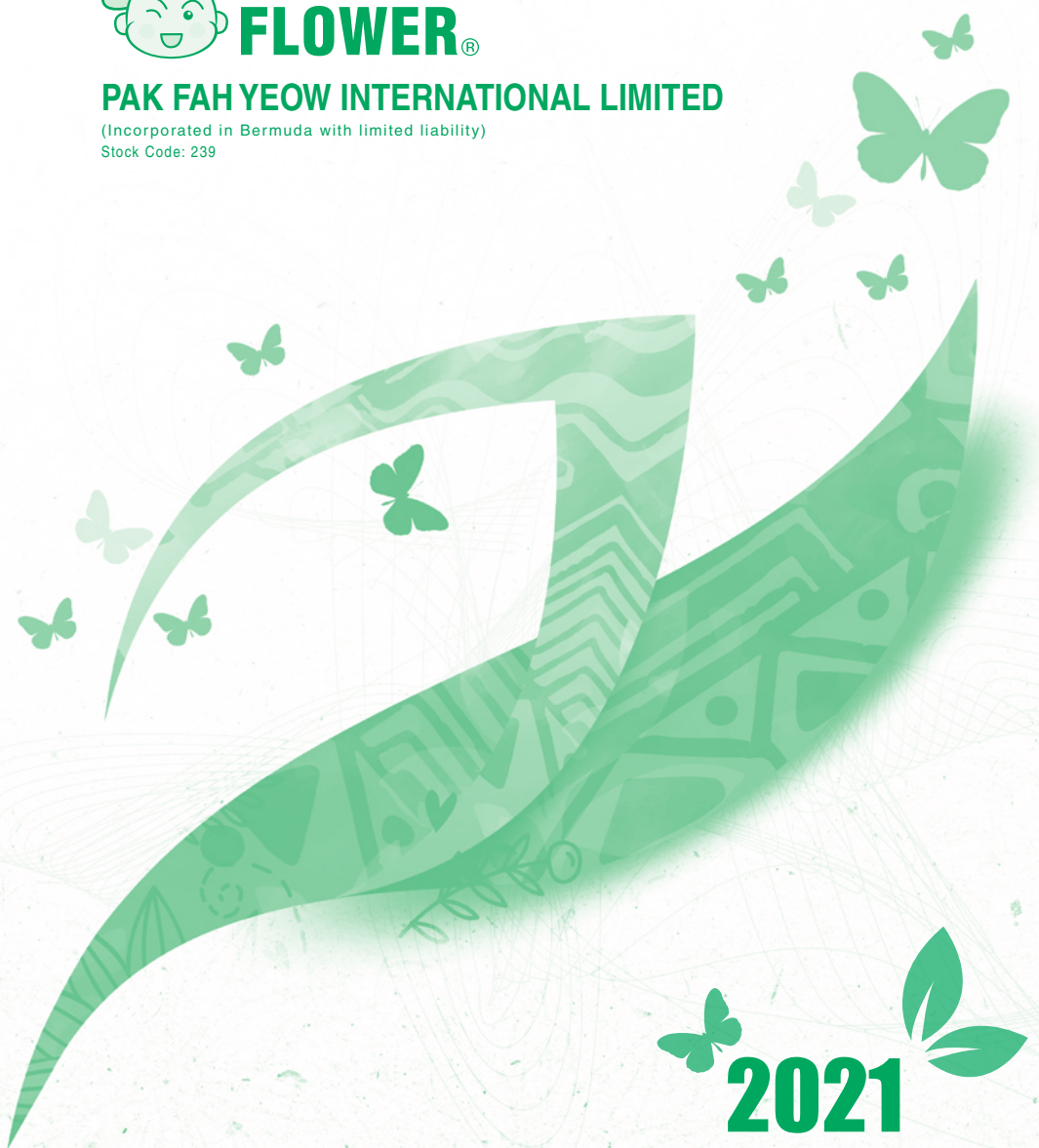




**WHITE  
FLOWER®**

**PAK FAHYEOW INTERNATIONAL LIMITED**

(Incorporated in Bermuda with limited liability)  
Stock Code: 239



**2021**  
INTERIM REPORT



# CONTENTS

	Page
Corporate Information	2
Highlights	3
Management Discussion and Analysis	5
Independent Auditor's Report on Review of Condensed Interim Financial Information	14
Condensed Consolidated Statement of Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	20
Condensed Consolidated Statement of Cash Flows	21
Notes to the Condensed Interim Financial Information	22
Disclosure of Interests and Other Information	38

## CORPORATE INFORMATION

### DIRECTORS

Executive Directors

Gan Wee Sean (*Chairman and  
Chief Executive Officer*) (R)

Gan Fock Wai, Stephen (R)

Gan Cheng Hooi, Gavin

Non-executive Director

Gan Fook Yin, Anita

Independent Non-executive Directors

Leung Man Chiu, Lawrence

(*chairing A, chairing R and chairing N*)

Wong Ying Kay, Ada (A, R and N)

Ip Tin Chee, Arnold (A, R and N)

### COMPANY SECRETARY

Lo Tai On

### REGISTERED OFFICE

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Hamilton HM 11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

### AUDITOR

Mazars CPA Limited

42nd Floor, Central Plaza

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Wanchai

Hong Kong

### SOLICITOR

Woo, Kwan, Lee & Lo

26th Floor, Jardine House

1 Connaught Place

Central

Hong Kong

### PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda)  
Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### HONG KONG SHARE REGISTRAR

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Wanchai,

Hong Kong

### STOCK CODE

239

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(A) Audit Committee member

(R) Remuneration Committee member

(N) Nomination Committee member

## HIGHLIGHTS

- Revenue up 26.7% year-on-year.
- Underlying recurring profit, the performance indicator of the Group, was recorded in 2021 as compared to a loss in 2020.
- Reported profit, arising from a reduction of unrealised fair value loss on investment properties as compared to prior year, was recorded in 2021.
- Recent signs of recovery improve business outlook and overall sentiment for the second half of the year.

## Results Summary

	Notes	Six months ended 30 June		
		2021 HK\$'000	2020 HK\$'000	Change
Revenue	1	56,606	44,694	+26.7%
Reported profit (loss)	2	10,282	(47,210)	n/m
Underlying recurring profit (loss)	3	12,496	(600)	n/m
		<i>HK cents</i>	<i>HK cents</i>	
Earnings (Loss) per share:	4			
Reported profit (loss)		3.3	(15.1)	n/m
Underlying recurring profit (loss)		4.0	(0.2)	n/m
Total dividends per share	4	2.8	2.6	+7.7%
		<b>At 30 June 2021 HK\$'000</b>	<b>At 31 December 2020 HK\$'000</b>	
Shareholders' funds	5	687,629	673,192	+2.1%
		<i>HK\$</i>	<i>HK\$</i>	
Net asset value per share	6	2.2	2.2	0%

n/m: not meaningful

- Notes:*
1. Revenue represents revenue derived from the three business segments, namely healthcare (“Healthcare”), property investments (“Property Investments”) and treasury investments (“Treasury Investments”).
  2. Reported profit (loss) (“Reported Profit (Loss)”) is the profit or loss attributable to owners of the Company, which is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
  3. Underlying recurring profit (loss) (“Underlying Recurring Profit (Loss)”) reflects the Group’s performance of the three business segments and is arrived at by excluding from Reported Profit (Loss) the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties.
  4. The basic and diluted earnings (loss) per share and the total dividends per share are calculated using the ordinary shares in issue during the period.
  5. Shareholders’ funds are the equity attributable to owners of the Company, which is equivalent to the total equity as presented in the Company’s consolidated statement of financial position.
  6. Net asset value per share represents shareholders’ funds divided by the number of ordinary shares of the Company in issue as at the balance sheet date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Results Overview

During the first half of 2021, global economy was still clouded by uncertainty due to extended impact of COVID-19 pandemic despite recent improvement in economic indicators. Hong Kong economy saw a modest recovery in retail sector as well as improved data in consumption and investment. The Group remained focused on core business development. Timely and prudent cost management of production, advertising and promotion improved profit margin further during this period of uncertainty.

The Group recorded total revenue of HK\$56,606,000 for the six months ended 30 June 2021, an increase of 26.7% from HK\$44,694,000 for the same corresponding period in 2020. Revenue of each business segment is as follows:

	Six months ended 30 June		
	2021 HK\$'000	2020 HK\$'000	Change %
Healthcare	53,399	40,674	+31.3
Property Investments	3,180	3,795	-16.2
Treasury Investments	27	225	-88.0
	<b>56,606</b>	<b>44,694</b>	<b>+26.7</b>

Underlying Recurring Profit (Loss), which excludes from Reported Profit (Loss) the unrealised fair value changes of financial assets and of investment properties, was a profit of HK\$12,496,000 as compared to a loss of HK\$600,000 in the same period last year. This mainly reflected improved performance of Healthcare segment. Earnings per share of Underlying Recurring Profit (Loss) was HK4.0 cents as compared to loss per share of HK0.2 cent for 2020.

Reported Profit (Loss) for the six months ended 30 June 2021 improved to a profit of HK\$10,282,000 (2020: loss of HK\$47,210,000), primarily due to a reduction of unrealised fair value loss on the Group's investment properties. Earnings per share of Reported Profit (Loss) was HK3.3 cents as compared to loss per share of HK15.1 cents for 2020.

Below is the reconciliation between Underlying Recurring Profit (Loss) and Reported Profit (Loss):

	Six months ended 30 June		Change %
	2021 HK\$'000	2020 HK\$'000	
<b>Underlying Recurring Profit (Loss)</b>	12,496	(600)	n/m
Unrealised fair value changes of:			
Financial assets	1,244	(2,129)	
Investment properties:			
United Kingdom	(10,758)	(23,481)	
Hong Kong and Singapore	7,300	(21,000)	
<b>Reported Profit (Loss)</b>	<b>10,282</b>	<b>(47,210)</b>	n/m

n/m: not meaningful

The revaluation of other properties, which is accounted for as other comprehensive income (loss), has resulted in a net revaluation gain for the period of HK\$14,732,000 (2020: loss of HK\$18,835,000).

Total comprehensive income attributable to owners for the six months ended 30 June 2021 was approximately HK\$26,279,000 (2020: loss of HK\$73,176,000).

## OPERATIONS REVIEW

### Healthcare

Revenue from Healthcare segment increased by 31.3% to HK\$53,399,000 (2020: HK\$40,674,000). Revenue of each geographical segment is as follows:

	Six months ended 30 June		
	2021 HK\$'000	2020 HK\$'000	Change %
Hong Kong	18,517	8,015	+131.0
Macau	7,091	3,431	+106.7
Mainland China	12,941	16,063	-19.4
Southeast Asia	12,222	10,746	+13.7
North America	2,325	1,590	+46.2
Others	303	829	-63.4
<b>Segment revenue</b>	<b>53,399</b>	<b>40,674</b>	<b>+31.3</b>
<b>Segment profit</b>	<b>21,276</b>	<b>5,626</b>	<b>+278.2</b>

Hong Kong and Macau markets continued to stabilise in the first half of 2021 and sales grew significantly by 123.7% after a turbulent year caused by low consumer confidence, border closures and uncertainty brought on by the COVID-19 pandemic.

Sales performance in Mainland China on the other hand decreased by 19.4% year-on-year. The Mainland China distributor had maintained a healthy but not excessive stock level for the second half of 2021.

Overall sales turnover in South East Asia continued to see improvement with year-on-year sales increase mainly attributable to the sales growth in the Philippines driven by the use of brand building and above-the-line marketing strategies as well as in-store sampling and activation activities. However, the Group continued to face strong headwinds due to worsening pandemic situation and nationwide lockdowns in Thailand, Indonesia and Malaysia.

The US market showed continued improvement year-on-year despite the challenging environment. The US distributor continued the momentum to strengthen the sales channel and drive sales into new retail accounts within different Asian communities as well as continued their advertising and sales efforts through online platforms.



### Property Investments

Revenue for this segment decreased by 16.2% to HK\$3,180,000 (2020: HK\$3,795,000). This change mainly represents decreased rental income derived in the United Kingdom as a result of renegotiation of new lease or vacant of some retail shop tenants who were unable to trade profitably and went into administrations or terminated on dissolution. Revenue of each geographical segment is as follows:

	Six months ended 30 June		Change %
	2021 HK\$'000	2020 HK\$'000	
Hong Kong – office and residential	1,737	1,682	+3.3
Singapore – industrial	113	111	+1.8
United Kingdom – retail/residential	1,330	2,002	-33.6
<b>Segment revenue</b>	<b>3,180</b>	<b>3,795</b>	<b>-16.2</b>
<b>Segment result – loss</b>	<b>(1,005)</b>	<b>(41,329)</b>	<b>-97.6</b>

For the six months ended 30 June 2021, segment revenue of about 54.6%, 3.6% and 41.8% (2020: 44.3%, 2.9% and 52.8%) were derived from investment properties in Hong Kong, Singapore and the United Kingdom respectively, and their occupancy rates were 100%, 100% and 68.8% (2020: 94.5%, 100% and 100%) respectively.

Underlying Recurring Segment Result, which excludes from the segment result the unrealised fair value changes of financial assets and of investment properties, was a profit of HK\$2,453,000, down 22.2% from HK\$3,152,000 in 2020. Property expenses ratio as a percentage of segment revenue increased to 22.9% (2020: 16.9%) for the period. Both Underlying Recurring Segment Result and the property expenses ratio for 2021 reflected higher proportional property expenses due to low occupancy rate and lower rental income.

Segment result for the six months ended 30 June 2021 improved to a loss of HK\$1,005,000 (2020: loss of HK\$41,329,000), principally reflecting a reduction of unrealised fair value loss of investment properties as compared to the same period last year.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	Six months ended 30 June		Change %
	2021 HK\$'000	2020 HK\$'000	
<b>Underlying Recurring Segment Result</b>	2,453	3,152	-22.2
Unrealised fair value changes of investment properties:			
United Kingdom	(10,758)	(23,481)	
Hong Kong and Singapore	7,300	(21,000)	
<b>Segment result – loss</b>	<b>(1,005)</b>	<b>(41,329)</b>	-97.6

### Treasury Investments

Other than placing deposits in renowned banks, the Group also invested in equity and debt securities, mutual funds and dual currency investments for higher yields.

Revenue (mainly interest income) derived from this segment decreased by 88.0% to HK\$27,000 (2020: HK\$225,000). Underlying Recurring Segment Result decreased to a loss of HK\$385,000 (2020: profit of HK\$55,000). Such decrease reflected decreased interest income as lower bank deposit balances and lower interest rate as well as weak performance on foreign currency transactions during the period.

The segment result improved to a profit of HK\$859,000 (2020: loss of HK\$2,074,000), mainly attributable to, amongst others as mentioned above, unrealised fair value gain on listed investments.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	Six months ended 30 June		Change %
	2021 HK\$'000	2020 HK\$'000	
<b>Underlying Recurring Segment Result</b>	(385)	55	n/m
Unrealised fair value changes of financial assets	1,244	(2,129)	
<b>Segment result – profit (loss)</b>	<b>859</b>	<b>(2,074)</b>	n/m

n/m: not meaningful

## FINANCIAL REVIEW

The results overview and operations review in preceding sections also cover financial review of the Group's three business segments. This section discusses other significant financial items.

### Staff Costs

Staff costs are categorised into production (production-related payroll costs) and administration (other payroll costs, including management and head office staff), which increased by 9.2% from HK\$15,582,000 to HK\$17,013,000. This mainly reflected long service payments made to some staff upon retirement, and increased provision for management bonus as a result of improved financial performance as compared to the same period last year.

### Other Operating Expenses

Other operating expenses decreased by 38.4% to HK\$8,762,000 (2020: HK\$14,213,000), mainly attributable to overall decrease in sales and marketing expenses for the period due to the then market condition. Other operating expenses ratio as a percentage of total revenue decreased to 15.5% (2020: 31.8%) for the period. This reflected lower proportional expenses due to improvement in total revenue as well as cost control over sales and marketing activities during the period.

### Finance Costs

Finance costs decreased by 9.6% to HK\$424,000 (2020: HK\$469,000), mainly due to lower bank loan balance after mortgage loan being partly repaid for the United Kingdom investment properties. Interest coverage ratio (profit from operations before interest and taxes and before unrealised fair value changes of financial assets and of investment properties divided by finance costs) increased to 38.9 (2020: 3.1) for the period. Such increase reflected an improved financial performance in 2021.

### Taxation

Increase in taxation from HK\$1,596,000 to HK\$3,583,000 was principally due to increase in taxable operating profits of subsidiaries in Hong Kong and underprovision of deferred tax liability in previous years for the temporary difference of tax allowance.

### Investment Properties

The Group's investment properties in Hong Kong and the United Kingdom were valued at 30 June 2021 by an independent professional valuer on a fair value basis. No revaluation was made for the Group's investment properties in Singapore as its fair value change was considered insignificant for the period. The valuation as at 30 June 2021 was HK\$283,827,000, a decline of 0.5% from HK\$285,123,000 as at 31 December 2020. Such decrease reflected uncertainty remained over retail sector in the United Kingdom amid the COVID-19 spread and an improved market sentiment of office and residential sectors in Hong Kong since the beginning of the year. The valuation of the Group's investment properties in each geographical segment as at the balance sheet date is as follows.

	As at 30 June 2021		As at 31 December 2020		Change in HK\$ %
	Original currency		Original currency		
	'000	HK\$'000	'000	HK\$'000	
Hong Kong – office and residential	HK\$156,300	156,300	HK\$149,000	149,000	+4.9
Singapore – industrial	S\$1,950	11,427	S\$1,950	11,427	-
United Kingdom – retail/residential	GBP10,800	116,100	GBP11,800	124,696	-6.9
		<u>283,827</u>		<u>285,123</u>	-0.5

Unrealised fair value loss on investment properties of HK\$3,458,000 (2020: HK\$44,481,000) was recognised for the period.

## FINANCIAL RESOURCES AND TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. Gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 30 June 2021 was 2.5% (*31 December 2020: 2.7%*). Total bank borrowings of the Group amounted to HK\$17,361,000 (*31 December 2020: HK\$17,859,000*), mainly denominated in Pound Sterling with floating interest rates.

Current ratio (current assets divided by current liabilities) was 4.3 times as at 30 June 2021 (*31 December 2020: 5.8 times*). The Group holds sufficient cash and marketable securities on hand to meet its short-term liabilities, commitments and working capital demand.

## EXCHANGE RATE EXPOSURES

Most of the Group's business transactions were conducted in Hong Kong Dollars and United States Dollars. Certain rental income is derived in the United Kingdom and denominated in Pound Sterling. As at 30 June 2021, the Group's debt borrowing was mainly denominated in Pound Sterling. The Group also had equity and debt securities and dual currency investments denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States Dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States Dollars whose exchange rate with Hong Kong Dollars remained relatively stable during the period, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 30 June 2021 were approximately HK\$43.3 million (*31 December 2020: HK\$39.0 million*) in total, or about 5.20% (*31 December 2020: 4.9%*) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debt borrowings) of approximately HK\$98.8 million (*31 December 2020: HK\$107.1 million*) relating to carrying amount of the investment properties in the United Kingdom.

## PLEDGE OF ASSETS

As at 30 June 2021, the Group's investment properties with an aggregate carrying value of approximately HK\$116.1 million (*31 December 2020: HK\$124.7 million*) were pledged to secure banking facilities granted to the Group to the extent of approximately HK\$64.5 million (*31 December 2020: HK\$65.0 million*), of which approximately HK\$17.4 million (*31 December 2020: HK\$17.9 million*) were utilised as at 30 June 2021.

## CONTINGENT LIABILITIES

As at 30 June 2021, no legal proceedings were initiated by any third parties against the Group as defendant, nor were there any outstanding claims which may result in significant financial losses to the Group.

## PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE

The Group has no plan for significant investment or acquisition of material capital assets.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 94 (31 December 2020: 92) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees.

## OUTLOOK

The development and effect of COVID-19 continues to be uncertain, but mass vaccination programme for majority of communities, together with precautionary measures taken by governments, would gradually improve business outlook. Major economies in the world have shown recovery and should further improve the overall sentiment. The Group remains confident of its capability to navigate any challenges ahead.

By Order of the Board  
**Pak Fah Yeow International Limited**  
**Gan Wee Sean**  
*Chairman*

Hong Kong, 26 August 2021

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

# mazars

Mazars CPA Limited  
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Website 網站: www.mazars.hk

To the board of directors

**Pak Fah Yeow International Limited**

*(incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the condensed interim financial information of Pak Fah Yeow International Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 16 to 37, which comprises the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this condensed interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this condensed interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information as at 30 June 2021 is not prepared, in all material respects, in accordance with HKAS 34.

**Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong, 26 August 2021



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021	2020
		(unaudited) HK\$'000	(unaudited) HK\$'000
<b>Revenue</b>	3	<b>56,606</b>	44,694
Other revenue	4	166	75
Other net income	5	175	942
Changes in inventories of finished goods		3,024	6,047
Raw materials and consumables used		(13,698)	(15,185)
Staff costs		(17,013)	(15,582)
Depreciation expenses		(3,617)	(3,998)
Net exchange loss		(378)	(1,315)
Other operating expenses		(8,762)	(14,213)
<b>Profit from operations before fair value changes of financial assets through profit or loss and of investment properties</b>		<b>16,503</b>	1,465
Net gain (loss) on changes in fair value of financial assets at fair value through profit or loss		1,244	(2,129)
Revaluation deficit in respect of investment properties		(3,458)	(44,481)
<b>Profit (Loss) from operations</b>		<b>14,289</b>	(45,145)
Finance costs	6	(424)	(469)
<b>Profit (Loss) before taxation</b>	6	<b>13,865</b>	(45,614)
Taxation	7	(3,583)	(1,596)
<b>Profit (Loss) for the period, attributable to owners of the Company</b>		<b>10,282</b>	(47,210)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Six months ended 30 June 2021

		Six months ended 30 June	
		2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Notes			
	<b>Other comprehensive income (loss)</b>		
	<i>Items that may be reclassified subsequently to profit or loss:</i>		
	Exchange difference arising from translation of financial statements of overseas subsidiaries	1,364	(9,596)
	Exchange difference arising from translation of inter-company balances with overseas subsidiaries representing net investments	(99)	2,465
	<i>Item that will not be reclassified to profit or loss:</i>		
	Revaluation surplus (deficit) of leasehold land and buildings, net of tax effect of HK\$2,911,000 (2020: HK\$3,721,000)	14,732	(18,835)
	<b>Other comprehensive income (loss) for the period, net of tax, attributable to owners of the Company</b>	<b>15,997</b>	<b>(25,966)</b>
	<b>Total comprehensive income (loss) for the period, attributable to owners of the Company</b>	<b>26,279</b>	<b>(73,176)</b>
	<b>Earnings (Loss) per share</b>		
	Basic and diluted	<b>3.3 cents</b>	<b>(15.1) cents</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties	10	283,827	285,123
Property, plant and equipment	10	337,767	323,111
Intangible assets		2,450	2,450
Financial assets at fair value through profit or loss	12	5,543	5,588
Deferred tax assets		1,057	1,021
		<b>630,644</b>	617,293
<b>Current assets</b>			
Inventories		24,202	18,417
Trade and other receivables	11	10,963	25,515
Financial assets at fair value through profit or loss	12	14,164	14,177
Tax recoverable		401	2,691
Bank balances and cash		153,321	117,303
		<b>203,051</b>	178,103
<b>Current liabilities</b>			
Bank borrowings, secured	13	17,361	17,859
Current portion of deferred income		263	258
Trade and other payables	14	15,515	10,637
Tax payables		2,021	1,220
Dividends payable		12,585	761
		<b>47,745</b>	30,735
<b>Net current assets</b>		<b>155,306</b>	147,368
<b>Total assets less current liabilities</b>		<b>785,950</b>	764,661

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2021

	<i>Notes</i>	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
<b>Non-current liabilities</b>			
Long-term portion of consideration payable for acquisition of trademarks		2,073	2,073
Long-term portion of deferred income		39,114	35,892
Provision for directors' retirement benefits		6,407	6,188
Deferred tax liabilities		50,727	47,316
		<b>98,321</b>	<b>91,469</b>
<b>NET ASSETS</b>		<b>687,629</b>	<b>673,192</b>
<b>Capital and reserves</b>			
Share capital	15	15,582	15,582
Share premium and reserves		672,047	657,610
<b>TOTAL EQUITY</b>		<b>687,629</b>	<b>673,192</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2021

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Proposed dividends HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	
At 1 January 2020	15,582	21,997	265,811	(33,766)	11,842	478,651	744,535	760,117
Loss for the period	-	-	-	-	-	(47,210)	(47,210)	(47,210)
Other comprehensive loss	-	-	(18,835)	(7,131)	-	-	(25,966)	(25,966)
Total comprehensive loss attributable to owners of the Company	-	-	(18,835)	(7,131)	-	(47,210)	(73,176)	(73,176)
Transactions with owners:								
<i>Distributions to owners</i>								
Interim dividends declared (note 8)	-	-	-	-	8,103	(8,103)	-	-
2019 final dividend transferred to dividend payable	-	-	-	-	(11,842)	-	(11,842)	(11,842)
Total transactions with owners	-	-	-	-	(3,739)	(8,103)	(11,842)	(11,842)
At 30 June 2020	15,582	21,997	246,976	(40,897)	8,103	423,338	659,517	675,099
At 1 January 2021	15,582	21,997	229,162	(30,649)	11,842	425,258	657,610	673,192
Profit for the period	-	-	-	-	-	10,282	10,282	10,282
Other comprehensive income	-	-	14,732	1,265	-	-	15,997	15,997
Total comprehensive income attributable to owners of the Company	-	-	14,732	1,265	-	10,282	26,279	26,279
Transfer	-	-	(2,120)	-	-	2,120	-	-
Transactions with owners:								
<i>Distributions to owners</i>								
Interim dividends declared (note 8)	-	-	-	-	8,726	(8,726)	-	-
2020 final dividend transferred to dividend payable	-	-	-	-	(11,842)	-	(11,842)	(11,842)
Total transactions with owners	-	-	-	-	(3,116)	(8,726)	(11,842)	(11,842)
At 30 June 2021	15,582	21,997	241,774	(29,384)	8,726	428,934	672,047	687,629

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2021

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>	2020 <b>(unaudited)</b> <b>HK\$'000</b>
<b>OPERATING ACTIVITIES</b>		
Cash generated from (used in) operations	37,656	(13,119)
Interest received	27	225
Interest paid	(144)	(189)
Income taxes (paid) refunded	(28)	2,149
<b>Net cash generated from (used in) operating activities</b>	<b>37,511</b>	<b>(10,934)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(736)	(621)
Sales proceed from disposal of property, plant and equipment	211	-
<b>Net cash used in investing activities</b>	<b>(525)</b>	<b>(621)</b>
<b>FINANCING ACTIVITIES</b>		
Payments of consideration payable for acquisition of trademark	(280)	(280)
Net movement in bank borrowings, secured	(806)	(1,439)
Dividends paid	(18)	(6,567)
<b>Net cash used in financing activities</b>	<b>(1,104)</b>	<b>(8,286)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>35,882</b>	<b>(19,841)</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>117,303</b>	<b>137,969</b>
Effect of foreign exchange rate changes	136	(1,406)
<b>Cash and cash equivalents at end of reporting period</b>	<b>153,321</b>	<b>116,722</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at bank and in hand	122,046	83,893
Time deposits	31,275	32,829
	<b>153,321</b>	<b>116,722</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2021

### 1. BASIS OF PREPARATION

The unaudited condensed interim financial information of Pak Fah Yeow International Limited (the “Company”) and its subsidiaries (together the “Group”) for the six months ended 30 June 2021 (the “Interim Financial Information”) has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read, where relevant, in conjunction with the Group’s annual financial statements for the year ended 31 December 2020 (“2020 Annual Accounts”).

The Interim Financial Information is unaudited, but has been reviewed by the Company’s Audit Committee.

### 2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information has been prepared under the historical cost convention except for investment properties, leasehold land and buildings and financial assets at fair value through profit or loss, which are measured at fair value.

The Group has adopted the following new / revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group and effective for the current period:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these amendments to HKFRSs does not have any significant impacts on the condensed consolidated interim financial statements of the Group.

The Group has not early adopted any new / revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. The directors are in the process of assessing the possible impact on the future adoption of these new / revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group’s results and financial position.

### 3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions and resources allocation. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group is currently organised into three operating businesses as follows:

- (a) Healthcare – manufacturing and sale of Hoe Hin products
- (b) Property investments
- (c) Treasury investments

Each of the Group's operating segments represents a strategic business unit subject to risks and returns that are different from those of the other operating segments.

For the purposes of assessing the performance of the operating segments between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors' emoluments, office staff salaries, legal and professional fees and central administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than deferred tax assets, tax recoverable and other corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, provision for directors' retirement benefits, tax payable, dividends payable and other corporate liabilities.



### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Business segments

	Six months ended 30 June 2021			
	Healthcare	Property	Treasury	Consolidated
	(unaudited)	investments	investments	
HK\$'000	(unaudited)	(unaudited)	(unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	53,399	3,180	27	56,606
Segment results	21,276	(1,005)	859	21,130
Unallocated corporate expenses				(6,841)
Profit from operations				14,289
Finance costs				(424)
Profit before taxation				13,865
Taxation				(3,583)
Profit for the period				10,282

	Six months ended 30 June 2020			
	Healthcare	Property	Treasury	Consolidated
	(unaudited)	investments	investments	
HK\$'000	(unaudited)	(unaudited)	(unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	40,674	3,795	225	44,694
Segment results	5,626	(41,329)	(2,074)	(37,777)
Unallocated corporate expenses				(7,368)
Loss from operations				(45,145)
Finance costs				(469)
Loss before taxation				(45,614)
Taxation				(1,596)
Loss for the period				(47,210)

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments as at 30 June 2021 and 31 December 2020:

	At 30 June 2021			
	Healthcare	Property	Treasury	Consolidated
	(unaudited)	investments	investments	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>				
Segment assets	471,912	285,341	74,194	831,447
Unallocated corporate assets				2,248
Consolidated total assets				<b>833,695</b>
<b>Liabilities</b>				
Segment liabilities	15,811	57,781	-	73,592
Unallocated corporate liabilities				72,474
Consolidated total liabilities				<b>146,066</b>
	At 31 December 2020			
	Healthcare	Property	Treasury	Consolidated
	(audited)	investments	investments	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>				
Segment assets	435,144	285,777	70,279	791,200
Unallocated corporate assets				4,196
Consolidated total assets				<b>795,396</b>
<b>Liabilities</b>				
Segment liabilities	11,172	55,428	-	66,600
Unallocated corporate liabilities				55,604
Consolidated total liabilities				<b>122,204</b>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Geographical information

	Revenue from external customers		Results from operations	
	Six months ended 30 June		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Hong Kong	20,282	9,879	15,355	(23,471)
Macau	7,091	3,431	4,812	2,282
PRC	12,941	16,063	1,791	(270)
Southeast Asia	12,334	10,873	6,379	4,754
North America	2,324	1,590	1,009	87
United Kingdom	1,330	2,030	(9,649)	(21,529)
Europe (excluding United Kingdom)	-	-	1,193	(619)
Other regions	304	828	240	475
Unallocated corporate expenses	-	-	(6,841)	(6,854)
	<b>56,606</b>	<b>44,694</b>	<b>14,289</b>	<b>(45,145)</b>

### 4. OTHER REVENUE

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Listed investments:		
Dividend income from financial assets at fair value through profit or loss	101	78
Gain (Loss) on disposal of financial assets at fair value through profit or loss	65	(3)
	<b>166</b>	<b>75</b>

## 5. OTHER NET INCOME

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Commission received	16	13
Gain on disposal of property, plant and equipment	105	-
Sundry income	54	929
	<b>175</b>	<b>942</b>

## 6. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
This is stated after charging:		
(a) <b>Finance costs</b>		
Interest on bank borrowings	144	189
Interest on consideration payable for acquisition of trademarks	280	280
	<b>424</b>	<b>469</b>
(b) <b>Other items</b>		
Cost of inventories	21,298	19,049

## 7. TAXATION

Under the two-tiered profits tax rates regime introduced in 2018, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25% and profits above HK\$2 million are taxed at 16.5%. The profits of other group entities in Hong Kong continue to be taxed at a flat rate of 16.5%.

Overseas taxation has been provided on the estimated assessable profits for the period, in respect of the Group's overseas operations, at the rates of taxation prevailing in the relevant jurisdictions.

The charge comprises:

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax		
– Current period	2,890	560
– Underprovision in prior year	–	1,280
Overseas tax	229	409
	<b>3,119</b>	<b>2,249</b>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	464	(653)
	<b>3,583</b>	<b>1,596</b>

## 8. DIVIDENDS

### Dividends attributable to the previous financial year, approved and paid during the period

At the board meeting held on 30 March 2021, the directors proposed a final dividend of HK3.8 cents per share totalling HK\$11,842,000 for the year ended 31 December 2020 (*year ended 31 December 2019: HK3.8 cents per share totalling HK\$11,842,000*). Upon the approval by shareholders on 11 June 2021, the appropriation was transferred to dividends payable.

**8. DIVIDENDS (CONTINUED)****Dividends attributable to the period**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK2.8 cents per share (2020: Interim dividend of HK2.6 cents)	<b>8,726</b>	8,103

On 26 August 2021, the directors declared an interim dividend of HK2.8 cents per share totalling HK\$8,726,000 (2020: HK2.6 cents per share totalling HK\$8,103,000 declared on 27 August 2020), which will be payable to the shareholders on the register of members of the Company on 8 October 2021.

**9. EARNINGS (LOSS) PER SHARE**

The calculation of the basic and diluted earnings (2020: loss) per share is based on the earnings attributable to owners of the Company for the period of HK\$10,282,000 (2020: loss of HK\$47,210,000) and the weighted average number of 311,640,000 (2020: 311,640,000) ordinary shares in issue during the period.

Diluted earnings (loss) per share equals to basic earnings (loss) per share as there were no potential dilutive ordinary shares outstanding during the two periods ended 30 June 2020 and 2021.

**10. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT**

The Group's investment properties situated in Hong Kong and leasehold land and buildings situated in Hong Kong were stated at fair value as at 30 June 2021 as estimated by the directors with reference to the valuation provided by an independent professional valuer. The Group recorded a net surplus on revaluation of the investment properties situated in Hong Kong of HK\$7,300,000 (six months ended 30 June 2020: deficit of HK\$21,000,000) during the period, which was recognised in profit or loss. In addition, the Group recorded a surplus on revaluation of the leasehold land and buildings situated in Hong Kong of HK\$17,643,000 (six months ended 30 June 2020: deficit of HK\$22,556,000) during the period, which was recognised in Other Comprehensive Income and accounted for as a movement in the properties revaluation reserve.

## 10. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In addition, the Group's investment properties situated in London, the United Kingdom were also stated at fair value as at 30 June 2021 as estimated by the directors with reference to the valuation provided by an independent professional valuer. The Group recorded a net deficit on revaluation of the investment properties situated in United Kingdom of HK\$10,758,000 (*six months ended 30 June 2020: HK\$23,481,000*) during the period, which was recognised in profit or loss. During the period, the Group also recorded a surplus on exchange realignment of HK\$2,162,000 (*six months ended 30 June 2020: deficit of HK\$9,408,000*) on the investment properties situated in the United Kingdom which was recognised as part of the exchange difference arising from translation of financial statements of overseas subsidiaries in the exchange reserve.

In the opinion of the directors, the change in fair value of the Group's investment properties situated in Singapore for the period was not material to the results of the Group.

During the period, the Group acquired a motor vehicle of HK\$736,000 (*six months ended 30 June 2020: HK\$621,000*).

## 11. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Trade receivables	262	1,327
Bills receivable	7,299	20,658
Other receivables		
Deposits, prepayments and other debtors	3,402	3,530
	<b>10,963</b>	<b>25,515</b>

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group allows credit period ranging from 30 days to 120 days (2020: 30 days to 120 days) to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Within 30 days	262	10
31 – 60 days	-	1,317
	<b>262</b>	<b>1,327</b>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's major investments as at 30 June 2021 are detailed below:

As at 30 June 2021					
	Stock code	Fair/Market value HK\$'000	Approximate percentage of the Group's investment portfolio %	Approximate percentage of the Group's net assets %	Fair value gain for the six months ended 30 June 2021 (unaudited) HK\$'000
Equity securities, listed in Hong Kong					
Tencent	0700.HK	1,168	5.9	0.2	40
Equity securities, listed overseas					
Pfizer Inc.	PFE.NYSE	1,934	9.8	0.3	116
SANOFI ACT	SAN.EPA	1,208	6.1	0.2	131
Mutual funds, unlisted					
KBC Eco Fund SICAV-Water capitalisation	N/A	4,955	25.1	0.7	773
Multipartner SICAV-RobecoSAM Sustainable Water Fund B - capitalisation	N/A	2,180	11.1	0.3	356
Debt securities, unlisted					
Aberdeen Marina Club Limited	N/A	2,785	14.1	0.4	-
Shenzhen Xili Golf Club	N/A	1,842	9.3	0.3	-



## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The Group's major investments as at 31 December 2020 are detailed below:

As at 31 December 2020					
Stock code	Fair/Market value HK\$'000	Approximate percentage of the Group's investment portfolio %	Approximate percentage of the Group's net assets %	Fair value gain (loss) for the year ended 31 December 2020 (audited) HK\$'000	
Equity securities, listed in Hong Kong					
Tencent	0700.HK	1,128	5.7	0.2	370
Equity securities, listed overseas					
Pfizer Inc.	PFE.NYSE	1,818	9.2	0.3	117
PHILIPS ELECT	AMS.PHIA	1,156	5.9	0.2	32
SANOFI ACT	SAN.EPA	1,110	5.6	0.2	(150)
Mutual funds, unlisted					
KBC Eco Fund SICAV-Water capitalisation	N/A	4,317	21.8	0.6	242
Multipartner SICAV-RobecoSAM Sustainable Water Fund B-capitalisation	N/A	1,881	9.5	0.3	200
Debt securities, unlisted					
Aberdeen Marina Club Limited	N/A	2,785	14.1	0.4	-
Shenzhen Xili Golf Club	N/A	1,842	9.3	0.3	-

**13. BANK BORROWINGS, SECURED**

The analysis of the carrying amount of bank borrowings is as follows:

	<b>At 30 June 2021 (unaudited) HK\$'000</b>	<b>At 31 December 2020 (audited) HK\$'000</b>
Bank borrowings due for repayment within one year	<b>17,361</b>	17,859

The revolving loan of HK\$17,361,000 (31 December 2020: HK\$17,859,000) bears interest at the bank's cost of fund (i.e. LIBOR) plus 1.5% per annum and is repayable one month after drawdown. The loan is secured by pledging the Group's investment properties with details disclosed in Note 16 together with the assignment of rental monies derived from the investment properties.

**14. TRADE AND OTHER PAYABLES**

	<b>At 30 June 2021 (unaudited) HK\$'000</b>	<b>At 31 December 2020 (audited) HK\$'000</b>
<b>Trade payables</b>	<b>6,254</b>	1,821
<b>Other payables</b>		
Accrued charges and other creditors	<b>2,928</b>	2,920
Accrued advertising and promotion expenses	<b>4,218</b>	3,842
Accrued rebates and discounts	<b>2,115</b>	2,054
	<b>9,261</b>	8,816
	<b>15,515</b>	10,637

**14. TRADE AND OTHER PAYABLES (CONTINUED)**

The ageing analysis of trade payables by invoice date is as follows:

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Within 30 days	4,493	1,717
31 – 60 days	1,577	87
61 – 90 days	167	–
More than 90 days	17	17
	<b>6,254</b>	<b>1,821</b>

**15. SHARE CAPITAL**

	At 30 June 2021 (unaudited)		At 31 December 2020 (audited)	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Authorised:				
At beginning and end of the reporting period				
Ordinary share of HK\$0.05 each	<b>600,000,000</b>	<b>30,000</b>	600,000,000	30,000
Issued and fully paid:				
At beginning and end of the reporting period	<b>311,640,000</b>	<b>15,582</b>	311,640,000	15,582

**16. PLEDGE OF ASSETS**

The Group's investment properties with an aggregate carrying value of HK\$116,100,000 (31 December 2020: HK\$124,697,000) were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$64,538,000 (31 December 2020: HK\$65,029,000), of which HK\$17,361,000 (31 December 2020: HK\$17,859,000) were utilised at the end of the reporting period.

## 17. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in this Interim Financial Information, during the period, the Group had the following transactions with related parties.

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>
Compensation paid to key management personnel, including directors:		
– Salaries and other benefits	<b>6,716</b>	7,004
– Contributions to defined contribution plan	<b>36</b>	<b>38</b>
	<b>6,752</b>	<b>7,042</b>

## 18. FAIR VALUE DISCLOSURES

The following presents the assets measured at fair value or that have a requirement to disclose their fair value in this Interim Financial Information on a recurring basis at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

## 18. FAIR VALUE DISCLOSURES (CONTINUED)

## Financial assets measured at fair value

	30 June 2021 (unaudited) HK\$'000	Level 1 (unaudited) HK\$'000	Level 2 (unaudited) HK\$'000	Level 3 (unaudited) HK\$'000
Financial assets at fair value through profit or loss				
Equity securities, listed in Hong Kong	3,304	3,304	-	-
Equity securities, listed overseas	3,226	3,226	-	-
Mutual funds, unlisted	7,634	-	7,634	-
Debt securities, unlisted	4,823	4,823	-	-
Private equity fund, unlisted	720	-	-	720
	<b>19,707</b>	<b>11,353</b>	<b>7,634</b>	<b>720</b>

	31 December 2020 (audited) HK\$'000	Level 1 (audited) HK\$'000	Level 2 (audited) HK\$'000	Level 3 (audited) HK\$'000
Financial assets at fair value through profit or loss				
Equity securities, listed in Hong Kong	3,397	3,397	-	-
Equity securities, listed overseas	4,145	4,145	-	-
Mutual funds, unlisted	6,635	-	6,635	-
Debt securities, unlisted	4,823	4,823	-	-
Private equity fund, unlisted	765	-	-	765
	<b>19,765</b>	<b>12,365</b>	<b>6,635</b>	<b>765</b>

During the period ended 30 June 2021 and the year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The Group's policy is to recognise transfers between levels as at the end of the reporting period.

**18. FAIR VALUE DISCLOSURES (CONTINUED)****Movements in level 3 fair value measurements***Description*

<i>Description</i>	<b>Private equity fund, unlisted</b>	
	<b>At 30 June 2021 (unaudited) HK\$'000</b>	<b>At 31 December 2020 (audited) HK\$'000</b>
At beginning of the reporting period	765	966
Disposals	(45)	(201)
<b>At end of the reporting period</b>	<b>720</b>	<b>765</b>

**Description of the valuation techniques and inputs used in Level 2 fair value measurement**

The unlisted mutual funds are valued based on quoted market prices from dealers or by reference to quoted market prices for similar instruments.

**Description of the valuation techniques and inputs used in Level 3 fair value measurement**

The unlisted private equity fund's assets mainly comprise investment in unlisted companies in various industries (the "Investment") and the fair value of the Investment is estimated by the external fund manager by reference to a number of factors including the operating cash flows and financial performance of the Investment, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the Investment.

**Valuation processes of the Group**

The Group reviews estimation of fair value of the unlisted private equity fund which is categorised into Level 3 of the fair value hierarchy. Reports with estimation of fair value are prepared by the external fund manager on a quarterly basis. Discussion of the valuation process and results is held between the chief financial officer and the Audit Committee twice a year, to coincide with the reporting dates.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2021, the interests and short positions of the directors and chief executive in the shares of the Company and associated corporations, as defined in Part XV of Securities and Futures Ordinance (the "SFO") and as recorded in the register required to be kept by the Company under 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 the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

#### (a) Long positions in shares of the Company

Name of director	Number of shares held			Total	Percentage of issued shares of the Company
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	27,208,322	2,380,560 (Note 1)	65,323,440 (Note 2)	94,912,322 (Note 2)	30.46%
Mr. Gan Fock Wai, Stephen	10,446,879	-	62,527,920 (Note 3)	72,974,799 (Note 3)	23.42%
Ms. Gan Fook Yin, Anita	1,190,280	-	-	1,190,280	0.38%

#### (b) Long positions in non-voting deferred shares of associated corporations

##### (i) Hoe Hin Pak Fah Yeow Manufactory, Limited ("HHPFY")

Name of director	Number of non-voting deferred shares of HK\$1,000 each held			Total	Percentage of issued non-voting deferred shares of the respective corporations
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	8,600	800 (Note 1)	-	9,400	42.7%
Mr. Gan Fock Wai, Stephen	2,800	-	-	2,800	12.7%

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

### DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

#### (b) Long positions in non-voting deferred shares of associated corporations (Continued)

(ii) Pak Fah Yeow Investment (Hong Kong) Company, Limited ("PFYI")

Name of director	Number of non-voting deferred shares of HK\$1 each held				Percentage of issued non-voting deferred shares of the respective corporations
	Personal interests	Family interests	Corporate interests	Total	
Mr. Gan Wee Sean	8,244,445	711,111 (Note 1)	-	8,955,556	42.2%
Mr. Gan Fock Wai, Stephen	2,800,000	-	-	2,800,000	13.2%

Notes:

1. Madam Khoo Phaik Gim, wife of Mr. Gan Wee Sean, beneficially owned 2,380,560 shares of the Company, 800 non-voting deferred shares of HHPFY and 711,111 non-voting deferred shares of PFYI.
2. These 65,323,440 shares were beneficially owned by Hexagan Enterprises Limited, a company wholly-owned by Mr. Gan Wee Sean and his wife, Madam Khoo Phaik Gim. The total number of 94,912,322 shares in aggregate represented approximately 30.46% of the issued shares of the Company.
3. These 62,527,920 shares were beneficially owned by Gan's Enterprises Limited, a company in which Mr. Gan Fock Wai, Stephen has an interest of approximately 32%. The total number of 72,974,799 shares in aggregate represented approximately 23.42% of the issued shares of the Company.



## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

### DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

Other than as disclosed above, as at 30 June 2021, none of the directors or chief executives, nor their associates, had any interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the period.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the interests or short positions of every person, other than the directors and their respective associates as disclosed in "DIRECTORS' INTERESTS IN SECURITIES" above, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

#### Long position in the shares and underlying shares of the Company

Name of shareholder	Number of shares held			Total	Percentage of issued shares of the Company
	Personal interests	Family interests	Corporate interests		
Jonathan William Brooke	21,317,500	-	15,130,000	36,447,500	11.70%

*Note:* Mr. Jonathan William Brooke has 100% control of Brook Capital Limited which is interested in 15,130,000 shares of the Company.

### ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements, to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## OTHER INFORMATION

### INTERIM DIVIDEND

The directors resolved to declare an interim dividend of HK2.8 cents per share in respect of the six months ended 30 June 2021 (2020: HK2.6 cents per share) payable to the shareholders on the register of members of the Company on 8 October 2021. The interim dividend will be dispatched to the shareholders on or about 10 December 2021.

### CLOSING OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 6 October 2021 to Friday, 8 October 2021, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 5 October 2021.

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

During the period, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

### CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

The Company has complied with code provisions as set out in the CG Code for the six months ended 30 June 2021 except the following deviation:

## CORPORATE GOVERNANCE (CONTINUED)

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the board of directors, was appointed as the acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with the other executive directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the board as well as senior management. The board has one non-executive director and also three independent non-executive directors who offer different independent perspectives. Therefore, the board is of the view that there are adequate balance of power and safeguards in place. The board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2021.

## AUDIT COMMITTEE

The audit committee of the Company comprises the three independent non-executive directors of the Company, and meets at least twice each year. The interim financial report of the Company for the six months ended 30 June 2021 has been reviewed by the audit committee. At the request of the directors, the interim financial information set out on page 16 to page 37 has also been reviewed by the Company’s auditor, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA and an unmodified review report has been issued.