six months of 2020 as follows:

- (a) The property investment segment invests in properties for rental income and potential capital appreciation;
- (b) The property development and trading segment comprises the development and trading of properties;
- (c) The treasury management segment which invests in debt securities and time deposits for earning interest income; and
- (d) The property management and related services segment comprises the provision of property management and related technical consultancy services.

During the period, the Group has expanded its property trading business to include property development business upon the acquisition of subsidiaries which are engaged in property development business in Mainland China. Accordingly, the property trading segment is renamed as property development and trading segment and the performance and results of the property development business are included in the property development and trading segment for management reporting purpose. Comparative figures have been restated to conform to the current period's presentation.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss. The adjusted profit/loss is measured consistently with the Group's profit/loss except that finance costs related to general borrowings and lease liabilities, corporate and other unallocated expenses and head office income tax expense/credit are excluded from this measurement.

Segment assets exclude property, plant and equipment related to head office, an equity investment designated at fair value through other comprehensive income, an intangible asset, and certain cash and bank balances under cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude general interest-bearing other borrowings, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 3 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Six months ended 30 June 2020 (Unaudited)					
Segment revenue	<u>22,125</u>	<u>—</u>	<u>2,758</u>	<u>—</u>	<u>24,883</u>
Segment results	<u>(19,950)</u>	<u>(6,998)</u>	<u>2,709</u>	<u>—</u>	<u>(24,239)</u>
Finance costs related to specific borrowings	—	(4,814)	—	—	(4,814)
Finance costs related to general borrowings and lease liabilities					(926)
Corporate and other unallocated expenses					<u>(16,160)</u>
Loss before tax					(46,139)
Income tax credit	485	1,982	—	—	<u>2,467</u>
Loss for the period					<u>(43,672)</u>

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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At 30 June 2020  
(Unaudited)

### Assets and liabilities

Total assets	<u>1,220,230</u>	<u>3,168,115</u>	<u>14,687</u>	<u>—</u>	<u>1,405,084</u>	<u>5,808,116</u>
Total liabilities	<u>21,039</u>	<u>2,775,538</u>	<u>40</u>	<u>—</u>	<u>1,359,647</u>	<u>4,156,264</u>

Six months ended 30 June 2020  
(Unaudited)

### Other segment information:

Capital expenditure	—	694	—	—	27	721
Depreciation	—	322	—	—	544	866
Fair value lossess of investment properties	<u>41,992</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>41,992</u>

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 3 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i> (Restated)	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i> (Restated)
Six months ended 30 June 2019 (Unaudited)					
<b>Segment revenue</b>	<u>22,908</u>	<u>—</u>	<u>3,275</u>	<u>—</u>	<u>26,183</u>
<b>Segment results</b>	37,389	—	3,233	—	40,622
Finance costs					(55)
Corporate and other unallocated expenses					<u>(4,491)</u>
Profit before tax					36,076
Income tax expense	(1,666)	—	—	—	<u>(1,666)</u>
Profit for the period					<u>34,410</u>

	Property investment <i>HK\$'000</i> (Restated)	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i> (Restated)	Consolidated <i>HK\$'000</i>
At 31 December 2019 (Audited)						

### Assets and liabilities

Total assets	<u>1,300,744</u>	<u>—</u>	<u>402,994</u>	<u>—</u>	<u>76,472</u>	<u>1,780,210</u>
Total liabilities	<u>33,588</u>	<u>—</u>	<u>45</u>	<u>—</u>	<u>7,277</u>	<u>40,910</u>

Six months ended 30 June 2019  
(Unaudited)

### Other segment information:

Capital expenditure	—	—	—	—	7	7
Depreciation	—	—	—	—	529	529
Fair value gains of investment properties	<u>15,281</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15,281</u>

## 3 Operating Segment Information *(continued)*

### Geographical information

#### (a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
United Kingdom	22,005	22,788
Hong Kong	2,878	3,395
	<u>24,883</u>	<u>26,183</u>

The revenue information above is based on the location of the customers.

#### (b) Non-current assets

	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
United Kingdom	1,138,420	1,264,617
Hong Kong	24,150	24,677
Mainland China	387,771	21,800
	<u>1,550,341</u>	<u>1,311,094</u>

The non-current assets information above is based on the location of assets and excludes financial instruments.

### Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Customer A under the property investment segment	11,258	11,645
Customer B under the property investment segment	<u>4,467</u>	<u>4,618</u>

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 4 Revenue

An analysis of revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
<b>Revenue from other sources</b>		
Rental income from investment properties operating leases:		
Fixed lease payments	22,125	22,908
Interest income from debt investments at amortised cost	1,341	1,218
Interest income from time deposits	1,417	2,057
	2,758	3,275
	24,883	26,183

## 5 Finance Costs

An analysis of finance costs is as follow:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Interest on other borrowings	10,501	—
Interest expenses arising from revenue contracts	15,111	—
Interest on lease liabilities	38	55
	25,650	55
Less: Interest capitalised	(19,910)	—
Total	5,740	55



## 6 Loss/Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Depreciation of owned assets	444	107
Depreciation of right-of-use asset	422	422
	<u>866</u>	<u>529</u>
Staff costs (including executive directors' remuneration):		
Wages and salaries	3,138	1,270
Pension scheme contributions	59	41
	<u>3,197</u>	<u>1,311</u>
Foreign exchange differences, net**	10,093	404
Transaction costs for the acquisition of subsidiaries**	3,691	—
Bank interest income*	<u>(1,003)</u>	<u>(63)</u>

\* This item is included in "other income and gains" in the consolidated statement of profit or loss.

\*\* These items are included in "other expenses and losses" in the consolidated statement of profit or loss.

## 7 Income Tax Credit/Expense

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the current and the prior periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The United Kingdom Government announced in the financial budget on 12 March 2020 that any gain arising from sales of properties from 1 April 2020 onwards would be subject to corporation tax rate at 19% instead of 17%. The change in tax rate was enacted on 17 March 2020 and effective from 1 April 2020. Accordingly, the deferred tax liabilities related to revaluation of the Group's investment properties in the United Kingdom as at 1 April 2020 were calculated using the rate of 19%.

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 7 Income Tax Credit/Expense *(continued)*

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Current – United Kingdom	2,177	1,708
Deferred	(4,644)	( 42)
Total tax (credit)/charge for the period	<u>(2,467)</u>	<u>1,666</u>

## 8 Loss/Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic loss/earnings per share amounts for the periods are based on the loss/profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the periods.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2020 and 2019.

The calculation of basic and diluted loss/earnings per share is based on:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
<u>(Loss)/Earnings</u>		
(Loss)/profit for the period attributable to ordinary equity holders of the Company	<u>(43,190)</u>	<u>34,410</u>
	Number of shares	
	Six months ended 30 June	
	2020	2019
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u>799,557,415</u>	<u>799,557,415</u>

## 9 Dividends

During the period ended 30 June 2020, the Company declared a final dividend of HK1 cent per ordinary share amounting to HK\$7,996,000 for the year ended 31 December 2019 which was paid on 5 June 2020.

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2020 (2019: Nil).

## 10 Movements in Property, Plant and Equipment and Investment Properties

	Unaudited	
	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>
<b>At 30 June 2020</b>		
Net carrying amount at beginning of reporting period	2,838	1,299,417
Additions	721	—
Acquisition of subsidiaries	15,724	—
Depreciation provided during the period	(866)	—
Lease incentives	—	(949)
Fair value adjustment	—	(41,992)
Exchange realignment	245	(83,256)
Net carrying amount at end of reporting period	<u>18,662</u>	<u>1,173,220</u>
<b>At 30 June 2019</b>		
Net carrying amount at beginning of reporting period	3,758	1,212,690
Additions	7	—
Depreciation provided during the period	(529)	—
Lease incentives	—	167
Fair value adjustment	—	15,281
Exchange realignment	—	(5,319)
Net carrying amount at end of reporting period	<u>3,236</u>	<u>1,222,819</u>

## 11 Investment Properties

The revaluation of the Group's investment properties was carried out by John D Wood and Savills Valuation and Professional Services Limited, independent firms of professionally qualified valuers, on an open market, existing use basis at the end of the reporting periods.

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 12 Additions to Properties under Development and Interests in Land Use Rights for Property Development

During the six months ended 30 June 2020, the Group incurred approximately HK\$1,237,948,000 (2019: Nil) and approximately HK\$694,062,000 (2019: Nil) on the additions to properties under development and interests in land use rights for property development, and of which approximately HK\$1,182,715,000 and HK\$694,062,000 of additions to properties under development and interests in land use rights for property development, respectively, were incurred through the acquisition of subsidiaries as detailed in note 17 to these unaudited interim condensed financial statements.

## 13 Trade Receivables

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	681	—
Less: Impairment allowance	—	—
	<u>681</u>	<u>—</u>

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 1 month	449	—
1 to 2 months	—	—
2 to 3 months	—	—
Over 3 months	232	—
	<u>681</u>	<u>—</u>

## 14 Trade and Retention Payables

An aging analysis of the trade payables at the end of the reporting period, based on the invoice date or the progress payment certificate date, is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables:		
Within 1 month	42,490	—
1 to 2 months	48,558	—
2 to 3 months	3,279	—
	<u>94,327</u>	<u>—</u>
Retention payables	27,833	—
	<u>122,160</u>	<u>—</u>

## 15 Interest-bearing Other Borrowings

	As at 30 June 2020 (Unaudited)			As at 31 December 2019 (Audited)		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Non-current:						
Other borrowings						
– secured	12% to 12.5%	2022	<u>2,321,660</u>	N/A	N/A	<u>—</u>

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Analysed into:		
Other borrowings repayable:		
In the second year	<u>2,321,660</u>	<u>—</u>

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 15 Interest-bearing Other Borrowings *(continued)*

Notes:

- (a) As at 30 June 2020, other borrowings of approximately HK\$971,660,000 (31 December 2019: Nil) and HK\$1,350,000,000 (31 December 2019: Nil) were secured by the pledge of 80% equity interests in a non-wholly-owned subsidiary of the Group and share charges in respect of the entire equity interests of certain subsidiaries of the Group, respectively.
- (b) As at 30 June 2020, other borrowings of approximately HK\$1,350,000,000 (31 December 2019: Nil) and HK\$971,660,000 (31 December 2019: Nil) were denominated in Hong Kong Dollar and Renminbi, respectively.
- (c) As at 30 June 2020, all other borrowings bear interest at fixed interest rates.
- (d) The carrying amount of the other borrowings of the Group approximates to their fair values.

## 16 Share Capital

### Shares

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Authorised:		
1,500,000,000 ordinary shares of HK\$0.1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
799,557,415 ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

## 17 Business Combination

On 26 March 2020, the Group entered into an agreement in relation to the acquisition of the entire equity in Prime Circle Global Limited ("Prime Circle") at a cash consideration of HK\$350,000,000. Prime Circle and its subsidiaries (collectively the "Prime Circle Group") are engaged in property development in the PRC. The acquisition was made as part of the Group's strategy to expand its business into the property development market in the PRC and further details of the acquisition are set out in the Company's circular dated 15 May 2020. The acquisition of the Prime Circle Group was completed in June 2020 and the Prime Circle Group became subsidiaries of the Group.

As at the date of approval for issuance of the unaudited interim condensed consolidated financial statements, the fair value assessments of identifiable assets and liabilities of the aforementioned acquisition have not been finalised and thus, the assets and liabilities recognised at the date of acquisitions have been determined provisionally. Upon finalisation of the valuation, the goodwill arising on acquisitions may change accordingly. The directors of the Company expect the valuation will be finalised by the end of the year of 2020.

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 17 Business Combination *(continued)*

The fair values of the identifiable assets and liabilities of the acquisition of the Prime Circle Group as at the date of acquisition (determined on a provisional basis) were as follows:

	<i>HK\$'000</i> (Unaudited)
Property, plant and equipment	15,724
Interests in land use rights for property development	694,062
Properties under development	1,182,715
Restricted bank balances	123,819
Cash and cash equivalents	475,116
Other current assets	76,609
Deferred tax liabilities	(299,245)
Interest-bearing other borrowings	(779,577)
Trade and retention payables	(78,886)
Contract liabilities	(1,144,330)
Other current liabilities	(94,744)
Total identifiable net assets at fair value	171,263
Non-controlling interests	(42,708)
	128,555
Goodwill on acquisition	221,445
Satisfied by cash	350,000

An analysis of the cash flows in respect of the acquisition is as follows:

	<i>HK\$'000</i> (Unaudited)
Cash consideration	(350,000)
Cash and cash equivalents acquired	475,116
Net inflow of cash and cash equivalents included in cash flows from investing activities	125,116

The Group incurred transaction costs of HK\$3,691,000 for this acquisition. These transaction costs have been expensed and are included in "other expenses and losses" in the consolidated statement of profit or loss.

The Prime Circle Group contributed no revenue and loss after tax of HK\$9,830,000 to the Group's consolidated revenue and loss after tax for the six months ended 30 June 2020.

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 18 Financial Guarantees

The Group had the following financial guarantees:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	<u>547,101</u>	<u>—</u>

During the period, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. The banks are entitled to take over the legal titles and will realise the pledged properties through open auction or other appropriate means in the event of default on mortgage repayments by these purchasers.

The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in these unaudited interim condensed consolidated financial statements for the guarantees.

## 19 Capital Commitments

At the end of the reporting period, the Group had the following capital commitments:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Contracted but not provided for:		
Capital expenditure for construction of properties under development	652,029	—
Acquisition of land use rights	<u>312,241</u>	<u>—</u>
	<u>964,270</u>	<u>—</u>



## 20 Related Party Transactions

Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Short term employee benefits	1,650	270
Post-employment benefits	18	9
Total compensation paid to key management personnel	<u>1,668</u>	<u>279</u>

## 21 Fair Value and Fair Value Hierarchy of Financial Instruments

The fair values of listed debt investments at amortised cost and an equity investment designated at fair value through other comprehensive income are based on quoted market prices. The fair values of cash and cash equivalents, trade receivables, trade and retention payables, financial assets included in other receivables, deposits and prepayments, interest-bearing other borrowings, financial liabilities included in other payables and accrued expenses approximate to their carrying amounts largely due to the short term maturities of these instruments.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
<b>At 30 June 2020 (Unaudited)</b>				
Equity investment designated at fair value through other comprehensive income	<u>2,320</u>	<u>—</u>	<u>—</u>	<u>2,320</u>
<b>At 31 December 2019 (Audited)</b>				
Equity investment designated at fair value through other comprehensive income	<u>2,320</u>	<u>—</u>	<u>—</u>	<u>2,320</u>

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2020

## 21 Fair Value and Fair Value Hierarchy of Financial Instruments *(continued)*

During the period/year, there were no transfers into or out of Level 1 fair value measurements.

The Group did not have any financial liabilities measured at fair value as at 30 June 2020 (31 December 2019: Nil).

## 22 Comparative Amounts

As further explained in note 3 to these unaudited interim condensed consolidated financial statements, due to the changes in the designation of principal activities and segment composition, certain comparative amounts have been reclassified to conform to the current period's presentation and disclosures.

## 23 Approval of the Interim Financial Statements

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 21 August 2020.