



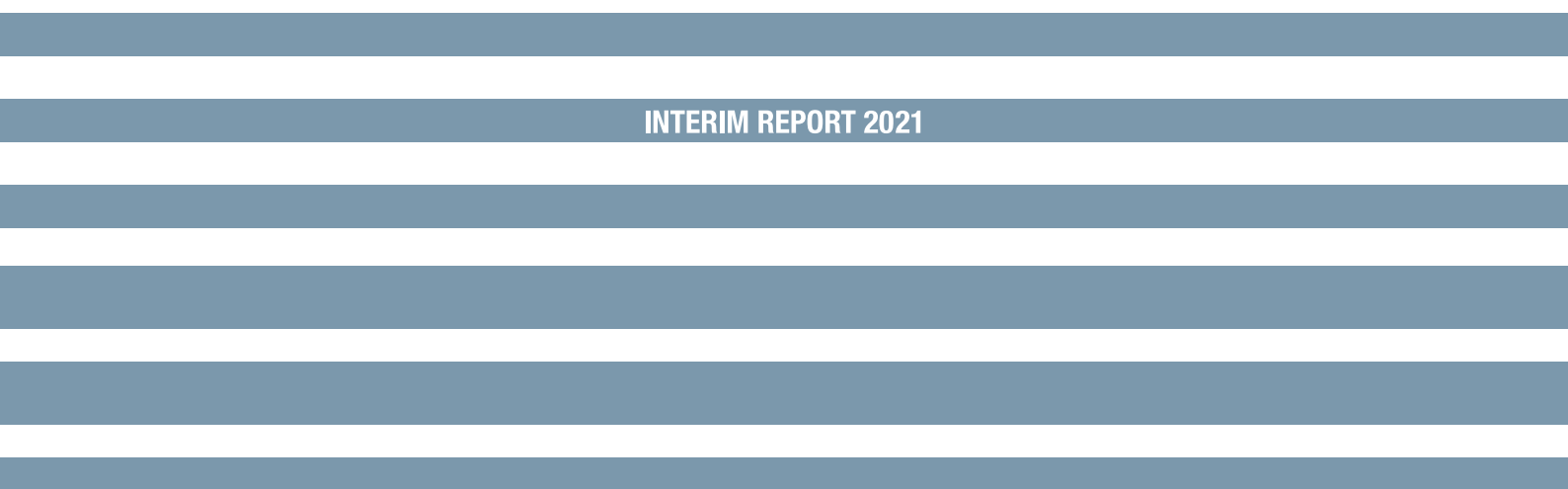
# Nanyang Holdings Limited

(incorporated in Bermuda with limited liability)

Stock Code: 212



INTERIM REPORT 2021



## Contents

|  | Page  |
|--|-------|
| Group financial highlights   | 1     |
| Management commentary  | 2–6   |
| Unaudited condensed consolidated income statement                  | 7     |
| Unaudited condensed consolidated statement of comprehensive income | 8     |
| Unaudited condensed consolidated balance sheet                     | 9     |
| Unaudited condensed consolidated statement of changes in equity    | 10    |
| Unaudited condensed consolidated statement of cash flows           | 11    |
| Notes to the condensed consolidated interim financial information  | 12–29 |

*This document in both English and Chinese is now available in printed form and on the website of the Company at <http://www.nanyangholdingslimited.com>.*

## GROUP FINANCIAL HIGHLIGHTS

|  | Unaudited<br>Six months ended 30 June |                  | Variance |
|--|---------------------------------------|------------------|----------|
|  | 2021<br>HK\$'000                      | 2020<br>HK\$'000 |          |
| Revenue and other income/(losses)  | <b>161,767</b>                        | 112,235          | 44%      |
| Profit attributable to equity holders of<br>the Company  | <b>152,140</b>                        | 42,785           | 256%     |
| Profit attributable to equity holders of<br>the Company after deducting:<br>– changes in fair value of<br>investment properties<br>and related tax effects | <b>(40,043)</b>                       | 19,880           | (301%)   |
|  | <b>112,097</b>                        | 62,665           | 79%      |
| Earnings per share   | <b>HK\$4.45</b>                       | HK\$1.24         | 259%     |
| Earnings per share<br>– after deducting the changes in fair<br>value of investment properties<br>and related tax effects                                   | <b>HK\$3.28</b>                       | HK\$1.82         | 80%      |

The Board of Directors of Nanyang Holdings Limited (“the Company”) announces that the unaudited Group results for the six months ended 30 June 2021 showed a profit attributable to equity holders of HK\$152.1 million (2020: profit of HK\$42.8 million), representing an increase of 256%. The current period’s profit comprises mainly the dividend receivable from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2020 earnings, of approximately HK\$65.5 million (after netting 21% withholding tax), net realised and unrealised gains and investment income from financial assets at fair value through profit or loss from investment portfolios of approximately HK\$37.1 million and the change in fair value of investment properties (including those owned by joint ventures) which resulted in a net gain of HK\$40 million (2020: loss of HK\$19.9 million). However, if excluding the net effect of the change in fair value of the investment properties (including those owned by joint ventures), the half year would have shown a profit attributable to equity holders of HK\$112.1 million (2020: profit of HK\$62.7 million), representing an increase of 79%. Total earnings per share were HK\$4.45 (2020: HK\$1.24). However, if the net effect of the change in fair value of the investment properties had been excluded, earnings per share would have been HK\$3.28 (2020: HK\$1.82).

## **Business Review and Prospects**

### **Real Estate**

#### *Hong Kong*

Measures taken to control the coronavirus locally have been effective and the economy is slowly opening up. Rentals and occupancy at Nanyang Plaza, in Kwun Tong, stabilized, however the take up rate continued to be slow. Of the 290,000 sq.ft. of industrial/office space, the Group holds, 89.9% is presently leased. We will continue to offer favourable leasing terms and attractive rental rates to attract new tenants and to retain existing ones.

#### *Shanghai*

Since repossession of the premises, which was previously leased to a wedding banquet company, occupying approximately 75.3% of the total space, Shanghai Sung Nan Textile Co. Ltd., the Group’s 65% joint venture, rented the space to a new tenant to be used as an old age or rehabilitation facility. The facility has received certain relevant government approval for the new project. Demolishing work has commenced since end of June and it is expected that the facility could be operational in the fourth quarter of 2022.

Sung Nan’s land use right and joint venture term will be expiring on 31 May 2022. It is our intention to negotiate with our Chinese Partner for the formation of a new joint venture under new terms at the same site.

#### *Shenzhen*

Earnings of Southern Textile Company Limited, the joint venture which the Group owns 45%, normalized in the current period. However, business of the retail tenants, occupying the ground and first floors, continued to be slow.

## **Business Review and Prospects** *(Continued)*

### **Financial Investments**

Recovering economic growth in major equity markets, at the beginning of 2021, had a positive effect on our portfolios' performance. During this period, we invested in a global consumer trend fund and increased investment in U.S., European and Chinese equities. For the six months ended 30 June 2021, the investment portfolios, including cash held in the portfolios, increased by 7.87% year on year. Financial assets at fair value through profit or loss, classified as current assets, totalled HK\$456 million. This represented approximately 8.4% of the total assets of the Group. They were diversified and comprised approximately 400 individual holdings. The Group recorded net realised and unrealised fair value gains of HK\$36 million and investment income of HK\$1.1 million. Equities comprised approximately 80.2% (of which U.S. 41%; European 14%; Japanese 5%; Asia ex-Japan 27% and Emerging Markets 13%), bonds 11.8% (of which U.S. 85%; European 3%; Emerging Markets 5% and others 7%), commodities 2.2% and cash 5.8%.

Going forward the biggest challenges remain the COVID-19 pandemic and the expected rise of inflation rates. The recent regulatory review by the Chinese authorities on some sectors such as the internet and education and the eventual tightening of monetary policy by the Federal Reserve in the United States, may have a dampening effect on the performance of world equities. Since end of June the performance of the portfolios declined somewhat, due to a correction in the Chinese technology sector. As at 24 August 2021, the latest practicable date, the portfolios increased year-to-date by US\$3.2 million or approximately 5.6% and the value, including cash, stood at approximately US\$61.3 million or HK\$477.1 million. Despite recent volatility, with ample liquidity in the markets and the low interest environment, we continue to look forward to this year with guarded expectations.

The Group has an investment in a licensed bank in Taiwan, The Shanghai Commercial & Savings Bank, Ltd. ("SCSB") of which the Group holds 177,568,191 shares representing approximately 4% of the total issued share capital of SCSB. This investment of HK\$2,208 million has been classified under non-current assets as financial assets at fair value through other comprehensive income (representing approximately 40.8% of the total assets of the Group) and there is no intention to dispose the investment within 12 months of this report date. The Group received a net cash dividend of approximately HK\$65.5 million from SCSB's 2020 earnings. (2020: received approximately HK\$74.6 million from SCSB's 2019 earnings).

Presently SCSB has 72 branches in Taiwan, one each in Hong Kong, Vietnam, Singapore and Wuxi, China. They also have three representative offices, in Jakarta, Indonesia, Bangkok, Thailand and Phnom Penh, Cambodia. In 2020, SCSB commenced redevelopment of its headquarters in Taipei. Completion and occupation, of which, is expected to be in 2023. In January 2021, SCSB received its licence to start its wealth management business for ultra high net worth clients. SCSB also holds a 57.6% interest in Shanghai Commercial Bank Limited ("SCB") in Hong Kong. SCB has 44 branches in Hong Kong, three in China and four branches overseas. The reviewed net profit attributable to owners of SCSB for the three months ended 31 March 2021 was approximately NT\$3,722 million (2020 same period: net profit of approximately NT\$3,600 million). Total reviewed equity attributable to owners of SCSB at 31 March 2021 was approximately NT\$159,608 million (31/12/2020: approximately NT\$155,103 million audited). (These figures were extracted from SCSB's website at <http://www.scsb.com.tw>.)

## Business Review and Prospects (Continued)

### Financial Investments (Continued)

On 5 July 2021, Mr. Hung Ching Yung, who has been Chairman of SCSB for 30 years, was appointed as the Honorary Chairman. In May 2021, Mr. John Con-sing Yung, was appointed as the Non-executive Chairman of AMK Microfinance Institution Plc., a wholly owned subsidiary of SCSB, in Cambodia. His appointment was approved by the National Bank of Cambodia. In July 2021, he resigned as the Senior Executive Vice President of SCSB and was appointed as a Managing Director of the Bank.

### Financial Position

The Group's investment properties with an aggregate value of HK\$2,301 million (31/12/2020: HK\$2,272 million) have been mortgaged to a bank to secure general banking facilities. As at 30 June 2021 and 31 December 2020, no bank facilities were utilized. Debt to equity ratio decreased from 0.1% as at 31 December 2020 to 0.06% as at 30 June 2021. Debt was represented by lease liabilities; equity was total equity of the Group. At the end of the period, the Group had net current assets of HK\$544.5 million (31/12/2020: HK\$483.5 million).

### Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2021, the Company repurchased 56,000 of its shares on The Stock Exchange of Hong Kong Limited, all of which had been cancelled. The Directors believe that share buybacks will be beneficial to the shareholders as the shares are traded at a discount to the net asset value per share. Details of the shares repurchased are as follows:

| Month of repurchase | Number of shares repurchased | Price per share |                | Aggregate cost<br>HK\$ |
|---------------------|------------------------------|-----------------|----------------|------------------------|
|                     |                              | Highest<br>HK\$ | Lowest<br>HK\$ |                        |
| 2021                |                              |                 |                |                        |
| March               | 31,500                       | 40.00           | 40.00          | 1,260,000              |
| April               | 24,500                       | 42.45           | 42.45          | 1,040,025              |
|                     | <u>56,000</u>                |                 |                | <u>2,300,025</u>       |

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company during the period.

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2021, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO and so far as is known to the Directors, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

| Name               | Shares of HK\$0.10 each of the Company |                  |                     |            | % of issued share capital |
|--------------------|--|------------------|---------------------|------------|---------------------------|
|                    | Personal interests                     | Family interests | Corporate interests | Total      |                           |
| Hung Ching Yung    | 10,701,944                             | 30,000           | 5,500,000<br>(Note) | 16,231,944 | 47.56%                    |
| Lincoln C. K. Yung | 2,260,000                              | 10,000           | –                   | 2,270,000  | 6.65%                     |
| Rudolf Bischof     | 150,000                                | –                | –                   | 150,000    | 0.44%                     |
| John Con-sing Yung | 33,000                                 | 37,000           | –                   | 70,000     | 0.21%                     |

Note: As stated below, Mr. Hung Ching Yung is taken to be interested in the same 5,500,000 shares owned by a substantial shareholder, Tankard Shipping Co. Inc., pursuant to the SFO.

During the period, the Company has not granted to any Directors, chief executive or their respective spouses or children under 18 years of age any rights to subscribe for shares of the Company and its associated corporations.

At no time during the period was the Company, its subsidiaries or its associated corporations a party to any arrangements to enable the Directors or chief executive or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any of its associated corporations.

## Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at 30 June 2021, the Register of Substantial Shareholders' Interests and Short Positions maintained under Section 336 of the SFO shows that the following party, other than the Directors as disclosed above, was interested in 5 per cent or more of the issued share capital of the Company:

|                           | Number of shares | % of issued share capital |
|---------------------------|------------------|---------------------------|
| Tankard Shipping Co. Inc. | 5,500,000 (Note) | 16.12%                    |

Note: Mr. Hung Ching Yung is taken to be interested in the same 5,500,000 shares owned by Tankard Shipping Co. Inc. pursuant to the SFO.

## **Employees**

The Group employed 13 employees as at 30 June 2021 (2020: 13). Remuneration is determined by reference to the qualifications and experience of the staff concerned. Salaries and discretionary bonuses are reviewed annually. The Group also provides other benefits including medical cover and provident fund.

Thanks to all the staff for their loyalty and support during this past period as the Company was able to operate with daily attendance. Our prime interest has always been to ensure the wellbeing and health of our staff. We provided adequate face masks and hand sanitizers for all the staff who worked at the office. Also, in order to encourage employees to receive the COVID-19 vaccination, the Company grants them one day leave for each vaccination dosage received.

## **Change in Director's Information under Rule 13.51B(1) of Listing Rules**

Mr. Hung Ching Yung, the Managing Director of the Company, was appointed as the Honorary Chairman of The Shanghai Commercial & Savings Bank, Ltd. in July 2021.

Mr. John Con-sing Yung, the Non-executive Director of the Company, was appointed as the Non-executive Chairman of AMK Microfinance Institution Plc. in Cambodia approved by National Bank of Cambodia in May 2021. In July 2021, he resigned as the Senior Executive Vice President and was appointed as a Managing Director of The Shanghai Commercial & Savings Bank, Ltd.

Saved as disclosed above, there is no other change to Director's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **Corporate Governance**

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2021, in compliance with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules.

## **Code for Dealing in Company's Securities by Directors**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company's Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2021.

## **Audit Committee and Review of Results**

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 with the management. The unaudited interim financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.



**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

|  | Note | Six months ended 30 June |          |
|--|------|--------------------------|----------|
|  |      | <b>2021</b>              | 2020     |
|  |      | <b>HK\$'000</b>          | HK\$'000 |
| Revenue  | 6    | <b>125,751</b>           | 140,565  |
| Other income/(losses)                                | 6    | <b>36,016</b>            | (28,330) |
| Revenue and other income/(losses)                    | 6    | <b>161,767</b>           | 112,235  |
| Direct costs   |      | <b>(8,386)</b>           | (8,000)  |
| Gross profit   |      | <b>153,381</b>           | 104,235  |
| Administrative expenses                              |      | <b>(22,631)</b>          | (21,293) |
| Other operating expenses, net                        |      | <b>(773)</b>             | (529)    |
| Changes in fair value of investment properties       |      | <b>38,400</b>            | (10,800) |
| Operating profit                                     | 7    | <b>168,377</b>           | 71,613   |
| Finance income                                       | 8    | <b>59</b>                | 61       |
| Finance expense                                      | 8    | <b>(46)</b>              | (136)    |
| Share of profits/(losses) of joint ventures          |      | <b>3,438</b>             | (5,975)  |
| Profit before income tax                             |      | <b>171,828</b>           | 65,563   |
| Income tax expense                                   | 9    | <b>(19,688)</b>          | (22,778) |
| Profit attributable to equity holders of the Company |      | <b>152,140</b>           | 42,785   |
| Earnings per share (basic and diluted)               | 10   | <b>HK\$4.45</b>          | HK\$1.24 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

|  | Six months ended 30 June |           |
|--|--------------------------|-----------|
|  | <b>2021</b>              | 2020      |
|  | <b>HK\$'000</b>          | HK\$'000  |
| <b>Profit for the period</b>   | <b>152,140</b>           | 42,785    |
| <b>Other comprehensive income</b>  |                          |           |
| Items that may be reclassified subsequently to<br>profit or loss                                   |                          |           |
| Share of other comprehensive income of<br>joint ventures accounted for under equity<br>method      | <b>725</b>               | (1,868)   |
| Currency translation differences   | <b>3,230</b>             | (13,402)  |
| Items that may not be reclassified subsequently to<br>profit or loss                               |                          |           |
| Fair value gains/(losses) on financial assets at fair<br>value through other comprehensive income  | <b>219,997</b>           | (248,926) |
| <b>Other comprehensive income for the period,<br/>net of tax</b>                                   | <b>223,952</b>           | (264,196) |
| <b>Total comprehensive income for the period<br/>attributable to equity holders of the Company</b> | <b>376,092</b>           | (221,411) |

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2021**

|  | Note | 30 June<br>2021<br>HK\$'000 | 31 December<br>2020<br>HK\$'000 |
|--|------|-----------------------------|---------------------------------|
| <b>ASSETS</b>  |      |                             |                                 |
| <b>Non-current assets</b>  |      |                             |                                 |
| Property, plant and equipment  | 12   | 210                         | 162                             |
| Right-of-use assets  |      | 3,092                       | 5,565                           |
| Investment properties  | 13   | 2,470,300                   | 2,431,900                       |
| Investments in joint ventures  |      | 95,532                      | 91,369                          |
| Financial assets at fair value through other comprehensive income        | 14   | 2,212,383                   | 1,989,688                       |
| Non-current financial assets at fair value through profit or loss        | 16   | 7,390                       | 4,918                           |
|  |      | <u>4,788,907</u>            | <u>4,523,602</u>                |
| <b>Current assets</b>  |      |                             |                                 |
| Trade and other receivables  | 15   | 92,637                      | 9,860                           |
| Financial assets at fair value through profit or loss                    | 16   | 456,092                     | 407,094                         |
| Cash and bank balances   |      |                             |                                 |
| – Pledged bank deposits  |      | 6,264                       | 4,700                           |
| – Cash and cash equivalents  |      | 65,742                      | 123,243                         |
|  |      | <u>620,735</u>              | <u>544,897</u>                  |
| <b>Total assets</b>  |      | <u>5,409,642</u>            | <u>5,068,499</u>                |
| <b>EQUITY</b>  |      |                             |                                 |
| <b>Capital and reserves attributable to the Company's equity holders</b> |      |                             |                                 |
| Share capital  | 17   | 3,413                       | 3,419                           |
| Other reserves   |      | 1,889,064                   | 1,665,106                       |
| Retained profits   |      | 3,412,442                   | 3,310,383                       |
| <b>Total equity</b>  |      | <u>5,304,919</u>            | <u>4,978,908</u>                |
| <b>LIABILITIES</b>   |      |                             |                                 |
| <b>Non-current liabilities</b>   |      |                             |                                 |
| Lease liabilities  |      | –                           | 611                             |
| Deferred income tax liabilities  | 18   | 27,257                      | 26,442                          |
| Other non-current liability  |      | 1,194                       | 1,184                           |
|  |      | <u>28,451</u>               | <u>28,237</u>                   |
| <b>Current liabilities</b>   |      |                             |                                 |
| Trade and other payables   | 19   | 53,834                      | 54,981                          |
| Current income tax liabilities   |      | 19,395                      | 1,530                           |
| Lease liabilities  |      | 3,043                       | 4,843                           |
|  |      | <u>76,272</u>               | <u>61,354</u>                   |
| <b>Total liabilities</b>   |      | <u>104,723</u>              | <u>89,591</u>                   |
| <b>Total equity and liabilities</b>                                      |      | <u>5,409,642</u>            | <u>5,068,499</u>                |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

|   | Six months ended 30 June 2021                 |                               |                                 |                             |
|---|---|-------------------------------|---------------------------------|-----------------------------|
|   | Attributable to equity holders of the Company |                               |                                 |                             |
|   | Share<br>capital<br>HK\$'000                  | Other<br>reserves<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| <b>Balance at 1 January 2021</b>                                | 3,419   | 1,665,106                     | 3,310,383                       | 4,978,908                   |
| Profit for the period   | -   | -                             | 152,140                         | 152,140                     |
| Other comprehensive income for the period                       | -   | 223,952                       | -                               | 223,952                     |
| <b>Total comprehensive income for the period</b>                | -   | 223,952                       | 152,140                         | 376,092                     |
| <b>Transactions with owners, recognised directly in equity:</b> |   |                               |                                 |                             |
| Dividends relating to 2020 paid in June 2021 (Note 11)          | -   | -                             | (47,781)                        | (47,781)                    |
| Shares repurchased and cancelled                                | (6)   | 6                             | (2,300)                         | (2,300)                     |
|   | (6)   | 6                             | (50,081)                        | (50,081)                    |
| <b>Balance at 30 June 2021</b>                                  | <b>3,413</b>                                  | <b>1,889,064</b>              | <b>3,412,442</b>                | <b>5,304,919</b>            |
|   |   |                               |                                 |                             |
|   | Six months ended 30 June 2020                 |                               |                                 |                             |
|   | Attributable to equity holders of the Company |                               |                                 |                             |
|   | Share<br>capital<br>HK\$'000                  | Other<br>reserves<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| <b>Balance at 1 January 2020</b>                                | 3,448   | 2,033,918                     | 3,284,347                       | 5,321,713                   |
| Profit for the period   | -   | -                             | 42,785                          | 42,785                      |
| Other comprehensive income for the period                       | -   | (264,196)                     | -                               | (264,196)                   |
| <b>Total comprehensive income for the period</b>                | -   | (264,196)                     | 42,785                          | (221,411)                   |
| <b>Transactions with owners, recognised directly in equity:</b> |   |                               |                                 |                             |
| Dividends relating to 2019 paid in June 2020 (Note 11)          | -   | -                             | (48,122)                        | (48,122)                    |
| Shares repurchased and cancelled                                | (11)  | 11                            | (4,678)                         | (4,678)                     |
| Shares repurchased but not yet cancelled                        | -   | -                             | (462)                           | (462)                       |
|   | (11)  | 11                            | (53,262)                        | (53,262)                    |
| <b>Balance at 30 June 2020</b>                                  | <b>3,437</b>                                  | <b>1,769,733</b>              | <b>3,273,870</b>                | <b>5,047,040</b>            |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

|   | Six months ended 30 June |          |
|---|--------------------------|----------|
|   | <b>2021</b>              | 2020     |
|   | <b>HK\$'000</b>          | HK\$'000 |
| <b>Cash flows (used in)/generated from operating activities</b> | <b>(3,451)</b>           | 12,737   |
| <b>Net cash (outflows)/inflows from investing activities</b>    | <b>(26)</b>              | 61       |
| <b>Cash flows from financing activities</b>                     |                          |          |
| Dividends paid  | <b>(47,781)</b>          | (48,122) |
| Repurchase of own shares  | <b>(2,300)</b>           | (5,140)  |
| Principal elements of lease payments                            | <b>(2,411)</b>           | (2,369)  |
| (Increase)/decrease in pledged bank deposits                    | <b>(1,564)</b>           | 2,007    |
| Other cash outflows from financing activities, net              | -                        | (37)     |
| <b>Net cash outflows from financing activities</b>              | <b>(54,056)</b>          | (53,661) |
| <b>Net decrease in cash and cash equivalents</b>                | <b>(57,533)</b>          | (40,863) |
| <b>Cash and cash equivalents at 1 January</b>                   | <b>123,243</b>           | 80,874   |
| <b>Currency translation difference</b>                          | <b>32</b>                | (105)    |
| <b>Cash and cash equivalents at 30 June</b>                     | <b>65,742</b>            | 39,906   |
| <b>Analysis of cash and cash equivalents</b>                    |                          |          |
| Cash and bank balances  | <b>65,742</b>            | 39,906   |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

Nanyang Holdings Limited (“the Company”) is a limited liability company incorporated in Bermuda. The address of its office in Hong Kong is Room 1808 St George’s Building, 2 Ice House Street, Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together “the Group”) are engaged in property investment and investment holding and trading.

This condensed consolidated interim financial information (“Interim Financial Information”) is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors on 26 August 2021.

## 2 Basis of preparation

This Interim Financial Information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This Interim Financial Information should be read in conjunction with the 2020 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3 Significant accounting policies

The significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2020 annual financial statements, except for the adoption of the amendments to standards effective for the year ending 31 December 2021.

### *(a) Amendments to standards effective in current accounting period*

During the period ended 30 June 2021, the Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1 January 2021:

|  |  |
|--|--|
| HKFRS 16 (Amendments)  | COVID-19-Related Rent Concessions        |
| HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments) | Interest Rate Benchmark Reform – Phase 2 |

The adoption of amendments to standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

### 3 Significant accounting policies (Continued)

(b) *New standard, amendments to standards and interpretation that are not yet effective and have not been early adopted by the Group*

The following new standard, amendments to standards and interpretation have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods but have not been early adopted by the Group:

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

<sup>(1)</sup> Effective for accounting periods beginning on or after 1 April 2021

<sup>(2)</sup> Effective for accounting periods beginning on or after 1 January 2022

<sup>(3)</sup> Effective for accounting periods beginning on or after 1 January 2023

<sup>(4)</sup> Effective date is to be determined

<sup>(5)</sup> Effective for business combinations for which the acquisition date is on or after the beginning of the first accounting periods beginning on or after 1 January 2022

The Group has already commenced an assessment of the impact of the above new standard, amendments to standards and interpretation and does not expect that they would have any significant impact to its results of operations and financial position.

## 4 Financial risk management

The Group's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. The types of financial risk to which the Group is exposed are market risk (including equity price risk, foreign currency risk and interest rate risk), credit and counterparty risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects it may have on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in any risk management policies since the year end.

### Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).



#### 4 Financial risk management (Continued)

##### Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2021. See Note 13 for disclosures of the investment properties that are measured at fair value.

|   | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------|---------------------|---------------------|-------------------|
| <b>Assets</b>   |                     |                     |                     |                   |
| Non-current financial assets at fair value through profit or loss | -                   | -                   | 7,390               | 7,390             |
| Current financial assets at fair value through profit or loss     | 279,577             | 145,217             | 31,298              | 456,092           |
| Financial assets at fair value through other comprehensive income | 2,212,383           | -                   | -                   | 2,212,383         |
| <b>Total assets</b>   | <b>2,491,960</b>    | <b>145,217</b>      | <b>38,688</b>       | <b>2,675,865</b>  |

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2020.

|   | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------|---------------------|---------------------|-------------------|
| <b>Assets</b>   |                     |                     |                     |                   |
| Non-current financial assets at fair value through profit or loss | -                   | -                   | 4,918               | 4,918             |
| Current financial assets at fair value through profit or loss     | 244,615             | 106,255             | 56,224              | 407,094           |
| Financial assets at fair value through other comprehensive income | 1,989,688           | -                   | -                   | 1,989,688         |
| <b>Total assets</b>   | <b>2,234,303</b>    | <b>106,255</b>      | <b>61,142</b>       | <b>2,401,700</b>  |

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between any level during the period.

## 5 Estimate

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

## 6 Revenue and other income/(losses) and segment information

Revenue mainly comprises rental income, investment income from financial assets at fair value through profit or loss and dividend income from financial assets at fair value through other comprehensive income. Other income/(losses) represents net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss. Revenue and other income/(losses) recognised during the period comprises the following:

|   | Six months ended 30 June |                  |
|---|--------------------------|------------------|
|   | 2021<br>HK\$'000         | 2020<br>HK\$'000 |
| Revenue   |                          |                  |
| Gross rental income from investment properties  | 35,772                   | 38,369           |
| Investment income from financial assets at fair value through profit or loss                        | 1,058                    | 1,514            |
| Dividend income from financial assets at fair value through other comprehensive income              | 82,952                   | 94,462           |
| Management fee income from investment properties  | 5,567                    | 5,882            |
| Other   | 402                      | 338              |
|   | <u>125,751</u>           | <u>140,565</u>   |
| Other income/(losses)   |                          |                  |
| Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss | 36,016                   | (28,330)         |
|   | <u>161,767</u>           | <u>112,235</u>   |

The Group is organised on a worldwide basis into two main business segments:

- Real estate – investment in and leasing of industrial/office premises
- Financial investments – holding and trading of investment securities

There are no sales or other transactions between the business segments.

## 6 Revenue and other income/(losses) and segment information (Continued)

The segment results for the six months ended 30 June 2021 are as follows:

|   | <b>Real estate<br/>HK\$'000</b> | <b>Financial<br/>investments<br/>HK\$'000</b> | <b>Total<br/>HK\$'000</b> |
|---|---------------------------------|---|---------------------------|
| Revenue and other income/<br>(losses)                   | <u>41,339</u>                   | <u>120,428</u>                                | <u>161,767</u>            |
| Segment result  | <b>51,420</b>                   | <b>116,957</b>                                | <b>168,377</b>            |
| Finance income  |                                 |   | 59                        |
| Finance expense   |                                 |   | (46)                      |
| Share of profits of joint ventures                      | <b>3,438</b>                    | -   | <u>3,438</u>              |
| Profit before income tax                                |                                 |   | <b>171,828</b>            |
| Income tax expense                                      |                                 |   | <u>(19,688)</u>           |
| Profit attributable to equity<br>holders of the Company |                                 |   | <u><b>152,140</b></u>     |
| Other items   |                                 |   |                           |
| Depreciation of property,<br>plant and equipment        | <b>(26)</b>                     | <b>(11)</b>                                   | <b>(37)</b>               |
| Fair value gains on investment<br>properties            | <u><b>38,400</b></u>            | <u>-</u>                                      | <u><b>38,400</b></u>      |

Note: Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$2,473,000 was recognised for the six months ended 30 June 2021.

## 6 Revenue and other income/(losses) and segment information (Continued)

The segment results for the six months ended 30 June 2020 are as follows:

|   | Real estate<br>HK\$'000 | Financial<br>investments<br>HK\$'000 | Total<br>HK\$'000 |
|---|-------------------------|--------------------------------------|-------------------|
| Revenue and other (losses)/<br>income                   | 44,251                  | 67,984                               | 112,235           |
| Segment result  | 6,817                   | 64,796                               | 71,613            |
| Finance income  |                         |                                      | 61                |
| Finance expense   |                         |                                      | (136)             |
| Share of losses of joint ventures                       | (5,975)                 | –                                    | (5,975)           |
| Profit before income tax                                |                         |                                      | 65,563            |
| Income tax expense                                      |                         |                                      | (22,778)          |
| Profit attributable to equity<br>holders of the Company |                         |                                      | 42,785            |
| Other items   |                         |                                      |                   |
| Depreciation of property,<br>plant and equipment        | (18)                    | (12)                                 | (30)              |
| Fair value losses on<br>investment properties           | (10,800)                | –                                    | (10,800)          |

Note: Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$2,473,000 was recognised for the six months ended 30 June 2020.

## 6 Revenue and other income/(losses) and segment information

(Continued)

Reportable segments' assets and liabilities are reconciled to total assets and liabilities below. Segment assets exclude investments in joint ventures and right-of-use assets and segment liabilities exclude deferred income tax liabilities, lease liabilities and other non-current liability which are managed on a central basis.

The segment assets and liabilities as at 30 June 2021 are as follows:

|                               | <b>Real estate<br/>HK\$'000</b> | <b>Financial<br/>investments<br/>HK\$'000</b> | <b>Total<br/>HK\$'000</b> |
|-------------------------------|---------------------------------|---|---------------------------|
| Segment assets                | 2,478,390                       | 2,832,628                                     | 5,311,018                 |
| Right-of-use assets           |                                 |   | 3,092                     |
| Investments in joint ventures | 95,532                          | -   | 95,532                    |
|                               |                                 |   | <u>5,409,642</u>          |
| Segment liabilities           | 51,295                          | 21,934  | 73,229                    |
| Unallocated liabilities       |                                 |   | 31,494                    |
|                               |                                 |   | <u>104,723</u>            |

The segment assets and liabilities as at 31 December 2020 are as follows:

|                               | Real estate<br>HK\$'000 | Financial<br>investments<br>HK\$'000 | Total<br>HK\$'000 |
|-------------------------------|-------------------------|--------------------------------------|-------------------|
| Segment assets                | 2,440,085               | 2,531,480                            | 4,971,565         |
| Right-of-use assets           |                         |                                      | 5,565             |
| Investments in joint ventures | 91,369                  | -                                    | 91,369            |
|                               |                         |                                      | <u>5,068,499</u>  |
| Segment liabilities           | 52,673                  | 3,838                                | 56,511            |
| Unallocated liabilities       |                         |                                      | 33,080            |
|                               |                         |                                      | <u>89,591</u>     |

## 6 Revenue and other income/(losses) and segment information

(Continued)

The Company is incorporated in Bermuda and is domiciled in Hong Kong. The Group's revenue and other income/(losses) from Hong Kong and from other countries for the period ended 30 June is analysed as follows:

|                          | Six months ended 30 June |                |
|--------------------------|--------------------------|----------------|
|                          | 2021                     | 2020           |
|                          | HK\$'000                 | HK\$'000       |
| Hong Kong                | 44,044                   | 44,545         |
| United States of America | 13,937                   | (12,548)       |
| Europe                   | 14,501                   | (9,761)        |
| Taiwan                   | 82,952                   | 94,462         |
| Other countries          | 6,333                    | (4,463)        |
|                          | <u>161,767</u>           | <u>112,235</u> |

At 30 June 2021, the total of non-current assets other than financial instruments located/operated in Hong Kong and in Mainland China are as follows:

|                | 30 June          | 31 December      |
|----------------|------------------|------------------|
|                | 2021             | 2020             |
|                | HK\$'000         | HK\$'000         |
| Hong Kong      | 2,473,489        | 2,437,503        |
| Mainland China | 95,645           | 91,493           |
|                | <u>2,569,134</u> | <u>2,528,996</u> |

## 7 Operating profit

Operating profit is stated after charging the following:

|  | Six months ended 30 June |              |
|--|--------------------------|--------------|
|  | 2021                     | 2020         |
|  | HK\$'000                 | HK\$'000     |
| Depreciation of property, plant and equipment              | 37                       | 30           |
| Depreciation of right-of-use assets                        | 2,473                    | 2,473        |
| Employee benefit expense (including directors' emoluments) | 15,161                   | 14,487       |
| Management fee expense in respect of investment properties | 5,934                    | 5,507        |
|  | <u>5,934</u>             | <u>5,507</u> |

## 8 Finance income/(expense)

|   | Six months ended 30 June |              |
|---|--------------------------|--------------|
|   | 2021                     | 2020         |
|   | HK\$'000                 | HK\$'000     |
| <b>Finance income</b>   |                          |              |
| Bank interest income  | <u>59</u>                | <u>61</u>    |
| <b>Finance expense</b>  |                          |              |
| Interest expense on short-term borrowing                              | -                        | (37)         |
| Interest expense on lease liabilities and other non-current liability | (46)                     | (88)         |
| Net exchange loss on financing activities                             | <u>-</u>                 | <u>(11)</u>  |
|   | <u>(46)</u>              | <u>(136)</u> |

## 9 Income tax expense

Hong Kong profits tax has been provided at 16.5% (2020: 16.5%) of the estimated assessable profits for the period. Withholding tax on dividends receivable from overseas investments including joint ventures has been calculated at the rates of taxation prevailing in the countries in which the investees operate.

|                         | Six months ended 30 June |               |
|-------------------------|--------------------------|---------------|
|                         | 2021                     | 2020          |
|                         | HK\$'000                 | HK\$'000      |
| Current income tax      |                          |               |
| - Hong Kong profits tax | 1,453                    | 2,197         |
| - Withholding tax       | 17,420                   | 19,837        |
| Deferred income tax     | <u>815</u>               | <u>744</u>    |
|                         | <u>19,688</u>            | <u>22,778</u> |

## 10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

|  | Six months ended 30 June |               |
|--|--------------------------|---------------|
|  | 2021                     | 2020          |
| <b>Earnings (HK\$'000)</b>                           |                          |               |
| Profit attributable to equity holders of the Company | <u>152,140</u>           | <u>42,785</u> |
| <b>Number of shares (thousands)</b>                  |                          |               |
| Weighted average number of ordinary shares in issue  | <u>34,159</u>            | <u>34,433</u> |
| <b>Earnings per share (HK\$)</b>                     |                          |               |
| Basic and diluted (Note)                             | <u>4.45</u>              | <u>1.24</u>   |

Note: The Company has no dilutive potential ordinary shares and diluted earnings per share are equal to basic earnings per share.

## 11 Dividends

|   | Six months ended 30 June |               |
|---|--------------------------|---------------|
|   | 2021                     | 2020          |
|   | HK\$'000                 | HK\$'000      |
| 2020 final dividend paid of HK\$0.70<br>(2020: 2019 final dividend paid of HK\$0.70)<br>per share     | <u>23,891</u>            | 24,061        |
| 2020 special dividend paid of HK\$0.70<br>(2020: 2019 special dividend paid of HK\$0.70)<br>per share | <u>23,890</u>            | <u>24,061</u> |
|   | <u>47,781</u>            | <u>48,122</u> |

The Directors have not declared an interim dividend for the six months ended 30 June 2021 (2020: Nil).



## 12 Property, plant and equipment

|                               | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|-------------------------------|--------------------------------------|---------------------------------|
| Property, plant and equipment | <b>210</b>                           | 162                             |

Movement during the period is set out below:

|                                 | Six months ended 30 June |                  |
|---------------------------------|--------------------------|------------------|
|                                 | <b>2021<br/>HK\$'000</b> | 2020<br>HK\$'000 |
| Net book amount as at 1 January | <b>162</b>               | 213              |
| Addition                        | <b>85</b>                | –                |
| Depreciation                    | <b>(37)</b>              | (30)             |
| Net book amount as at 30 June   | <b>210</b>               | 183              |

## 13 Investment properties

|                       | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|-----------------------|--------------------------------------|---------------------------------|
| Investment properties | <b>2,470,300</b>                     | 2,431,900                       |

Movement during the period is set out below:

|                      | Six months ended 30 June |                  |
|----------------------|--------------------------|------------------|
|                      | <b>2021<br/>HK\$'000</b> | 2020<br>HK\$'000 |
| <b>At fair value</b> |                          |                  |
| Balance at 1 January | <b>2,431,900</b>         | 2,467,500        |
| Fair value changes   | <b>38,400</b>            | (10,800)         |
| Balance at 30 June   | <b>2,470,300</b>         | 2,456,700        |

The Group's investment properties with an aggregate carrying value of HK\$2,301,000,000 (31 December 2020: HK\$2,272,000,000) have been mortgaged to a bank to secure general banking facilities. As at 30 June 2021 and 31 December 2020, no bank facilities were utilised.

## 13 Investment properties *(Continued)*

### Valuation processes of the Group

The basis of the valuation of investment properties is fair value being the amount for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, an independent qualified valuer not related to the Group, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued, at 30 June 2021. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purposes. This department reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial reporting dates the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior period valuation report;
- Holds discussions with the independent valuer.

### Valuation techniques

#### *Fair value measurements using significant unobservable inputs*

Fair values of completed industrial and commercial properties in Hong Kong are generally derived using direct comparison method. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have been recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

As at 30 June 2021, all investment properties are included in level 3 fair value hierarchy.

There were no change to the valuation techniques during the period and there were no transfers between fair value hierarchies during the period.

### 13 Investment properties (Continued)

#### Valuation techniques (Continued)

#### Significant inputs used to determine fair value

Information about fair value measurements using significant unobservable inputs for the Group's principal investment properties

| Descriptions | Fair value               |                              | Valuation techniques | Unobservable inputs  | Relationship of unobservable inputs of fair value    |
|--------------|--------------------------|------------------------------|----------------------|--|--|
|              | 30 June 2021<br>HK\$'000 | 31 December 2020<br>HK\$'000 |                      |  |  |
| Commercial   | 2,354,000                | 2,322,000                    | Direct comparison    | Average unit rate – HK\$6,799 – HK\$14,255 per square feet (31 December 2020: HK\$6,750 – HK\$13,448 per square feet)<br><br>Carpark:<br>HK\$1,600,000 – HK\$2,160,000 per unit (31 December 2020: HK\$1,530,000 – HK\$2,050,000 per unit) | The higher the unit price, the higher the fair value |
| Industrial   | 116,300                  | 109,900                      | Direct comparison    | Average unit rate – HK\$2,754 per square feet (31 December 2020: HK\$2,602 per square feet)<br><br>Carpark:<br>HK\$570,000 – HK\$690,000 per unit (31 December 2020: HK\$540,000 – HK\$650,000 per unit)                                   | The higher the unit price, the higher the fair value |
|              | <u>2,470,300</u>         | <u>2,431,900</u>             |                      |  |  |

## 14 Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income are primarily the Group's investment in The Shanghai Commercial & Savings Bank, Ltd. ("SCSB"), a licensed bank in Taiwan and whose shares are listed on the Taiwan Stock Exchange, representing approximately 4% of the total issued share capital of SCSB, which is stated at fair value.

## 15 Trade and other receivables

|   | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Trade receivables (Note a)                  | <b>107</b>                           | 185                             |
| Other receivables, prepayments and deposits | <b>8,096</b>                         | 8,215                           |
| Dividend receivables                        | <b>82,953</b>                        | –                               |
| Amounts due from joint ventures (Note b)    | <b>1,481</b>                         | 1,460                           |
|   | <b>92,637</b>                        | 9,860                           |

Notes:

- (a) The Group does not grant any credit period to its customers. At 30 June 2021, the aging analysis of the trade receivables were as follows:

|                | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|----------------|--------------------------------------|---------------------------------|
| Within 30 days | <b>107</b>                           | 185                             |

- (b) The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

## 16 Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss with an aggregate carrying value of HK\$183,325,000 (31 December 2020: HK\$165,552,000) together with the bank deposit of HK\$6,264,000 (31 December 2020: HK\$4,700,000) have been secured for banking facilities.

## 17 Share capital

|   | <b>Number of<br/>shares</b> | <b>Amount<br/>HK\$'000</b> |
|---|-----------------------------|----------------------------|
| <b>Ordinary share, issued and fully paid:</b> |                             |                            |
| At 1 January 2021                             | <b>34,185,238</b>           | <b>3,419</b>               |
| Shares repurchased and cancelled              | <b>(56,000)</b>             | <b>(6)</b>                 |
|   | <b><u>34,129,238</u></b>    | <b><u>3,413</u></b>        |
| At 30 June 2021                               |                             |                            |
| At 1 January 2020                             | 34,476,738                  | 3,448                      |
| Shares repurchased and cancelled              | (104,000)                   | (11)                       |
|   | <u>34,372,738</u>           | <u>3,437</u>               |
| At 30 June 2020                               |                             |                            |

During the period ended 30 June 2021, the Company repurchased a total of 56,000 (2020: 115,000) of its own shares through purchases on The Stock Exchange of Hong Kong Limited. The repurchased shares were subsequently cancelled. The aggregate price of HK\$2,300,000 (2020: HK\$5,140,000) paid was charged against retained profits and the nominal value of the shares repurchased of HK\$5,600 (2020: HK\$10,400) was transferred to the capital redemption reserve. During the period ended 30 June 2020, 11,000 shares were subsequently cancelled in July 2020. These 11,000 shares were recognised as treasury shares at 30 June 2020.

## 18 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method.

|   | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Deferred income tax liabilities           |                                      |                                 |
| – to be settled after more than 12 months | <u>(27,257)</u>                      | <u>(26,442)</u>                 |

The net movement on the deferred income tax account is as follows:

|  | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Balance at 1 January                                     | <b>(26,442)</b>                      | (25,451)                        |
| Charged to the consolidated income statement<br>(Note 9) | <u>(815)</u>                         | <u>(991)</u>                    |
| Balance at 30 June/31 December                           | <u><b>(27,257)</b></u>               | <u>(26,442)</u>                 |

The movement in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax authority during the period is as follows:

Deferred income tax liabilities in respect of accelerated tax depreciation:

|  | Six months ended 30 June |                  |
|--|--------------------------|------------------|
|  | <b>2021<br/>HK\$'000</b> | 2020<br>HK\$'000 |
| Balance at 1 January                         | <b>(26,442)</b>          | (25,451)         |
| Charged to the consolidated income statement | <u>(815)</u>             | <u>(744)</u>     |
| Balance at 30 June                           | <u><b>(27,257)</b></u>   | <u>(26,195)</u>  |

Deferred income tax assets are recognised for tax losses carried forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets of HK\$212,000 (31 December 2020: HK\$490,000) in respect of tax losses amounting to HK\$1,286,000 (31 December 2020: HK\$2,970,000). These tax losses have no expiry date.

## 19 Trade and other payables

|                                    | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|------------------------------------|--------------------------------------|---------------------------------|
| Trade payables                     | <b>3,122</b>                         | 3,368                           |
| Rental and management fee deposits | <b>20,523</b>                        | 19,492                          |
| Other payables and accruals        | <b>30,189</b>                        | 32,121                          |
|                                    | <b><u>53,834</u></b>                 | <u>54,981</u>                   |

At 30 June 2021, the aging analysis of trade payables were as follows:

|                | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|----------------|--------------------------------------|---------------------------------|
| Within 30 days | <b><u>3,122</u></b>                  | <u>3,368</u>                    |

## 20 Related party transactions

In addition to the related party information and transactions disclosed elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period.

### (a) Key management compensation

|                                      | Six months ended 30 June |                  |
|--------------------------------------|--------------------------|------------------|
|                                      | <b>2021<br/>HK\$'000</b> | 2020<br>HK\$'000 |
| Salaries and other employee benefits | <b>11,185</b>            | 10,717           |
| Post-employment benefits             | <b>36</b>                | 36               |
|                                      | <b><u>11,221</u></b>     | <u>10,753</u>    |

### (b) Related party balances

|                                 | <b>30 June<br/>2021<br/>HK\$'000</b> | 31 December<br>2020<br>HK\$'000 |
|---------------------------------|--------------------------------------|---------------------------------|
| Amounts due from joint ventures | <b><u>1,481</u></b>                  | <u>1,460</u>                    |

On behalf of the Board

**Rudolf Bischof**  
Chairman

Hong Kong, 26 August 2021