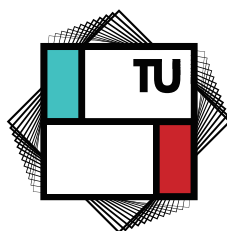


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TIMES UNIVERSAL GROUP HOLDINGS LIMITED

時代環球集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

2021 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Times Universal Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 are 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
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue		34,936	27,029
Direct costs		(22,892)	(17,680)
Gross profit		12,044	9,349
Other income		2,436	619
Expected credit loss allowance of trade and other receivables		(2,828)	(3,645)
Administrative expenses		(14,954)	(13,790)
Finance costs		(2,044)	(2,661)
		(5,346)	(10,128)
Share of losses of joint ventures		—	(9,213)
Loss before income tax	4	(5,346)	(19,341)
Income tax expenses	5	(10)	(5)
Loss for the period		(5,356)	(19,346)

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of financial statements of overseas operations		1,563	(1,571)
– Share of other comprehensive expense of joint ventures		<u>–</u>	<u>(1,439)</u>
Other comprehensive income/(expense) for the period		<u>1,563</u>	<u>(3,010)</u>
Total comprehensive expense attributable to the equity shareholders of the Company for the period		<u>(3,793)</u>	<u>(22,356)</u>
Loss per share attributable to the equity shareholders of the Company for the period	7	HK cents	HK cents
Basic and diluted		<u>(0.49)</u>	<u>(2.66)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		87,516	85,533
Intangible assets	8	18,282	20,520
Right-of-use assets	9	1,527	2,894
Interest in an associate		16,865	16,865
Deferred tax assets		3,927	3,875
		<u>128,117</u>	<u>129,687</u>
Current assets			
Inventories		623	584
Trade and other receivables	10	20,869	12,818
Bank balances and cash		36,746	47,831
		<u>58,238</u>	<u>61,233</u>
Current liabilities			
Trade and other payables	11	23,651	23,228
Contract liabilities		4,896	4,284
Current taxation		14,571	14,671
Secured loan	12	33,437	33,667
Bonds	13	10,181	10,181
Lease liabilities	14	1,666	2,518
		<u>88,402</u>	<u>88,549</u>
Net current liabilities		<u>(30,164)</u>	<u>(27,316)</u>
Total assets less current liabilities		<u>97,953</u>	<u>102,371</u>
Non-current liabilities			
Deferred tax liabilities		5,355	5,355
Loan from controlling shareholders		20,558	20,558
Bonds	13	40,000	40,000
Lease liabilities	14	107	732
		<u>66,020</u>	<u>66,645</u>
Net assets		<u><u>31,933</u></u>	<u><u>35,726</u></u>

	30 June	31 December
	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	
Capital and reserves		
Share capital	441,350	441,350
Reserves	(409,417)	(405,624)
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company	31,933	35,726
	<hr/> <hr/>	<hr/> <hr/>

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 2020, 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 2021. Details of these relevant changes are set out in note 2.

The financial information relating to the year ended 31 December 2020 that is included in this results announcement for the six months ended 30 June 2021 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 2020 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

Amended HKFRSs that are effective for annual periods beginning on 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 unaudited condensed consolidated financial statements for the reporting 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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The adoption of the amended HKFRSs in the current period 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 unaudited condensed consolidated financial statements.

Issued but not yet effective HKFRSs

The following new standards, amendments and interpretations have been published but are not yet effective, and have not been early adopted by the Group:

HKFRS 17	Insurance Contract and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combinations/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 amendments, new standards and interpretations is expected to be in the period of initial application. The directors anticipate that the application of all new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements of the Group.

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 People's Republic of China (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 and right-of-use assets, interest income, amortisation of intangible assets, gain or loss on disposal of property, plant and equipment and 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, unallocated head office and corporate assets; and all liabilities are allocated to reportable segments other than loans from controlling shareholders, bonds, deferred tax liabilities, lease liabilities and unallocated head office and corporate liabilities.

Six months ended 30 June 2021

	Hotel Operation HK\$'000 (Unaudited)	Property management HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	14,500	20,436	34,936
Segment (loss)/profit from the Group's external customers	(706)	106	(600)
Finance costs	(761)	(41)	(802)
Depreciation of property, plant and equipment	(1,264)	(96)	(1,360)
Depreciation of right-of-use assets	—	(550)	(550)
Interest income	—	6	6
Loss allowance of trade and other receivables	—	(2,828)	(2,828)
Amortisation of intangible assets	—	(2,238)	(2,238)
Segment assets	89,190	37,121	126,311
Additions to non-current segment assets during the period	118	5	123
Segment liabilities	38,493	22,544	61,037

Six months ended 30 June 2020

	Hotel Operation <i>HK\$'000</i> (Unaudited)	Property management <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	<u>8,952</u>	<u>18,077</u>	<u>27,029</u>
Segment (loss)/profit from the Group's external customers	<u>(4,782)</u>	<u>1,172</u>	<u>(3,610)</u>
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 of intangible assets	<u>–</u>	<u>(2,280)</u>	<u>(2,280)</u>
Segment assets	81,773	49,507	131,280
Additions to non-current segment assets during the period	36	–	36
Segment liabilities	<u>37,308</u>	<u>11,071</u>	<u>48,379</u>

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

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss from operations		
Segment loss	(600)	(3,610)
Depreciation		
– Right-of-use assets	(839)	(842)
Other finance costs	(1,242)	(1,815)
Share of losses of joint ventures	–	(9,213)
Unallocated head office and corporate expenses	<u>(2,665)</u>	<u>(3,861)</u>
Consolidated loss before income tax	<u>(5,346)</u>	<u>(19,341)</u>

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Assets		
Reportable segment assets	126,311	123,806
Bank balances and cash	36,746	47,831
Interest in an associate	16,865	16,865
Right-of-use of assets	333	1,172
Unallocated head office and corporate assets	6,100	1,246
	<hr/>	<hr/>
Consolidated total assets	186,355	190,920
	<hr/> <hr/>	<hr/> <hr/>

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Liabilities		
Reportable segment liabilities	61,037	61,785
Bonds	50,181	50,181
Loans from controlling shareholders	20,558	20,558
Lease liabilities	390	1,257
Deferred tax liabilities	5,355	5,355
Unallocated head office and corporate liabilities	16,901	16,058
	<hr/>	<hr/>
Consolidated total liabilities	154,422	155,194
	<hr/> <hr/>	<hr/> <hr/>

Geographical information

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified 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 operations to which they are allocated, in the case of intangible assets, interest in an associate and interests in joint ventures. Specified non-current assets do not include deferred tax assets 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		Specified non-current assets	
	six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i>
Hong Kong	—	—	333	1,172
The PRC (excluding Hong Kong)	20,436	18,077	19,995	22,845
Canada	14,500	8,952	86,997	84,930
Malaysia	—	—	16,865	16,865
	<u>34,936</u>	<u>27,029</u>	<u>124,190</u>	<u>125,812</u>

4. LOSS BEFORE INCOME TAX

Six months ended 30 June	
2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)

Loss before income tax has been arrived at
after charging:

Staff costs	17,169	14,882
Cost of inventories	2,439	1,964
Loss allowance of trade receivables	2,828	3,645
Depreciation – Property, plant and equipment	1,360	1,244
Depreciation – Right-of-use assets	1,389	842
Amortisation of intangible assets	<u>2,238</u>	<u>2,280</u>

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
PRC Corporate Income Tax ("CIT")		
Provision for the period	10	5
	<u>10</u>	<u>5</u>

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 2021 and 2020.

Notes:

- (a) 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 periods ended 30 June 2021 and 2020.
- (b) Provision for the PRC CIT is calculated at 25% of the estimated assessable profits for the periods ended 30 June 2021 and 2020.
- (c) Pursuant to the relevant laws and regulation in the PRC, Nuofute Property Management Co., Ltd. ("**Nuofute Property Management**") is qualified as small low-profit enterprises enjoyed a preferential tax rate of 20% for the periods ended 30 June 2021 and 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 Renminbi ("**RMB**") 1,000,000 and the portion that exceeds RMB1,000,000 but does not exceed RMB3,000,000 (inclusive) for the periods ended 30 June 2021 and 2020, respectively.
- (d) Canadian Corporation Tax is calculated at Federal Tax rate of 15% and British Columbia Provincial Tax rate of 12% on the estimated assessable profits for the year ended 30 June 2021 (2020: 12%). No provision for taxation has been made as there is no assessable profit for the periods ended 30 June 2021 and 2020.

6. DIVIDEND

No dividend was paid, declared or proposed during the interim period (six months ended 30 June 2020: 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 2020: nil).

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	
	2021	2020
	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	(5,356)	(19,346)
	'000	'000

Number of shares

Weighted average number of ordinary shares as at 30 June	1,092,877	728,585
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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 2021 and 2020.

8. INTANGIBLE ASSETS

	Customers relationship
	HK\$'000
Cost	
As at 1 January 2020, 31 December 2020, 1 January 2021 (audited) and 30 June 2021 (unaudited)	45,616
Amortisation	
As at 1 January 2020 (audited)	20,149
Charges for the year	4,562
Impairment loss	385
As at 31 December 2020 (audited)	25,096
Charges for the period	2,238
As at 30 June 2021 (unaudited)	27,334
Carrying values	
As at 30 June 2021 (unaudited)	18,282
As at 31 December 2020 (audited)	20,520

The amortisation charge for the year is included in “Administrative expenses” in the unaudited condensed 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 4.5 years.

Management of the Group considered that no impairment of intangible assets is necessary as at 30 June 2021.

9. RIGHT-OF-USE ASSETS

	Office premises HK\$'000	Car parks HK\$'000	30 June 2021 HK\$'000
As at 1 January 2020 (audited)	2,853	–	2,853
Additions	–	2,062	2,062
Depreciation for the year	(1,681)	(430)	(2,111)
Exchange adjustments	–	90	90
	<hr/>	<hr/>	<hr/>
As at 31 December 2020 (audited)	1,172	1,722	2,894
Depreciation for the period	(839)	(550)	(1,389)
Exchange adjustments	–	22	22
	<hr/>	<hr/>	<hr/>
As at 30 June 2021 (unaudited)	333	1,194	1,527
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Trade receivables, net of loss allowance	8,525	5,915
Other receivables, net of loss allowance	1,343	1,493
Amounts due from third parties, net of loss allowance	3,754	3,316
Deposits	1,292	1,116
Prepayments	5,955	978
	<hr/>	<hr/>
	20,869	12,818
	<hr/> <hr/>	<hr/> <hr/>

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Within 90 days	1,773	2,719
91 to 180 days	1,617	613
181 to 365 days	3,601	476
Over 365 days	1,534	2,107
	8,525	5,915

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
The movements in loss allowance of trade receivables during the period are as follows:		
At the beginning of the period/year	44,346	21,092
Loss allowance of trade receivables recognised during the period	2,828	20,821
Exchange adjustments	5	2,433
At the end of the period/year	47,179	44,346

11. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Trade payables	230	417
Accruals	3,613	2,220
Bond interest payable	3,326	2,929
Other payables	13,641	14,821
Amounts due to a shareholder	2,841	2,841
	23,651	23,228

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Within 90 days	119	321
91 to 180 days	109	23
181 to 365 days	2	–
Over 365 days	–	73
	230	417

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.

12. SECURED LOAN

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Within one year – current portion	33,437	33,667
Non-current portion		
After one year but within two years	–	–
After two years but within five years	–	–
After five years	–	–
	33,437	33,667

As at 30 June 2021, the mortgage loans of HK\$31,825,000 and HK\$1,612,000 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\$86,601,000 (2020: HK\$84,733,000), and are reviewed periodically.

The secured loans are subject to bank's overriding right to demand repayment even though the scheduled repayment dates are twelve months after the date of the reporting period. As at 30 June 2021 and 31 December 2020, none of the portion due for repayment after one year which are subject to bank's overriding right to demand repayment and that was classified as current liabilities were expected to be settled within one year.

13. BONDS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000
Bonds carried at fixed coupon rate of 6% per annum (<i>note (a)</i>)	20,000	20,000
Bonds carried at fixed coupon rate of 8% per annum (<i>note (b)</i>)	10,000	10,000
Bonds carried at fixed coupon rate of 3% per annum (<i>note (c)</i>)	10,000	10,000
Bonds carried at fixed coupon rate of 3% per annum (<i>note (d)</i>)	10,181	10,181
	50,181	50,181

Notes:

- (a) The Company entered into two placing agreements with a 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.
- (b) 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.
- (c) 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, a former director of the Company. The amount is repayable within 84 months from the date of issue, which is 30 November 2024.
- (d) 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 on 6 March 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

FINANCIAL REVIEW

Revenue represents hotel operating income and property management fee income. Revenue increased by approximately HK\$7,907,000 or 29.3% to approximately HK\$34,936,000 from HK\$27,029,000 in 2020 was due to the recommencement of business of the hotel operation.

Administrative expenses for the six months ended 30 June 2021 increased by approximately HK\$1,164,000 or 8.44% as compared with the corresponding period last year. The increase was mainly attributable to the reopening of the hotel operation and increase of business development activities in the property management business.

The Group's finance costs during the period decreased to HK\$2,044,000 from HK\$2,661,000 in 30 June 2020 was mainly attributable to the repayment of a bond in July 2020.

Income tax expense was consistent with previous period.

As a result of the foregoing combined effects of the above, the Group recorded a loss for the period of approximately HK\$5,356,000 as compared to a loss of approximately HK\$19,346,000 recorded in the corresponding period last year.

Liquidity and Financial Resources

As at 30 June 2021, the Group's net current liabilities and current ratio were approximately HK\$30,164,000 and 0.66 respectively (31 December 2020: approximately HK\$27,316,000 and 0.69 respectively).

As at 30 June 2021, the Group's bank and cash balances amounted to approximately HK\$36,746,000 (31 December 2020: approximately HK\$47,831,000).

Charge on Assets

As at 30 June 2021, the Group's land and buildings held for own use of approximately HK\$86,601,000 (31 December 2020: approximately HK\$84,733,000) were pledged to secure banking facilities granted to the Group.

Capital Structure

For the six months ended 30 June 2021, 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 2021, the Group did not have any significant capital commitment and contingent liabilities.

Staff and Remuneration Policies

As at 30 June 2021, the Group had approximately 309 employees, including 184 based in the PRC, 13 based in Hong Kong and 112 based in Canada. Staff costs for the six months ended 30 June 2021 were approximately HK\$17,169,000, representing an increase of approximately HK\$2,287,000 as compared to approximately HK\$14,882,000 in the corresponding period last year due to the increase of headcount as a result of the recommencement of the hotel operation.

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 2021. 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 2021, the Group did not enter into any forward foreign currency contracts.

Use of net proceeds from the Rights Issue

As disclosed in the announcements of the Company dated 29 May 2020, 6 July 2020 and 13 July 2020 respectively and the prospectus of the Company dated 17 June 2020, 364,292,398 ordinary shares of the Company were allotted and issued pursuant to the rights issue (the “**Rights Issue**”) on the basis of one rights share (the “**Rights Share(s)**”) for every two ordinary shares (the “**Share(s)**”) of the Company held on the record date at the issue price of HK\$0.145 per Rights Share. Among the 364,292,398 Rights Shares allotted and issued by the Company pursuant to the Rights Issue, (i) 126,561,279 Rights Shares were allotted and issued to Great Match; (ii) 126,561,279 Rights Shares were allotted and issued to Rich Vision; (iii) 19,880,000 Rights Shares were allotted and issued to the then existing shareholders (other than Great Match and Rich Vision); and (iv) 91,289,840 Rights Shares were allotted and issued to not less than six independent placees procured by the placing agent, Sun International Securities Limited.

The closing price of the Shares as at the date on which terms of the Rights Issue were fixed, i.e. 29 May 2020, was HK\$0.145 per Share. The gross proceeds from the Rights Issue were approximately HK\$52.8 million, and the net proceeds (after deducting the relevant expenses incurred in the Rights Issue) were approximately HK\$52.0 million. The net subscription price, after deducting relevant expenses, is approximately HK\$0.143 per Rights Share. As at 30 June 2021, the Group has utilised the net proceeds as follows:

	Intended use of net proceeds as stated in the Prospectus <i>HK\$ million</i>	Amount of net proceeds utilised up to 30 June 2021 <i>HK\$ million</i>	Unutilised net proceeds up to 30 June 2021 <i>HK\$ million</i>	Expected timeline for the intended use
Repayment of the Bonds	10.0	10.0	—	N/A
General working capital				
— Staff costs	31.0	12.9	18.1	June 2022
— Costs of inventories for the hotel operation in Canada	4.0	4.0	—	N/A
— Finance costs	5.6	3.5	2.1	End of 2021
— Legal and professional fees	1.4	1.4	—	N/A
	<u>52.0</u>	<u>31.8</u>	<u>20.2</u>	

As disclosed in the announcement of the Company dated 14 July 2021 and 20 August 2021 (the “**Announcements**”), the Board resolved to change the use of the unutilised net proceeds. Set out below is the revised allocation of the unutilised net proceeds up to the date of this announcement:

	Unutilised net proceeds up to 30 June 2021 before re-allocation <i>HK\$ million</i>	Revised allocation of unutilised net proceeds after re-allocation <i>HK\$ million</i>	Amount of net proceeds utilised up to the date of this announcement <i>HK\$ million</i>	Unutilised net proceeds up to the date of this announcement <i>HK\$ million</i>	Expected timeline for the intended use
Repayment of the Bonds	—	—	—	—	N/A
Purchase of 12,000 units of Filecoin	—	11.0	7.6	3.4	June 2022
General working capital					
— Staff costs	18.1	7.1	2.3	4.8	End of 2021
— Costs of inventories for the hotel operation in Canada	—	—	—	—	N/A
— Finance costs	2.1	2.1	—	2.1	End of 2021
— Legal and professional fees	—	—	—	—	N/A
	<u>20.2</u>	<u>20.2</u>	<u>9.9</u>	<u>10.3</u>	

BUSINESS REVIEW

Hotel Operation Business

Revenue from hotel operation accounted of approximately 41.5% of the total revenue. Revenue increased by 62.0% from approximately HK\$8,952,000 for the six months ended 30 June 2020 to approximately HK\$14,500,000 for the six months ended 30 June 2021. The occupancy rate increased from 28.9% for the six months ended 30 June 2020 to 53.9% for the six months ended 30 June 2021. The Group’s hotel operation business commenced a recovery in 2021 after fewer stringent measures and controls on the COVID-19 pandemic were in place.

Property Management Business

Revenue from property management business accounted of approximately 58.5% of the total revenue. Revenue was increased by approximately HK\$2,359,000 from approximately HK\$18,077,000 for the six months ended 30 June 2020 to approximately HK\$20,436,000 for the six months ended 30 June 2021. The increase was attributable to the increase in income from car parking services and fluctuation of exchange rate.

PROSPECTS

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

The first half of 2021 remained a challenging time for our hotel operation business. Although there is a rebound from the recovery of the COVID-19 crisis, management expects that travel restrictions, quarantine and safety concerns will continue to deter people from travelling for the foreseeable future and that a full recovery will take several years. After all, management is confident in hotel operation and will continue to explore suitable business opportunities.

Recently, the Group commenced to participate in the cryptocurrency business with the objectives to diversify the business operation of the Group and deliver favorable returns for shareholders of the Company.

OTHER INFORMATION

Events after the end of the Reporting Period

On 21 July 2021, Best Master Limited (“**Best Master**”), an indirectly wholly-owned subsidiary of the Company, and 深圳市水滴雲智能有限公司 (Shenzhen Shuidi Yun Zhineng Company Limited[#]) (“**Shenzhen Shuidi**”) mutually agreed to suspend the Swarm Leasing Agreement. Best Master and Shenzhen Shuidi entered the Swarm Leasing Agreement on 23 June 2021 concerning the leasing of 1,000 networked computing nodes to be used in Swarm. Please refer to the announcement of the Company dated 21 July 2021 for details.

On 23 July 2021, Best Master entered into the Lease Agreement with Seven Elements Interactive Digital Technology Limited (“**Seven Elements**”), pursuant to which Best Master agreed to lease the filecoin equipment, storage facilities and auxiliary parts from Seven Elements for mining of the Filecoin for a term of three years commencing from 1 August 2021. Please refer to the announcements of the Company dated 23 July 2021 and 9 August 2021 for details.

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 2021.

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 2021, 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 2021.

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 2021. 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 2021 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 2021 interim report is expected to be despatched to shareholders on or before 30 September 2021, 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, 30 August 2021

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).