TIMES UNIVERSAL GROUP HOLDINGS LIMITED
時代環球集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

2020 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Times Universal Group Holdings Limited (the "**Company**") hereby announces that the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue		**27,029**	44,099
Direct costs		**(17,680)**	(24,830)
Gross profit		**9,349**	19,269
Other income		**619**	927
Administrative expenses		**(17,435)**	(22,563)
Finance costs		**(2,661)**	(2,948)
		(10,128)	(5,315)
Share of losses of joint ventures		**(9,213)**	(61)
Loss before income tax	*4*	**(19,341)**	(5,376)
Income tax expenses	*5*	**(5)**	(589)
Loss for the period		**(19,346)**	(5,965)

	Notes	Six months ended 30 June **2020** ***HK$'000*** **(Unaudited)**	 2019 *HK$'000* (Unaudited)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of overseas operations		**(1,571)**	3,358
– Share of other comprehensive expense of joint ventures		**(1,439)**	(963)
Other comprehensive (expense)/income for the period		**(3,010)**	2,395
Total comprehensive expense attributable to the equity shareholders of the Company for the period		**(22,356)**	(3,570)
Loss per share	*7*	***HK cents***	*HK cents*
Basic and diluted		**(2.66)**	(0.82)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000
Non-current assets			
Property, plant and equipment		**81,365**	86,724
Intangible assets	*8*	**23,187**	25,467
Right-of-use assets	*9*	**2,011**	2,853
Interest in an associate		**21,070**	21,070
Interests in joint ventures	*10*	**35,088**	44.516
Deferred tax assets		**1,716**	1,749
		164,437	182,379
Current assets			
Inventories		**573**	828
Trade and other receivables	*11*	**25,540**	28,301
Bank balances and cash		**4,773**	6,898
		30,886	36,027
Current liabilities			
Trade and other payables	*12*	**20,875**	25,202
Contract liabilities		**4,386**	4,407
Current taxation		**9,051**	13,246
Secured loan	*13*	**32,018**	34,275
Loan from shareholders		**22,090**	11,187
Bonds	*14*	**20.181**	10.000
Lease liabilities	*15*	**1,782**	1,740
		110,383	100,057
Net current liabilities		**(79,497)**	(64,030)
Total assets less current liabilities		**89,940**	118,349
Non-current liabilities			
Deferred tax liabilities		**5,849**	5,849
Bonds	*14*	**40,000**	50,181
Lease liabilities	*15*	**327**	1,199
		46,176	57,229
		89,940	118,349
Net assets		**38,764**	61,120

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000
Capital and reserves		
Share capital	**388,883**	388,883
Reserves	**(350,119)**	(327,763)
Total equity attributable to equity shareholders of the Company	**38,764**	61,120

1. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019, except for those that relate to new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") effective for the first time for periods beginning on or after 1 January 2020. Details of these relevant changes are set out in note 2.

The financial information relating to the year ended 31 December 2019 that is included in this results announcement for the six months ended 30 June 2020 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company's auditor has reported on those consolidated financial statements. The auditor's report was qualified; included an emphasis of matter in respect of the Group's ability to continue as a going concern and contained a statement under sections 407(2) or (3) of the Hong Kong Companies Ordinance, the auditor's report did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance (Chapter 622).

2. CHANGES IN ACCOUNTING POLICIES AND ADOPTION OF AMENDED HKFRSs

The HKICPA has issued a number of new or revised HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions Conceptual Framework for Financial Reporting (Revised)

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group is principally engaged in hotel operation and provision of properties management services. The Group's reportable and operating segments, based on information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on goods or services provided are as follows:

(1) Hotel operation

Operation of a resort in Canada.

(2) Property management

Properties management in the PRC.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable and operating segments of the Group.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the finance costs, depreciation of property, plant and equipment, interest income, amortisation, loss allowance of trade and other receivables attributable to those segments.

All assets are allocated to reportable segments other than bank balances and cash, interest in an associate, interests in joint ventures, right-of-use assets and unallocated head office and corporate assets; and all liabilities are allocated to reportable segments other than loan from shareholders, bonds, secured loans, deferred tax liabilities, lease liabilities and unallocated head office and corporate liabilities.

Six months ended 30 June 2020

	Hotel Operation *HK$'000* (Unaudited)	Property management *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	**8,952**	**18,077**	**27,029**
Segment (loss)/profit	**(4,782)**	**1,172**	**(3,610)**
Finance costs	**(847)**	**–**	**(847)**
Depreciation	**(1,113)**	**(131)**	**(1,244)**
Interest income	**–**	**5**	**5**
Loss allowance of trade and other receivables	**–**	**(3,645)**	**(3,645)**
Amortisation	**–**	**(2,280)**	**(2,280)**
Segment assets	**81,773**	**49,507**	**131,280**
Additions to non-current segment assets during the period	**36**	**–**	**36**
Segment liabilities	**37,308**	**11,071**	**48,379**

Six months ended 30 June 2019

	Hotel Operation *HK$'000* (Unaudited)	Property management *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	20,302	23,797	44,099
Segment (loss)/profit	(401)	9,497	9,096
Finance costs	(1,083)	–	(1,083)
Depreciation	(1,571)	(28)	(1,599)
Interest income	–	8	8
Loss allowance of trade and other receivables	–	–	–
Amortisation	–	(2,281)	(2,281)
Segment assets	88,823	59,707	148,530
Additions to non-current segment assets during the period	458	7	465
Segment liabilities	42,505	5,684	48,189

Reconciliation of reportable segment profit or loss, assets and liabilities:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit from operations		
Segment (loss)/profit	**(3,610)**	9,096
Depreciation		
– Right-of-use assets	**(842)**	(858)
Other finance costs	**(1,815)**	(1,866)
Share of losses of joint ventures	**(9,213)**	(61)
Unallocated head office and corporate expenses	**(3,861)**	(11,687)
Consolidated loss before income tax	**(19,341)**	(5,376)

	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Assets		
Reportable segment assets	**131,280**	141,643
Bank balances and cash	**4,773**	6,898
Interest in an associate	**21,070**	21,070
Interests in joint ventures	**35,088**	44,516
Right-of-use of assets	**2,011**	2,853
Unallocated head office and corporate assets	**1,101**	1,426
Consolidated total assets	**195,323**	218,406

	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Liabilities		
Reportable segment liabilities	**48,379**	58,746
Bonds	**60,181**	60,181
Loan from shareholders	**22,090**	11,187
Lease liabilities	**2,109**	2,939
Deferred tax liabilities	**5,849**	5,849
Unallocated head office and corporate liabilities	**17,951**	18,384
Consolidated total liabilities	**156,559**	157,286

Geographical information

The geographical location of customers is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, right-of-use assets; and the location of the operation to which they are allocated in the case of intangible assets, interest in an associate and interests in joint ventures. Non-current assets do not include deferred tax asset for the purpose of geographical information disclosure.

The Group's operations are principally located in Hong Kong, Canada, Malaysia and the PRC (excluding Hong Kong).

The Group's revenue from external customers and information about its non-current by geographical location of the assets are detailed below:

	Revenue from external customers six months ended 30 June		Non-current assets	
	2020	2019	**30 June 2020**	31 December 2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)		
Hong Kong	**–**	–	**2,011**	2,853
The PRC (excluding Hong Kong)	**18,077**	23,797	**59,233**	71,092
Canada	**8,952**	20,302	**80,407**	85,615
Malaysia	**–**	–	**21,070**	21,070
	27,029	44,099	**162,721**	180,630

4. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss before income tax has been arrived at after charging:		
Staff costs	**14,882**	23,878
Cost of inventories	**1,964**	3,728
Loss allowance of trade receivables	**3,645**	–
Depreciation – Property, plant and equipment	**1,244**	1.599
Depreciation – Right-of-use assets	**842**	858
Amortisation of intangible assets	**2,280**	2,281

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PRC Corporate Income Tax		
Provision for the period	**5**	589
	5	589

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group had no assessable profit in Hong Kong for the six months ended 30 June 2020 and 2019.

Except for Nuofute Property Management Co. Ltd.* 重慶諾富特物業管理有限公司 ("**Nuofute Property Management**"), provision for the PRC Corporate Income Tax are calculated at 25% (2019: 25%) of the estimated assessable profits for the six months ended 30 June 2020 and 2019.

Provision for the PRC Corporate Income Tax for Nuofute Property Management is calculated at 15% (2019: 15%) of the estimated assessable profits for the six months ended 30 June 2020 and 2019. Nuofute Property Management is qualified as a company under the development strategy of the PRC's western region and was able to enjoy a preferential income tax rate of 15%.

Pursuant to the relevant laws and regulation in the PRC,Nuofute Property Management is qualified a small low-profit enterprises enjoyed a preferential tax rate of 20% for the six months ended 30 June 2020. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", Nuofute Property Management is also entitled to a tax concession for 75% and 50% of its taxable income for the annual taxable income of less than RMB1,000,000 and the portion that exceeds RMB1,000,000 but does not exceed RMB3,000,000 (inclusive) for the six months ended 30 June 2020, respectively.

Canadian Corporate Tax is calculated at Federal tax rate of 15% (2019: 15%) and British Columbia provincial tax rate of 11% (2019: 11%) on the estimated assessable profits for the six months ended 30 June 2020 and 2019. No provision for taxation has been made as there is no assessable profit for the six months ended 30 June 2020 and 2019.

6. DIVIDEND

No dividend was paid, declared or proposed during the interim period (six months ended 30 June 2019: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2019: nil).

* *For identification purpose only*

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of basic loss per share		
Loss for the period attributable to equity shareholders of the Company	**(19,346)**	(5,965)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares as at 30 June	**728,585**	728,585

The diluted loss per share is the same as basic loss per share as the Company did not have any outstanding dilutive potential ordinary shares during the six months ended 30 June 2020 and 2019.

8. INTANGIBLE ASSETS

	Customers relationship
	HK$'000
Cost	
As at 1 January 2019, 31 December 2019, 1 January 2020 (audited) and 30 June 2020 (unaudited)	45,616
Amortisation	
As at 1 January 2019 (audited)	15,587
Charges for the year	4,562
As at 31 December 2019 (audited)	20,149
Charges for the period	2,280
As at 30 June 2020 (unaudited)	**22,429**
Carrying values	
As at 30 June 2020 (unaudited)	**23,187**
As at 31 December 2019 (audited)	**25,467**

The amortisation charge for the year is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

The customers relationship was acquired from third parties through business combinations. It was amortised on a straight-line basis over 10 years. The remaining useful live of the intangible assets was 5 years.

Management of the Group considered that no impairment of intangible assets is necessary as at 30 June 2020 and 31 December 2019

9. RIGHT-OF-USE ASSETS

The right-of-use assets represent lease of office in Hong Kong.

	30 June 2020 ***HK$'000***
As at 1 January 2019 (audited)	**4,576**
Depreciation for the year	**(1,723)**
As at 31 December 2019 (audited)	**2,853**
Depreciation for the period	**(842)**
As at 30 June 2020 (unaudited)	**2,011**

10. INTERESTS IN JOINT VENTURES

	30 June 2020 ***HK$'000*** **(Unaudited)**	31 December 2019 *HK$'000*
Share of net assets	**5,565**	14,993
Amount due from a joint venture	**29,523**	29,523
	35,088	44,516
Represented by:		
Investment costs	**15,758**	15,758
Share of post-acquisition reserves	**(8,754)**	459
	7,004	16,217
Amount due from a joint venture	**29,523**	29,523
Exchange adjustments	**(1,439)**	(1,224)
Interests in joint ventures	**35,088**	44,516

On 6 March 2018, Forebase China Limited, a wholly owned subsidiary, has completed the acquisition of 49% equity interests, together with the shareholder's loan, in Triple Market and its subsidiaries ("**Triple Market Group**"). Triple Market Group mainly holds investment properties. Pursuant to the Agreement, unanimous consent from both shareholders are required for certain key corporate matters of Triple Market Group. Therefore, Triple Market Group is under the joint control of the Group. The Group has the right to the net assets of Triple Market Group. Accordingly, the investment in Triple Market Group was accounted for as joint ventures of the Group by using the equity method.

In July 2019, all the investment properties were seized by the Intermediate People's Court of Chongqing (重慶第一中級人民法院) in relation to a loan dispute with a financial institution. The directors of the Company inquired of the management of the joint ventures in relation to the seizure of investment properties and the loan dispute, but they are still not able to obtain all relevant information, including the court orders, the reason and the latest development of the seizure of the investment properties and the loan dispute.

Based on the valuation carried out by valuers independent of the Group, a loss arising from change in fair value of investment properties of HK$18,759,000 held by Triple Market Group was recognised for the six months ended 30 June 2020. Accordingly, a loss of HK$ 9,192,000 has been recorded by the Group under the share of post-acquisition reserves.

The amounts due from a joint venture is unsecured, non- interest bearing and repayable on demand. The Controlling Shareholders have undertaken to indemnify the Group against any losses that may result from the non-recovery of the amount due from a joint venture of HK$29,523,000.

* The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

	30 June 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000*
Current assets	**1**	1
Non-current assets	**64,666**	88,633
Current liabilities	**(53,973)**	(54,977)
Non-current liabilities	**(548)**	(559)
Net assets	**10,146**	33,098
Included in the above assets and liabilities:		
Cash and cash equivalents	**1**	1
Current financial liabilities (excluding trade and other payables and Provisions)	**(53,495)**	(54,525)
Non-current financial liabilities (excluding trade and other payables and Provisions)	**(548)**	(559)

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	
Revenue	–	251
Other income and gain, net	–	13
Loss arising from change in fair value of investment properties	**(18,759)**	–
Total operating expenses	**(44)**	(455)
Loss before income tax	**(18,803)**	(191)
Income tax expenses	–	–
Loss for the period	**(18,803)**	(191)
Other comprehensive income/(expenses) for the period		
Exchange differences on translation of financial statements of the overseas joint ventures	**(438)**	11
	(19,241)	(180)

11. TRADE AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	
Trade receivables	**17,170**	19,344
Deposits and other receivables	**8,063**	2,776
Amount due from a third party	–	4,888
Prepayments	**307**	1,293
Total trade and other receivables	**25,540**	28,301

The Group does not hold any collateral or other credit enhancements over its trade receivables.

The Group allows an average credit period of 0 to 30 days to its trade customers. The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, based on the date of delivery of goods or date of rendering of services which approximated the respective dates on which revenue was recognised.

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000
Within 90 days	**1,354**	3,685
91 to 180 days	**628**	1,638
181 to 365 days	**6,757**	3,582
Over 365 days	**8,431**	10,439
	17,170	19,344

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000
The movements in loss allowance of trade receivables during the period are as follows:		
As at 1 January	**21,092**	6,611
Loss allowance of trade receivables recognised during the period	**3,645**	14,820
Exchange adjustments	**(25)**	(339)
As at the period	**24,712**	21,092

12. TRADE AND OTHER PAYABLES

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000
Trade payables	**1,416**	1,148
Accrued expenses and other payables	**16,655**	14,542
Amount due to third parties	**–**	6,743
Amounts due to a shareholder	**2,804**	2,769
	20,875	25,202

The following is an ageing analysis of trade payables, based on the invoice date, at the end of the reporting period.

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000
Within 90 days	**758**	640
91 to 180 days	**2**	21
181 to 365 days	**201**	1
Over 365 days	**455**	486
	1,416	1,148

The average credit period on purchases of goods is 0 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. SECURED LOAN

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000
Within one year – current portion	**32,018**	34,275
Non-current portion		
After one year but within two years	**–**	–
After two years but within five years	**–**	–
After five years	**–**	–
	32,018	34,275

As at 30 June 2020, the mortgage loans of HK$30,412,000 and HK$1,606,000 are repayable on 15 September 2031 and 15 September 2029 respectively, bear an interest rate of 2% plus prime rate per annum and jointly and severally guaranteed by Mr. Choi Yun Chor and Ms. Yeung So Mui. The banking facilities are secured by freehold land and buildings held for own use with carrying amount of approximately HK$79,920,000 (2019: HK$84,759,000), and are reviewed periodically. In the opinions of the directors of the Company, the effective interest rate of the secured loans was 5.45% (2019: 6.0%) per annum for the year ended 30 June 2020.

14. BONDS

	30 June 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000*
Bonds carried at fixed coupon rate of 6% per annum	**20,000**	20,000
Bonds carried at fixed coupon rate of 8% per annum	**20,000**	20,000
Bonds carried at fixed coupon rate of 3% per annum	**10,000**	10,000
Bonds carried at fixed coupon rate of 3% per annum	**10,181**	10,181
	60,181	60,181

The Company entered into two placing agreements with a placing agent issued two 6% coupon unlisted bonds on 6 August 2014 and 10 October 2014 with the aggregate principal amount of HK$10,000,000 each within the placing period. The amounts are repayable within 96 months from the date of issue, which are 5 August 2022 and 9 October 2022 respectively.

The Company issued a 8% coupon unlisted bond with the principal amount of HK$10,000,000 on 23 January 2015. The amount is repayable within 96 months from the date of issue, which is 22 January 2023.

The Company issued a 8% coupon unlisted bond with the principal amount of HK$10,000,000 on 1 June 2015 . The amount is repayable within 60 months from the date of issue, which is 31 May 2020. On 18 June 2020, the bondholder agreed to extend the repayment date to 16 July 2020.

The Company issued a 3% coupon unlisted bond with the principal amount of HK$10,000,000 on 1 December 2017 to Mr. Shen Ke who resigned as a director of the Company on 21 September 2018. The amount is repayable within 84 months from the date of issue, which is 30 November 2024.

The Company issued a bond with the principal amount of HK$10,181,000 as part of the consideration in respect of the acquisition of the joint ventures in 2018. The bond bears interest rate at 3% per annum and is unsecured. The amount is repayable within 36 months from the date of issue, which is 5 March 2021.

15. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	30 June 2020 ***HK$'000*** **(unaudited)**	31 December 2019 *HK$'000*
Total minimum lease payments:		
Within one year	**1,822**	1,822
In the second to fifth years	**304**	1,329
	2,126	3,151
Less: future finance charges on lease liabilities	**(17)**	(212)
Present value of lease liabilities	**2,109**	2,939
Present value of minimum lease payments:		
Within one year	**1,782**	1,740
In the second to fifth years	**327**	1,199
As at 30 June 2020	**2,109**	2,939

During the period ended 30 June 2020, the total cash outflows for the leases are HK$950,000.

INTERIM DIVIDEND

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

FINANCIAL REVIEW

Revenue represents hotel operating income and property management fee income. Revenue decreased by approximately HK$17,070,000 or 38.7% to approximately HK$27,029,000 from HK$44,099,000 in 2019 was due to the outbreak of COVID-19 which forced the hotel operation closed down for three months.

Administrative expenses for the six months ended 30 June 2020 decreased by approximately HK$5,128,000 or 22.7% as compared with the corresponding period last year. The decrease was mainly attributable to the decrease in staff costs of HK$8,996,000 as a result of reduction in headcount and equity-settled share-based payment expenses, but offset by the increase in loss allowance of trade receivables of HK$3,645,000.

Finance costs was consistent with previous year.

Income tax expense decreased to approximately HK$5,000 from approximately HK$589,000 in the corresponding period last year was mainly due to the beneficial tax regime of Nuofute Property Management.

As a result of the foregoing combined effects of the above, the Group recorded a loss for the period of approximately HK$19,346,000 as compared to a loss of approximately HK$5,965,000 recorded in the corresponding period last year.

Liquidity and Financial Resources

As at 30 June 2020, the Group's net current liabilities and current ratio were approximately HK$79,497,000 and 0.28 respectively (31 December 2019: approximately HK$64,030,000 and 0.36 respectively).

As at 30 June 2020, the Group's bank and cash balances amounted to approximately HK$4,773,000 (31 December 2019: approximately HK$6,898,000).

Charge on Assets

As at 30 June 2020, the Group's land and buildings held for own use of approximately HK$79,920,000 (31 December 2019: approximately HK$84,759,000) were pledged to secure banking facilities granted to the Group.

Capital Structure

For the six months ended 30 June 2020, the Group financed its liquidity requirements through a combination of cash flow as generated from operations, secured loan, bonds and loans from shareholders.

Capital Commitment and Contingent Liabilities

As at 30 June 2020, the Group did not have any significant capital commitment and contingent liabilities.

Staff and Remuneration Policies

As at 30 June 2020, the Group had approximately 277 employees, including 185 based in the PRC, 13 based in Hong Kong and 79 based in Canada. Staff costs for the six months ended 30 June 2020 were approximately HK$14,882,000, representing a decrease of approximately HK$8,996,000 as compared to approximately HK$23,878,000 in the corresponding period last year due to the reduction of headcount as a result of the outbreak of COVID-19 and the decrease in equity-settled share-based payment expenses.

Employee remuneration is determined in accordance with prevailing industry practice and employees' performance and experience. Discretionary bonuses are awarded to employees with outstanding performance with reference to the performance of the Group. Employees are also entitled to other staff benefits including medical insurance and mandatory provident fund.

Foreign Exchange Fluctuation and Hedge

The Group is not subject to material foreign currency exposure since its operations in the PRC and Canada are mainly denominated in RMB and CAD respectively and the Group's revenue and operating costs in the PRC and Canada are denominated in the functional currency of the Group's entity generating the sales or incurring the costs. Accordingly, the directors consider that the currency risk is not significant. As such, no hedging instrument is considered necessary by the Board during the six months ended 30 June 2020. The directors will monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

During the six months ended 30 June 2020, the Group did not enter into any forward foreign currency contracts.

BUSINESS REVIEW

Hotel Operation Business

Revenue from hotel operation accounted of approximately 33.1% of the total revenue. The outbreak of the COVID-19 coronavirus has had a significant impact on the Group's hotel operation business. The hotel has been closed as result of government travel restrictions, quarantines and lockdowns for three months. Revenue decreased by 55.9% from approximately HK$20,302,000 for the six months ended 30 June 2019 to approximately HK$8,952,000 for the six months ended 30 June 2020. The occupancy rate decreased from 85.2% for the six months ended 30 June 2019 to 28.9% for the six months ended 30 June 2020.

Property Management Business

Revenue from property management business accounted of approximately 66.9% of the total revenue. Revenue was decreased by approximately HK$5,720,000 or 24.0% from approximately HK$23,797,000 for the six months ended 30 June 2019 to approximately HK$18,077,000 for the six months ended 30 June 2020. The decrease was attributable to the decrease in area under management by approximately 1.2% from approximately 474,200 sq.m in 2019 to approximately 468,400 sq.m in 2020 and the reduction of property management fee for certain premises.

PROSPECTS

The property management segment is one of the key sources of income for the Group. Management believes that the property management industry in China will continue to grow steadily and this segment will bring stable income to the Group. While exploring new property management projects, the Group will actively consider expanding this segment through acquisitions.

The hotel operation business in Victoria, British Columbia, Canada generate less revenue for the Group due to the outbreak of COVID-19 and the foreign exchange fluctuations. It is hard to predict when the negative effect of the coronavirus will come to an end. We will continue to evaluate how to operate in the post-COVID-19 world and have implemented new hygiene and sanitation protocols.

The Group will continue to explore other investment opportunities in hotel operation, property investment and development in Hong Kong, the PRC and other overseas countries, with an aim to deliver substantial returns for shareholders of the Company through a series of acquisitions and proposed cooperation.

OTHER INFORMATION

Corporate Governance

The Company is committed to achieving a high standard of practices of corporate governance so as to ensure the protection of shareholders' interests with better transparency. The Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2020.

Model Code for Securities Transactions by Directors

The Company has adopted Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**") as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that as at 30 June 2020, all directors have complied with the code provisions as set out in the Model Code. The relevant employees who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

Review of Accounts

The audit committee of the Board (the "**Audit Committee**") has reviewed and discussed with the management of the Company the accounting principles and practices, financial reporting process, internal control matters, and the unaudited interim financial results for the six months ended 30 June 2020. The Audit Committee consists of three independent non-executive directors of which at least one of them has appropriate professional qualifications and experience in financial matters.

Publication of the Interim Results and 2020 Interim Report

This interim results announcement has been published on the Company's website at www.timesuniversal.com and the website of the Stock Exchange at www.hkexnews.hk. The 2020 interim report is expected to be despatched to shareholders on or before 30 September 2020, which will be also made available on the websites of the Company and the Stock Exchange.

By order of the Board
Times Universal Group Holdings Limited
CHOI YUN CHOR
Co-Chairman and Executive Director

Hong Kong, 28 August 2020

As at the date hereof, the executive Directors are Ms. YEUNG So Mui, Mr. CHOI Yun Chor, Mr. NG Kwai Wah Sunny, Mr. CHEN Jian, Mr. TAI Kwok Keung Kenny and Mr. LIN Junwei; and the independent non-executive Directors are Ms. LAI Cheuk Yu Cherrie, Mr. TING Wong Kacee and Dr. LOKE Yu (alias Loke Hoi Lam).