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## KAISA CAPITAL INVESTMENT HOLDINGS LIMITED

佳兆業資本投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

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

The board of directors (the “**Board**” and the “**Director(s)**”, respectively) of Kaisa Capital Investment Holdings Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2021 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2020 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Continuing operations</b>			
<b>Revenue</b>	6	<b>94,774</b>	54,770
Cost of sales and services		<b>(39,650)</b>	(20,760)
<b>Gross profit</b>		<b>55,124</b>	34,010
Other income and gains	7	<b>9,477</b>	1,371
Selling and distribution expenses		<b>(1,114)</b>	(1,153)
Administrative expenses		<b>(25,374)</b>	(27,355)
Other operating expenses	8	<b>(29,148)</b>	(23,626)
Finance costs	9	<b>(4,973)</b>	(12,130)
<b>Profit/(Loss) before income tax</b>	10	<b>3,992</b>	(28,883)
Income tax (expense)/credit	12	<b>(579)</b>	439
<b>Profit/(Loss) for the period from continuing operations</b>		<b>3,413</b>	(28,444)

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	11	–	(1,234)
Loss on disposal of subsidiaries	23	–	(68,272)
		<hr/>	<hr/>
Loss for the period from discontinued operations		–	(69,506)
		<hr/>	<hr/>
Profit/(Loss) for the period		<b>3,413</b>	(97,950)
		<hr/> <hr/>	<hr/> <hr/>
<b>Continuing operations</b>			
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>159</b>	(1,141)
		<hr/>	<hr/>
<b>Other comprehensive income/(loss) for the period from continuing operations</b>		<b>159</b>	(1,141)
		<hr/>	<hr/>
<b>Discontinued operations</b>			
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		–	(8,481)
Translation reserve released upon disposal of subsidiaries		–	9,042
		<hr/>	<hr/>
<b>Other comprehensive income for the period from discontinued operations</b>		–	561
		<hr/>	<hr/>
<b>Other comprehensive income/(loss) for the period</b>		<b>159</b>	(580)
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the period</b>		<b>3,572</b>	(98,530)
		<hr/> <hr/>	<hr/> <hr/>

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit/(Loss) for the period attributable to:</b>			
<b>Owners of the Company</b>			
– Continuing operations		3,881	(28,428)
– Discontinued operations		–	(68,901)
		<u>3,881</u>	<u>(97,329)</u>
<b>Profit/(Loss) for the period attributable to owners of the Company</b>			
		<u>3,881</u>	<u>(97,329)</u>
<b>Non-controlling interests</b>			
– Continuing operations		(468)	(16)
– Discontinued operations		–	(605)
		<u>(468)</u>	<u>(621)</u>
<b>Loss for the period attributable to non-controlling interests</b>			
		<u>(468)</u>	<u>(621)</u>
		<u>3,413</u>	<u>(97,950)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		4,040	(92,888)
Non-controlling interests		(468)	(5,642)
		<u>3,572</u>	<u>(98,530)</u>
<b>Earnings/(Loss) per share from continuing and discontinued operations</b>			
– Basic and diluted (HK cents)	14	<u>0.37</u>	<u>(9.18)</u>
<b>Earnings/(Loss) per share from continuing operations</b>			
– Basic and diluted (HK cents)	14	<u>0.37</u>	<u>(2.68)</u>
<b>Loss per share from discontinued operations</b>			
– Basic and diluted (HK cents)	14	<u>–</u>	<u>(6.50)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
	Notes		
Property, plant and equipment	15	150,993	138,810
Right-of-use assets	15	139,297	130,585
Intangible assets	16	4,392	2,466
Deferred tax assets		98	101
Deposits		–	1,097
Trade receivables	18	322	298
		<b>295,102</b>	<b>273,357</b>
<b>Current assets</b>			
Properties under development	17	109,911	95,598
Inventories and consumables		9,076	11,561
Trade receivables	18	57,739	64,224
Prepayments, deposits and other receivables		13,330	10,960
Financial asset at fair value through profit or loss		18,505	–
Cash and cash equivalents		19,448	29,953
		<b>228,009</b>	<b>212,296</b>
<b>Current liabilities</b>			
Trade payables	19	45,060	58,704
Receipt in advance, accruals and other payables		65,888	60,941
Contract liabilities		3,759	4,720
Bank borrowings	20	14,208	7,797
Loan from intermediate holding company		10,000	–
Other loans	21	83,000	83,000
Lease liabilities		43,969	36,143
Tax payable		500	440
		<b>266,384</b>	<b>251,745</b>
<b>Net current liabilities</b>		<b>(38,375)</b>	<b>(39,449)</b>
<b>Total assets less current liabilities</b>		<b>256,727</b>	<b>233,908</b>

	<i>Notes</i>	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
<b>Non-current liabilities</b>			
Bank borrowings	20	<b>92,179</b>	65,363
Lease liabilities		<b>31,503</b>	39,072
Deferred tax liabilities		<b>2,197</b>	2,197
		<u><b>125,879</b></u>	<u>106,632</u>
<b>Net assets</b>		<u><b>130,848</b></u>	<u>127,276</u>
<b>EQUITY</b>			
Share capital		<b>10,600</b>	10,600
Reserves		<b>120,248</b>	116,208
<b>Equity attributable to the owners of the Company</b>		<u><b>130,848</b></u>	<u>126,808</u>
Non-controlling interests		<u>–</u>	<u>468</u>
<b>Total equity</b>		<u><b>130,848</b></u>	<u>127,276</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Kaisa Capital Investment Holdings Limited (formerly known as Eagle Legend Asia Limited) (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands. Pursuant to a special resolution passed on 8 June 2021 and approved by the Registrar of Companies in the Cayman Islands, with effect from 11 June 2021, the Company’s name was changed from “Eagle Legend Asia Limited” to “Kaisa Capital Investment Holdings Limited”. The Chinese name of the Company was changed from “鵬程亞洲有限公司” to “佳兆業資本投資集團有限公司”. The address of its registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Unit 3610, 36/F., The Center, 99 Queen’s Road Central, Central, Hong Kong. The Company is an investment company and its subsidiaries (collectively known as the “**Group**”) are principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases and providing repair and maintenance services in respect of the construction machinery (“**Construction Equipment Business**”) and (ii) property development (“**Property Development Business**”).

The Company’s issued shares (the “**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 19 July 2010. The immediate and ultimate holding company of the Company was Harbour Luck Investments Limited (“**Harbour Luck**”), which was incorporated in Hong Kong with limited liability, for the period from 1 January 2021 to 29 April 2021. Pursuant to the completion of an acquisition from Mighty Empire Group Limited (“**Might Empire Group**”) on the Company, the immediate holding company of the Company has been changed to Mighty Empire Group and the ultimate holding company of the Company has been changed to Kaisa Group Holdings Ltd (“**Kaisa Group**”) with effect from 29 April 2021. Mighty Empire Group was incorporated in the British Virgin Islands (“**BVI**”). Kaisa Group was incorporated in the Cayman Islands and its issued shares are listed on the Main Board of the Stock Exchange.

The interim financial report for the six months ended 30 June 2021 (the “**Interim Financial Report**”) have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

As at the end of the reporting period, the Group’s current liabilities exceeded its current assets by approximately HK\$38,375,000. The Directors consider that the Group will be able to meet its financial obligations as they fall due for the next twelve months from 30 June 2021, on the basis that Mighty Empire Group, the Major Shareholder, will continue to provide the Group with the necessary financial support. The Directors are of the opinion that, in the absence of unforeseen adverse circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting period. Accordingly, the financial statements have been prepared on a going concern basis.

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

The preparation of the Interim Financial Report in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

The Interim Financial Report is presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The Interim Financial Report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and the performance of the Group since the 2020 annual financial statements (“**2020 Annual Financial Statements**”). The Interim Financial Report and notes do not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2020 Annual Financial Statements.

## 2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the 2020 Annual Financial Statements.

## 3. ADOPTION OF AMENDED HKFRSs

### **Amended HKFRSs that are effective for annual periods beginning or after 1 January 2021**

In the current period, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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In addition, on 1 January 2021, the Group has early adopted the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” which will be mandatorily effective for the Group for financial year beginning on or after 1 April 2021.

### **Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”**

The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions as stated in paragraph 46B of HKFRS 16 for applying the practical expedient are met.

### 3. ADOPTION OF AMENDED HKFRSs (CONTINUED)

#### Amendment to HKFRS “Covid-19-Related Rent Concessions beyond 30 June 2021” (Continued)

A lessee that chooses to apply this practical expedient would be required to apply it consistently to all lease contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying this amendment or Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”.

The Group has elected to early adopt the amendment. There is no impact on the opening balance of equity as at 1 January 2021.

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

#### Issued but not yet effective HKFRSs

As at the date of the authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 <sup>1</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations <sup>4</sup>



### 3. ADOPTION OF AMENDED HKFRSs (CONTINUED)

#### Issued but not yet effective HKFRSs (Continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2022
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2023
- <sup>3</sup> Effective date not yet determined
- <sup>4</sup> Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's condensed consolidated interim financial statements.

### 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the Interim Financial Report, the significant judgements made by management of the Company (“**the management**”) in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 Annual Financial Statements.

### 5. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services from which are subject to risks and returns that are different from those of the other operating segments.

The Plantation Business (the “**Disposal Group**”) was discontinued and classified as held for sale as at 31 December 2019. Information about the discontinued operations is provided in Note 11.

On 24 April 2020, the Group acquired a land for property development. The Group considered property development is an individual operating segment.

The Chief Operating Decision-Maker (“**CODM**”) identified construction equipment business, property development business and plantation business as reportable segments.

Segment assets include all assets but exclude corporate assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter. Segment liabilities exclude corporate liabilities, other loans and loan from intermediate holding company which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

## 5. SEGMENT INFORMATION (CONTINUED)

(a) Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below:

	Unaudited Continuing operations										
	Construction Equipment Business						Inter segment elimination	Sub-total	Property Development Business	Other	Total
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Hong Kong HK\$'000			Hong Kong HK\$'000	HK\$'000	
Six months ended 30 June 2021											
Revenue											
From external customers	22,652	38,411	-	-	33,711	-	94,774	-	-	94,774	
From inter segment	7,774	-	-	-	-	(7,774)	-	-	-	-	
Reportable segment revenue	30,426	38,411	-	-	33,711	(7,774)	94,774	-	-	94,774	
Reportable segment (loss)/profit	(3,937)	2,328	136	25	2,440	-	992	(53)	(351)	588	
Gain on disposal of financial assets at fair value through profit or loss ("FVTPL")							453	-	-	453	
Fair value gain in financial assets at FVTPL							6,240	-	-	6,240	
Interest income from financial assets at FVTPL							512	-	-	512	
Interest on other loans							(2,058)	-	-	(2,058)	
Interest on loan from intermediate holding company							(311)	-	-	(311)	
Unallocated corporate expenses											
- Corporate staff costs							(1,413)	-	-	(1,413)	
- Others							(598)	-	-	(598)	
Profit/(loss) for the period							3,817	(53)	(351)	3,413	

	Unaudited										
	Construction Equipment Business						Inter segment elimination	Sub-total	Property Development Business	Other	Total
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Hong Kong HK\$'000			Hong Kong HK\$'000	HK\$'000	
As at 30 June 2021											
Reportable segment assets	80,056	199,522	-	145	105,851	-	385,574	111,236	2,498	499,308	
Other unallocated segment asset							23,803	-	-	23,803	
Total assets							409,377	111,236	2,498	523,111	
Reportable segment liabilities	71,730	77,051	-	5	95,607	-	244,393	51,702	799	296,894	
Other loans							83,000	-	-	83,000	
Loan from intermediate holding company							10,000	-	-	10,000	
Other unallocated segment liabilities							2,369	-	-	2,369	
Total liabilities							339,762	51,702	799	392,263	

## 5. SEGMENT INFORMATION (CONTINUED)

(a) Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below: (Continued)

	Unaudited Continuing operations							Discontinued operations					
	Construction Equipment Business					Inter segment elimination	Property Development Business		Plantation Business			Total	
	Hong Kong	Singapore	Vietnam	Macau	PRC		Hong Kong	Sub-total	Hong Kong	PRC	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Six months ended 30 June 2020													
Revenue													
From external customers	20,026	30,726	-	-	4,018	-	54,770	-	54,770	-	-	54,770	
From inter segment	988	-	-	-	-	(988)	-	-	-	-	-	-	
Reportable segment revenue	21,014	30,726	-	-	4,018	(988)	54,770	-	54,770	-	-	54,770	
Reportable segment (loss)/profit	(9,565)	57	(49)	(20)	(1,122)	-	(10,699)	(1,401)	(12,100)	(1,234)	-	(1,234)	(13,334)
Loss on disposal of subsidiaries							-	-	-			(68,272)	(68,272)
Interest on other loans							(9,075)	-	(9,075)			-	(9,075)
Unallocated corporate expenses													
- Corporate staff costs							(3,405)	-	(3,405)			-	(3,405)
- Others							(3,864)	-	(3,864)			-	(3,864)
Loss for the period							(27,043)	(1,401)	(28,444)			(69,506)	(97,950)

	Audited							Property Development Business		
	Construction Equipment Business					Inter segment elimination	Sub-total	Hong Kong	Sub-total	Total
	Hong Kong	Singapore	Vietnam	Macau	PRC					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 31 December 2020										
Reportable segment assets	96,809	193,598	48	148	83,868	(2,510)	371,961	99,075	99,075	471,036
Other unallocated segment asset							14,617		-	14,617
Total assets							386,578		99,075	485,653
Reportable segment liabilities	61,761	76,998	581	43	76,070	-	215,453	40,649	40,649	256,102
Other loans							83,000		-	83,000
Other unallocated segment liability							19,275		-	19,275
Total liabilities							317,728		40,649	358,377

## 5. SEGMENT INFORMATION (CONTINUED)

- (b) In the following table, revenue is disaggregated by primary geographical markets of which the external customers are from. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segments.

Primary geographical markets	For the six months ended 30 June							
	Continuing operations				Discontinued operations			
	Construction Equipment Business		Property Development Business		Plantation Business		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	22,652	20,026	-	-	-	-	22,652	20,026
Singapore	33,026	26,327	-	-	-	-	33,026	26,327
PRC	33,711	4,019	-	-	-	-	33,711	4,019
Sri Lanka	-	88	-	-	-	-	-	88
Korea	942	832	-	-	-	-	942	832
Holland	-	1,202	-	-	-	-	-	1,202
Indonesia	-	65	-	-	-	-	-	65
United Arab Emirates	-	2,211	-	-	-	-	-	2,211
Vietnam	154	-	-	-	-	-	154	-
Thailand	1,046	-	-	-	-	-	1,046	-
Israel	1,413	-	-	-	-	-	1,413	-
Australia	1,830	-	-	-	-	-	1,830	-
Total	94,774	54,770	-	-	-	-	94,774	54,770

## 6. REVENUE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
<i>Revenue from contract with customers within the scope of HKFRS 15:</i>		
Sales of machinery	10,419	6,777
Sales of spare parts	173	1,266
Service income	13,205	11,554
	<u>23,797</u>	<u>19,597</u>
<i>Revenue from other sources:</i>		
Rental income from leasing of owned machinery and right-of-use assets	39,252	31,523
Rental income from subleasing of plant and machinery	31,725	3,650
	<u>70,977</u>	<u>35,173</u>
	<u><u>94,774</u></u>	<u><u>54,770</u></u>

In the following table, revenue is disaggregated by timing of revenue recognition. The table also includes revenue from other sources and a reconciliation of the disaggregated revenue within the Group's reportable segments.

	For the six months ended 30 June							
	Continuing operations				Discontinued operations			
	Construction Equipment Business		Property Development Business		Plantation Business		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Timing of revenue recognition</b>								
At a point in time	10,592	8,043	-	-	-	-	10,592	8,043
Transferred over time	13,205	11,554	-	-	-	-	13,205	11,554
	<u>23,797</u>	<u>19,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,797</u>	<u>19,597</u>
Revenue from other sources	70,977	35,173	-	-	-	-	70,977	35,173
	<u>94,774</u>	<u>54,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,774</u>	<u>54,770</u>

## 7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Gain on disposal of financial assets at FVTPL	453	–
Fair value gain in financial assets at FVTPL	6,240	–
Interest income from financial assets at FVTPL	512	–
Bank interest income	–	1
Gain on disposal of property, plant and equipment	37	3
Recovery of impairment loss on trade receivables, net	19	305
Recovery of impairment loss on other receivables, net	–	1
Government subsidy	247	813
Others	1,969	248
	<u>9,477</u>	<u>1,371</u>

## 8. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	13,284	13,122
Depreciation of right-of-use assets	15,041	10,222
Amortisation of intangible assets	823	282
	<u>29,148</u>	<u>23,626</u>

## 9. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Interest charges on financial liabilities stated at amortised cost:		
– Bank borrowings	488	206
– Other loans	2,058	9,075
– Lease liabilities	2,116	1,403
– Amounts due to related companies	–	1,446
– Loan from intermediate holding company	311	–
	<u>4,973</u>	<u>12,130</u>

## 10. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	13,284	13,122
Depreciation of right-of-use assets	15,041	10,122
Amortisation of intangible assets	823	282
Recovery of impairment loss of trade receivables and other receivables, net	(19)	(306)
Leases charges in respect of the premise and plant and machinery ( <i>Note</i> )	17,616	3,269
Employee costs, included in cost of sales and services and administrative expenses		
– Wages, salaries and bonus	16,593	19,973
– Contribution to defined contribution plans	1,379	1,137
Exchange loss, net	45	2,922
	<u>45</u>	<u>2,922</u>

*Note:* The premise and plant and machinery are determined as short-term lease with lease term of 12 months or less from lease commencement date.

## 11. DISCONTINUED OPERATIONS

Management have repeatedly made verbal and written requests to Guangdong Dahe Biological Technologies Limited (廣東大合生物科技股份有限公司) (“**Guangdong Dahe**”) and paid physical on-site visits, the Company has been refused access to Guangdong Dahe’s plantation site from 28 December 2019. The Company has been unable to have access to the complete sets of books and records together with the supporting documents of Guangdong Dahe since 1 December 2019. The financial results of Guangdong Dahe for the period from 1 January 2019 to 30 November 2019 was included in the consolidated accounts of the Group for the year ended 31 December 2019. In addition, the assets and liabilities of Guangdong Dahe are de-consolidated from the balance sheet of the Group and separately shown as assets classified as held for sale and liabilities associated with assets held for sale, respectively (Note 22). On 20 December 2019, the Board resolved to dispose of the Plantation Business.

On 24 February 2020, the Group and a purchaser, who is one of the shareholders of Best Earnest Investments Limited (佳誠投資有限公司) (“**Best Earnest**”) and the Company, (the “**Purchaser**”) entered into an Agreement, pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the shares for a total consideration of HK\$230,000,000 (the “**Disposal**”). The Disposal was completed on 24 June 2020.

Further details of the Disposal were disclosed in the Company’s circular dated 7 May 2020 and the Company’s announcements dated 24 February, 6 and 19 March, 22 May as well as 8 and 10 July 2020, respectively.



## 11. DISCONTINUED OPERATIONS (CONTINUED)

### Analysis of loss for the period from discontinued operations

The results of the discontinued operations included in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows are set out below.

	<b>From 1 January 2020 to 24 June 2020 HK\$'000 (unaudited)</b>
Revenue	–
Cost of sales	–
Gross profit	–
Gain arising from changes in fair value less costs to sell of biological assets	–
Other income	–
Selling and distribution expenses	–
Administrative expenses	(1,234)
Other operating expenses	–
Finance costs	–
Loss before income tax	(1,234)
Income tax expense	–
Loss after income tax from discontinued operations	(1,234)
Loss for the period from discontinued operations	(1,234)
<b>Other comprehensive income</b>	
<i>Item that may be reclassified subsequently to profit or loss:</i>	
Exchange differences on translating foreign operations	(8,481)
Translation reserve release upon disposal of subsidiaries	9,042
<b>Other comprehensive income for the period from discontinued operations</b>	561
<b>Total comprehensive loss for the period from discontinued operations</b>	(673)
Operating cash outflows	(1,594)
Investing cash inflows	–
Financing cash inflows	36
Total cash outflows	(1,558)

The carrying amounts of the assets and liabilities of Best Earnest and its subsidiaries (the “**Best Earnest Group**”), mainly includes Guangdong Dahe, have been classified and accounted for as a disposal group held for sale as at Disposal Date. For details, please refer to Note 22.

## 12. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Current tax						
– Provision for the period	500	–	–	–	500	–
– Under/(over)-provision for PRC enterprise income tax	76	(132)	–	–	76	(132)
Deferred tax						
– Current year	3	(307)	–	–	3	(307)
Total income tax expense/(credit)	<u>579</u>	<u>(439)</u>	<u>–</u>	<u>–</u>	<u>579</u>	<u>(439)</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Hong Kong and Singapore profit tax and Macau complementary tax have not been provided as the Group has no assessable profits in respective jurisdictions for the periods.

PRC enterprise income tax (“EIT”) has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2020: 25%).

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full EIT exemption on profit derived from such business. For a subsidiary of the Group engaged in qualifying agricultural business in the PRC, it is entitled to full exemption of EIT for the periods.

## 13. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the Period (2020: Nil).

#### 14. EARNINGS/(LOSS) PER SHARE

##### (i) Basic earnings/(loss) per Share

Basic earnings/(loss) per Share is calculated by dividing the results attributable to owners of the Company by the weighted average number of ordinary Shares in issue during the Period:

	Six months ended 30 June	
	2021	2020
Basic and diluted earnings/(loss) per Share from continuing operations (HK cents)	0.37	(2.68)
Basic and diluted loss per Share from discontinued operations (HK cents)	—	(6.50)
	<u>0.37</u>	<u>(9.18)</u>
Basic and diluted earnings/(loss) per Share from continuing and discontinued operations (HK cents)	<u>0.37</u>	<u>(9.18)</u>

Diluted earnings/(loss) per Share equals to basic earnings/(loss) per Share, as there were no potential dilutive ordinary Shares issued during the periods ended 30 June 2020 and 2021.

##### (ii) Reconciliations of earnings/(loss) used in calculating earnings/(loss) per Share

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Basic and diluted earnings/(loss) per Share</b>		
Profit/(loss) attributable to owners of the Company		
– Continuing operations	3,881	(28,428)
– Discontinued operations	—	(68,901)
	<u>3,881</u>	<u>(97,329)</u>

##### (iii) Weighted average number of Shares used as the denominator

	Six months ended 30 June	
	2021	2020
Weighted average number of ordinary Shares used as the denominator in calculating basic earnings/(loss) per Share	<u>1,060,000,000</u>	<u>1,060,000,000</u>

## 15. CAPITAL EXPENDITURES

During the Period, the Group incurred capital expenditures of approximately HK\$54,144,000 (2020: approximately HK\$10,150,000) which were mainly related to the additions of property, plant and equipment and right-of-use assets.

## 16. INTANGIBLE ASSETS

	<b>Construction licenses HK\$'000</b>
As at 1 January 2021 (audited)	2,466
Acquisition of subsidiaries (Note 24)	2,749
Amortisation	(823)
	<hr/>
<b>As at 30 June 2021 (unaudited)</b>	<b>4,392</b>
	<hr/> <hr/>
As at 1 January 2020 (audited)	–
Addition (Note)	3,288
Amortisation	(822)
	<hr/>
As at 31 December 2020 (audited)	2,466
	<hr/> <hr/>

### *Note:*

The Group acquired a company (the “**Target Company**”) during the six months ended 30 June 2020 (the “**Acquisition**”). On Acquisition date, the Target Company was inactive and had construction licenses. The Target Company had approximately HK\$1,092,000 cash and cash equivalents only on the Acquisition date. The Acquisition was recognised as acquisition of assets. Construction licenses were recognised as intangible assets. The consideration of the Acquisition was approximately HK\$4,380,000.

## 17. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Within normal operating cycle included under current assets	<u>109,911</u>	<u>95,598</u>

The properties under development are all located in Hong Kong. No provision for impairment was made during six months ended 30 June 2021. The properties under development are expected to be completed and available for sale more than 12 months.

The properties under development include costs of acquiring rights to use certain lands, which are located in Hong Kong, for property development over fixed periods. Land use rights are held on leases of 50 years.

As at 30 June 2021 and 31 December 2020, HK\$85,900,000 was pledged as collateral for bank borrowings (Note 20).

## 18. TRADE RECEIVABLES

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables, gross	59,385	66,072
Less: Loss allowance	<u>(1,324)</u>	<u>(1,550)</u>
Trade receivables, net	58,061	64,522
Less: non-current portion	<u>(322)</u>	<u>(298)</u>
Current portion	<u>57,739</u>	<u>64,224</u>

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 60 days (2020: 0 to 60 days) or based on the terms agreed in the relevant sales and rental agreements.

## 18. TRADE RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables as at the reporting date, net of impairment, based on invoice date, is as follows:

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
0-30 days	<b>30,699</b>	17,101
31-60 days	<b>9,220</b>	12,597
61-90 days	<b>6,818</b>	9,669
Over 90 days	<b>11,324</b>	25,155
	<b>58,061</b>	64,522

The movement in the loss allowance for trade receivables during the period is as follows:

	<b>As at 30 June 2021 HK\$'000</b>	<b>As at 30 June 2020 HK\$'000</b>
As at 1 January (audited)	<b>1,550</b>	930
Impairment loss recognised	<b>423</b>	96
Recovery of impairment	<b>(442)</b>	(401)
Net exchange differences	<b>(207)</b>	(8)
As at 30 June	<b>1,324</b>	617

## 19. TRADE PAYABLES

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in the relevant purchase agreements.

The ageing analysis of trade payables as at the reporting date, based on the invoice date, is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
0-30 days	8,523	28,526
31-60 days	5,417	11,335
61-90 days	4,042	5,711
Over 90 days	27,078	13,132
	<u>45,060</u>	<u>58,704</u>

## 20. BANK BORROWINGS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Bank borrowings repayable:		
Within one year	14,208	7,797
More than one year, but not exceeding two years	15,175	8,489
More than two years, but not exceeding five years	77,004	51,665
More than five years	–	5,209
	<u>106,387</u>	73,160
Portion classified as current liabilities	<u>(14,208)</u>	<u>(7,797)</u>
Non-current portion	<u>92,179</u>	<u>65,363</u>

Bank borrowings denominated in Singapore dollars and Renminbi bore interest at variable interest rates with effective interest rate at 2.4% to 6.3% (as at 31 December 2020 (audited): 2.4% to 6.3%) per annum.

As at 30 June 2021, the Group's banking facilities were secured by a building of the Group carried at cost with an amount of approximately HK\$29,326,000 (at 31 December 2020: approximately HK\$30,763,000), property, plant and equipment of approximately HK\$22,437,000 (at 31 December 2020: HK\$6,773,000) and land-use right of the Group carried at cost with an amount of approximately HK\$85,900,000 (at 31 December 2020: HK\$85,900,000) in properties under development.

## **20. BANK BORROWINGS (CONTINUED)**

No provision for the obligation of the Company and certain subsidiaries under corporate guarantees have been made as the Directors considered that it is not probable that the repayment of bank borrowings would be in default.

As at 31 December 2020 and 30 June 2021, the relevant loan agreements of outstanding bank borrowings did not contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

## **21. OTHER LOANS**

On 28 August 2018, the Company entered into an unsecured other loan agreement with Harbour Luck, a shareholder until 29 April 2021, in relation to the loan of HK\$173,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for fulfilment of financial obligations of the Group. On 28 August 2018, HK\$173,000,000 was drawn down by the Company.

On 30 November 2018, the Company entered into an unsecured other loan agreement with Harbour Luck in relation to the loan of HK\$5,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 3 December 2018, HK\$5,000,000 was drawn down by the Company.

On 26 February 2019, the Company further entered into an unsecured other loan agreement with Harbour Luck in relation to the loan of HK\$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 27 February 2019, HK\$2,500,000 was drawn down by the Company.

On 24 April 2019, the Company further entered into an unsecured other loan agreement with Harbour Luck in relation to the loan of HK\$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 25 April 2019, HK\$2,500,000 was drawn down by the Company.

On 6 August 2020, the Company entered into a supplementary agreement with Harbour Luck that Harbour Luck agreed to adjust the annual interest rate from 10% to 5% for loan balance of HK\$183,000,000, starting from the date of drawn down, and Harbour Luck agreed to waive the interest receivables from the Company for any parts which exceed the reassessed interest receivables. The waiver balance of HK\$17,537,000 has been included in the capital reserve of the Company as a deemed contribution from shareholder.

On 10 August 2020, amount of HK\$100,000,000 was repaid to Harbour Luck.

Mr. Zeng Li who is the sole director of Harbour Luck. Mr. Zeng Li was also a Director and resigned on 6 December 2019.

Other loans were not secured by any assets of the Group. In the opinion of the Directors, the other loans were granted to the Company on normal commercial terms or better to the Company.



## 22. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As referred to in Note 11, the Company has been refused access to Guangdong Dahe's plantation site from 28 December 2019. The Company has been unable to have access to the complete sets of books and records together with the supporting documents of Guangdong Dahe since 1 December 2019. On 20 December 2019, the Board resolved to dispose the Plantation Business.

On 24 February 2020, the Group and a purchaser, who is one of the shareholders of Best Earnest and the Company, (the "Purchaser") entered into an agreement, pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the shares of Best Earnest for a total consideration of HK\$230,000,000 (the "Disposal"). The Disposal was completed on 24 June 2020 (the "Disposal Date"). Further details of the Disposal were disclosed in the Company's circular dated 7 May 2020 and the Company's announcements dated 24 February, 6 and 19 March, 22 May as well as 8 and 10 July 2020 respectively. Based on the latest available financial information, the net assets disposed of on the Disposal Date were set out as follows:

	<b>24 June 2020</b> <i>HK\$'000</i>
Property, plant and equipment	220,608
Right-of-use assets	1,078
Inventories and consumables	147,465
Biological assets	6,142
Trade receivables	26,154
Prepayments, deposits and other receivables	7,902
Cash and cash equivalents	85,340
Goodwill	74,701
	<hr/>
Assets classified as held for sale	569,390
	<hr/>
Trade payables	12,458
Receipt in advance, accruals and other payables	10,956
Lease liabilities	1,125
Deferred government grant	8,042
	<hr/>
Liabilities associated with assets classified as held for sale	32,581
	<hr/>
Net assets classified as held for sale	536,809
	<hr/> <hr/>

### 23. DISPOSAL OF SUBSIDIARIES

As disclosed in note 11, on 20 December 2019, the board of directors of the Company resolved to dispose the Plantation Business. The carrying amounts of the assets and liabilities of Best Earnest Group, mainly includes Guangdong Dahe, have been classified and accounted for as a disposal group held for sale as at 31 December 2019. The disposal of Best Earnest Group was completed on 24 June 2020. For details, please refer to note 22.

	<i>HK\$'000</i>
<b>Loss on disposal of subsidiaries:</b>	
Consideration received	230,000
Net assets disposed of	(536,809)
Non-controlling interests	248,907
Less: Translation reserve	(9,042)
Less: Transaction costs attributable to the disposal	<u>(1,328)</u>
<b>Net loss on disposal</b>	<u><u>(68,272)</u></u>
<b>Cash inflow arising on disposal:</b>	
Consideration received	230,000
Bank balances and cash disposed of	<u>(85,340)</u>
<b>Net cash inflow</b>	<u><u>144,660</u></u>

Consideration of HK\$138,000,000 was received during the six months ended 30 June 2020. The net cash inflow during the six months ended 30 June 2020 was HK\$52,660,000. Consideration receivable of HK\$92,000,000, which is included in prepayments, deposits and other receivables on 30 June 2020, is subsequently settled after 30 June 2020.

## 24. ACQUISITION OF SUBSIDIARIES

During the period ended 30 June 2021, the Group entered into an agreement to acquire 100% equity interest in Victor-Oasis Holdings Limited and its subsidiary (collectively, the “**Victor-Oasis Group**”) from an independent third party at a total cash of HK\$2,750,000 which is principally engaged in construction service. The Directors were of the view that the acquisition constitutes acquisition of business.

The following table summarises the consideration paid for acquisition, the aggregate amounts of fair value of the assets acquired and liabilities assumed of Victor-Oasis Group at the acquisition date.

The revenue and loss after taxation of HK\$Nil and HK\$76,000 respectively included in the consolidated financial statements were contributed by Victor-Oasis Group from the date of acquisition to 30 June 2021.

If the acquisition had occurred on 1 January 2021, the Group’s revenue would have been HK\$Nil and profit for the period from continuing operations would have been HK\$3,354,000 for the period ended 30 June 2021. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

	<i>HK\$’000</i>
Trade receivable	921
Cash and cash equivalents	1
Trade payables	(921)
	<hr/>
Total identifiable net assets at fair value	1
Less: non-controlling interest	–
	<hr/>
Identifiable net assets acquired	1
Intangible assets	2,749
	<hr/>
Total consideration	2,750
	<hr/>
Purchase consideration settled in cash	(2,475)
Cash and bank balances in a subsidiary acquired	1
	<hr/>
Net cash outflow on acquisition of a subsidiary	(2,474)
	<hr/> <hr/>

Consideration of HK\$2,475,000 was paid during the six months ended 30 June 2021. The net cash outflow during the six months ended 30 June 2021 was HK\$2,474,000. Consideration payable of HK\$275,000, which is included in receipt in advance, accruals and other payables on 30 June 2021.

## EXTRACT OF INDEPENDENT AUDITORS' REVIEW REPORT

The Company's auditors have issued a qualified conclusion on the Interim Financial Report, an extract of the auditors' review report is as follows:

### Basis for Qualified Conclusion

In our review's report dated 26 August 2020 on the interim financial report for the six months ended 30 June 2020, we expressed disclaimer of conclusion due to, amongst other matters, a limitation in the scope of relating to our review of assets classified as held for sale of approximately HK\$569,390,000 and liabilities associated with assets classified as held for sale of approximately HK\$32,581,000 of Best Earnest Investments Limited (佳誠投資有限公司) ("**Best Earnest**") and its subsidiaries (the "**Best Earnest Group**") on 24 June 2020 (the "**Disposal Date**"), loss on disposal of subsidiaries of approximately HK\$68,272,000 for the six months ended 30 June 2020, loss for the six months ended 30 June 2020 of the Best Earnest Group of approximately HK\$1,234,000 and the related disclosures.

The Group has dispute with the non-controlling shareholders of its 80% owned subsidiary, Guangdong Dahe Biological Technologies Limited (廣東大合生物科技股份有限公司) ("**Guangdong Dahe**"). As such, management of the Group was not allowed access to complete sets of management and accounting records of Guangdong Dahe and we were unable to complete our review of the loss from the discontinued operations of approximately HK\$1,234,000, for the six months ended 30 June 2020, and the related disclosures.

In addition, due to the dispute between the Group and the non-controlling shareholders of Guangdong Dahe, we were unable to complete our review of assets classified as held for sale of approximately HK\$569,390,000 and liabilities associated with assets classified as held for sale of approximately HK\$32,581,000 of the Best Earnest Group at 24 June 2020, loss on disposal of subsidiaries of approximately HK\$68,272,000 for the six months ended 30 June 2020, and the related disclosures.

Our review conclusion on the interim financial report for the six months ended 30 June 2021 is also modified because of the possible effects of the abovementioned matter on the comparability of the corresponding figures in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows.

## **Qualified Conclusion**

Except for the Basis for Qualified Conclusion on our review, nothing has come to our attention that causes us to believe that the interim financial report are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

## **INTERIM DIVIDEND**

The Board has resolved not to declare the payment of an interim dividend in respect of the Period (six months ended 30 June 2020: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Group Results**

For the Period, the Group generated revenue from continuing operations of approximately HK\$94.8 million (six months ended 30 June 2020: approximately HK\$54.8 million) with a profit from continuing operations of approximately HK\$3.4 million for the Period (six months ended 30 June 2020: loss of approximately HK\$28.4 million).

The increase in the revenue from continuing operations for the Period was mainly attributable to the increase in rental income from subleasing of plant and machinery.

Revenue from sales of machinery of approximately HK\$10.4 million was recorded for the Period, representing an increase of approximately 54% of the amount we achieved in the six months ended 30 June 2020. This was due to the increase in demands of new cranes in Hong Kong and Singapore.

Our rental income increased to approximately HK\$71.0 million for the Period, representing an increase of approximately 102% as compared with approximately HK\$35.2 million for the six months ended 30 June 2020.

Sales of spare parts of approximately HK\$0.2 million was recorded for the Period, representing a decrease of approximately 86% from the amount of HK\$1.3 million recorded for the same period in 2020. The decrease was mainly due to the change in market demand of spare parts for the machinery.

Service income was recorded at approximately HK\$13.2 million for the Period, approximately 14% higher than that of approximately HK\$11.6 million for the same period in 2020. This was due to the increase in demand for services including chargeable climbing and dismantling activities during the Period.

As at 30 June 2021, the Group had one property development project under development in Hong Kong and it was commenced in the second quarter of 2020. There was no sale of property recorded during the Period.

## The Group's Property Project as at 30 June 2021

Project name	Location/ Postal address	Interests Attributable to the Group	Total Site Area (sq. ft.)	Status	Estimated year of completion (Note)	Usage
Mong Kok	Lot No. 11238 at Reclamation Street and Shanghai Street, Mong Kok, Kowloon, Hong Kong	100%	2,718	Under development	February 2024	Residential

*Note:* The estimated year of completion is made based on the present situation and progress of the project.

## Analysis of Properties Under Development as at 30 June 2021

Project name	Total GFA* (sq. ft.)	GFA under development/ completed (sq. ft.)	Total Saleable GFA* (sq. ft.)	Accumulated GFA* sold as at 30 June 2021 (sq. ft.)	Accumulated GFA* delivered as at 30 June 2021 (sq. ft.)	Average Selling Price (HK\$/sq. ft.)
Mong Kok	22,594	0	12,279	0	0	0

\* GFA means gross floor area

Overall, the Group incurred total administrative and other operating expenses from continuing operations of approximately HK\$54.5 million for the Period, representing an increase of approximately 7% over the amount incurred in the six months ended 30 June 2020.

## Outlook

The Group has acquired 35 tower cranes in recent years and will continue to further invest in new equipment to maintain the continuous growth of its machinery leasing business through replacing old and new equipment and machineries. The Group has leveraged on its traditional machinery leasing business as a starting point to extend its industrial chain to downstream sectors, while at the same time gradually extended its business towards construction and real estate, having acquired a general building contractor (RGBC) licence in early 2021 and successfully bid for a residential site on Reclamation Street and Shanghai Street in Mongkok, Hong Kong in 2020. By prioritising the use of tower cranes of the Group for construction projects that may be awarded in the future, prioritising the Group in being employed as the general building contractor for real estate projects that may be awarded in the future, and increased bidding of public and private housing and construction projects, co-development in machinery, construction and property businesses will be achieved, synergy effect of the whole industrial chain will be realised and the market competitiveness of the Group will be enhanced.

The construction industry has been growing steadily owing to the continued support of the Hong Kong Government. According to the latest “Construction Expenditure Forecast” from the Construction Industry Council, it is projected that the annual overall construction expenditure in Hong Kong could reach HK\$225 billion to HK\$315 billion by year 2029/30, which includes expenditure from the construction of public and private housing, hospital development and redevelopment projects, development and expansion of new towns and new development areas, etc. A number of short-, medium- and long-term development projects, such as housing projects, urban infrastructure, commercial building development, interior decoration, building maintenance, heritage revitalization and greening projects, are currently underway in Hong Kong, giving a strong impetus to the further development of the construction industry. The Group has set up a construction project management team to start off by undertaking the Group’s own investment projects, commencing construction work as a general building contractor that focus mainly on the general construction business in renovation works and superstructure works, while undertaking private building construction business and actively bidding for government public buildings. With the introduction of the construction business and the promotion of turnkey construction, the Group’s business will reach a new scale of development. At the same time, the Group will continue to evaluate property projects in Hong Kong, Singapore and Mainland China and seek opportunities to acquire additional land reserves, which will inject more vibrancy to the Group’s future development.

#### **Subsequent Event After Reporting Period**

The Group did not have any material subsequent event after the reporting period and up to the date of this announcement.

## **Liquidity and Financial Resources**

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$19.5 million (As at 31 December 2020: approximately HK\$30.0 million).

As at 30 June 2021, the Group's total assets amounted to approximately HK\$523.1 million, representing an increase of approximately HK\$37.5 million as compared to those of 31 December 2020.

The Group's gearing ratio as at 30 June 2021 was 2.1 (As at 31 December 2020: 1.8), which is calculated by dividing the total debts (sum of carrying amounts of other loans, bank borrowings, loan from intermediate holding company and lease liabilities) by the total equity as at the respective dates.

During the Period and as at 30 June 2021, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore was primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. For foreign currency purchases, hedging arrangements against foreign exchange fluctuations may be entered into. However, no hedging arrangement was undertaken for revenue generated from our Singapore and the PRC operations.

As at 30 June 2021, the Group had net current liabilities of approximately HK\$38.4 million (As at 31 December 2020: net current liabilities of approximately HK\$39.4 million).

The Group generally finances its ordinary operations with internally generated resources or banking facilities. The interest rates of most of the borrowings and finance lease arrangements are charged by reference to prevailing market rates.

The debts (including other loans, bank borrowings, loan from intermediate holding company and lease liabilities) of the Group were denominated in HK\$, Renminbi and Singapore dollar, of which approximately HK\$151.2 million is repayable within one year after 30 June 2021 (At 31 December 2020: approximately HK\$126.9 million) and approximately HK\$123.7 million is repayable in more than one year (As at 31 December 2020: approximately HK\$104.4 million).

## **Capital Structure**

As at 30 June 2021, the Company's share capital comprised 1,060,000,000 issued ordinary Shares with par value of HK\$0.01 each. There was no change in the share capital of the Company during the Period.



### **Investment Position and Planning**

During the Period, the Group spent approximately HK\$54.1 million for acquisition of plant and equipment and right-of-use assets (2020: approximately HK\$10.2 million).

Pursuant to a resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited ("**Manta-Vietnam**"), a company incorporated in Vietnam and an indirect 67%-owned subsidiary of the Company (the "**Board of Management**") held on 10 January 2013, the Board of Management resolved to liquidate Manta-Vietnam (the "**Liquidation**"). A notification of the dissolution of Manta-Vietnam was issued on 29 April 2021.

### **Pledge of Group Assets and Contingent Liabilities**

As at 30 June 2021, the Group's banking facilities were secured by the Group's estate right title benefit and interest of the leasehold land with a carrying amount of HK\$85.9 million (As at 31 December 2020: approximately HK\$85.9 million), a building of the Group with an aggregate carrying amount of approximately HK\$29.3 million (As at 31 December 2020: approximately HK\$30.8 million), property, plant and equipment of approximately HK\$22.4 million (As at 31 December 2020: HK\$6.7 million), and corporate guarantees executed by the Company and certain subsidiaries.

As at 30 June 2021, the Group's lease liabilities were secured by property, plant and equipment of approximately HK\$59.6 million (As at 31 December 2020: approximately HK\$65.5 million).

As at 30 June 2021, the Group, and the Company did not have any significant contingent liabilities (As at 31 December 2020: Nil).

## **Employment and Remuneration Policy**

As at 30 June 2021, the Group had a total of 106 (As at 31 December 2020: 109) employees in Hong Kong, Singapore and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance of the staff and prevailing labour laws of its operating entities. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce.

## **Significant Investments / Material Acquisitions and Disposals**

Saved as disclosed above, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

## **Future Plan for Material Investments or Capital Assets**

Saved as disclosed above, the Group did not have other plans for material investments and capital assets as at 30 June 2021.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has, throughout the Period, complied with all the code provisions as set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the “CG Code”).

## **CHANGE OF COMPANY NAME, STOCK SHORT NAMES, COMPANY LOGO AND COMPANY WEBSITE ADDRESS**

On 30 April 2021, the Board announced the proposed change of its registered English name from “Eagle Legend Asia Limited” to “Kaisa Capital Investment Holdings Limited”, and its Chinese name from “鵬程亞洲有限公司” to “佳兆業資本投資集團有限公司”. On 8 June 2021, the special resolution for change of the Company’s name was duly passed by the Shareholders at its extraordinary general meeting. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 11 June 2021, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 July 2021.

Following the change of the Company's name, the stock short names for trading in the Shares on the Stock Exchange has been changed from "EAGLE LEGEND" to "KAISA CAPITAL" in English and from "鵬程亞洲" to "佳兆業資本" in Chinese with effect from 21 July 2021. The stock code of the Company on the Stock Exchange remains unchanged. Further, the Company's logo has been changed and the Company's website has been changed to "https://kaisa-capital.com". The Board considers that the change of Company name would establish a fresh corporate identity which provides Shareholders and investors with a new image that the Company is a subsidiary of Kaisa Group Holdings Ltd. and better reflect the Group's long-term business plan and development.

Please refer to the Company's announcements/notice dated 30 April, 7 May, 8 June and 16 July 2021 and circular dated 7 May 2021 for further details.

### **CHANGE IN COMPOSITION OF THE BOARD AND BOARD COMMITTEES**

The changes in information of the Directors since the date of the Company's 2020 annual report are set out below:

1. Mr. Guo Peineng has resigned as an executive Director, the deputy chairman of the Board and has ceased to be the chairman of the nomination committee of the Company (the "**Nomination Committee**") and Mr. Chen Huajie has resigned as an executive Director, all with effect from 16 July 2021;
2. Mr. Kwok Ying Shing has been appointed as an executive Director, the chairman of the Board, the chairman of the Nomination Committee and a member of the remuneration committee of the Company (the "**Remuneration Committee**"), and Ms. Kwok Hiu Yan, Ms. Lee Kin Ping Gigi, Mr. Zhou Puzhang and Mr. Chen Zefeng have been appointed as executive Directors, all with effect from 16 July 2021; and
3. Mr. Zhao Yi, an executive Director and chief executive officer of the Company, has ceased to be a member of the Remuneration Committee; and the annual director's fee of Mr. Zhao was changed to HK\$300,000.

### **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference on 25 June 2010. In order to comply with the relevant code provisions of the CG Code, the written terms of reference had been revised on 27 March 2012 and were further revised on 31 December 2015, 22 March 2017 and 24 December 2018.

Currently, the members of the Audit Committee comprises three independent non-executive Directors ("**INEDs**"), namely Mr. Xu Xiaowu (chairman of the Audit Committee), Mr. Li Yongjun and Mr. Diao Yingfeng.

## **REVIEW OF FINANCIAL INFORMATION**

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters, including the review of the unaudited condensed and consolidated financial statements of the Group for the Period (the “**Condensed and Consolidated Financial Statements**”) and this Interim Results Announcement, with the Board and the Independent Auditor.

The Independent Auditor has reviewed the Condensed Consolidated Financial Statements 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.

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

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

## **DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS**

None of the Directors, the controlling Shareholders (as defined under the Listing Rules) or their respective close associates (as defined under the Listing Rules) (a) had interests in any business apart from the Group’s business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and (b) had or might have any other conflicts of interest with the Group during the Period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing the securities transactions by the Directors. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code throughout the Period.

## **PUBLICATION OF 2021 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://kaisa-capital.com>). The interim report of the Company for the Period, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to the Shareholders and published on the same websites in due course in the manner as required by the Listing Rules.

By Order of the Board  
**Kaisa Capital Investment Holdings Limited**  
**Kwok Ying Shing**  
*Chairman and Executive Director*

Hong Kong, 24 August 2021

*As at the date of this announcement, the Board comprises Mr. Kwok Ying Shing, Mr. Zhao Yi, Ms. Kwok Hiu Yan, Ms. Lee Kin Ping Gigi, Mr. Zhou Puzhang and Mr. Chen Zefeng as executive Directors; and Mr. Xu Xiaowu, Mr. Li Yongjun and Mr. Diao Yingfeng as INEDs.*