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**CHINESE ESTATES HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 127)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board of directors (the “Board”) of Chinese Estates Holdings Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2022 (the “Period”) together with the comparative figures for the corresponding period in 2021:-

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>1,181,426</b>	726,167
Cost of goods and services provided		<b>(19,796)</b>	(36,642)
Gross profit		<b>1,161,630</b>	689,525
Other income	5	<b>7,377</b>	23,462
Investment expenses, net	6	<b>(204,079)</b>	(418,349)
Administrative expenses		<b>(177,390)</b>	(169,394)
Gain on disposals of equipment, net		<b>355</b>	260
Fair value changes on investment properties		<b>104,400</b>	(122,712)
Finance costs	7	<b>(54,829)</b>	(54,455)
Other gains and losses		<b>-</b>	(38)
Share of results of investments accounted for using the equity method		<b>43,392</b>	25,061
Profit (loss) before tax		<b>880,856</b>	(26,640)
Income tax expense	8	<b>(10,290)</b>	(8,830)
Profit (loss) for the period	9	<b>870,566</b>	(35,470)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(continued)*

*For the six months ended 30 June 2022*

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive expenses</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Gains and losses on investments in equity instruments measured at fair value through other comprehensive income		<b>(869,627)</b>	(3,999,375)
Share of other comprehensive (expenses) income of investments accounted for using the equity method		<b>(53)</b>	126
		<u><b>(869,680)</b></u>	<u>(3,999,249)</u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>(452,076)</b>	73,150
Share of other comprehensive income of investments accounted for using the equity method		<b>-</b>	1,909
		<u><b>(452,076)</b></u>	<u>75,059</u>
Other comprehensive expenses for the period (net of tax)		<u><b>(1,321,756)</b></u>	<u>(3,924,190)</u>
<b>Total comprehensive expenses for the period</b>		<u><b>(451,190)</b></u>	<u>(3,959,660)</u>
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		<b>870,537</b>	(37,284)
Non-controlling interests		<b>29</b>	1,814
		<u><b>870,566</b></u>	<u>(35,470)</u>
<b>Total comprehensive expenses for the period attributable to:</b>			
Owners of the Company		<b>(451,219)</b>	(3,961,474)
Non-controlling interests		<b>29</b>	1,814
		<u><b>(451,190)</b></u>	<u>(3,959,660)</u>
<b>Earnings (loss) per share (HK\$)</b>			
Basic and diluted	11	<u><b>0.456</b></u>	<u>(0.020)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 June 2022*

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>Non-current assets</b>			
Investment properties		<b>12,860,711</b>	13,292,161
Property, plant and equipment		<b>150,520</b>	184,996
Right-of-use assets		<b>37,100</b>	59,742
Intangible assets		-	-
Investments accounted for using the equity method		<b>2,074,584</b>	2,095,096
Advances to associates		<b>62,101</b>	50,060
Financial assets measured at fair value through profit or loss	12	<b>112,931</b>	156,633
Financial assets measured at fair value through other comprehensive income	13	<b>686,967</b>	1,527,466
Advance to an investee company		<b>101,905</b>	100,737
Deferred tax assets		<b>3,387</b>	3,920
Pledged deposits		<b>15,294</b>	4,308
Deposits and prepayments	14	<b>56,160</b>	34,762
		<b><u>16,161,660</u></b>	<u>17,509,881</u>
<b>Current assets</b>			
Stock of properties		<b>23,316</b>	23,316
Financial assets measured at fair value through profit or loss	12	<b>665,785</b>	600,084
Financial assets measured at fair value through other comprehensive income	13	<b>180,233</b>	364,582
Inventories		<b>4,620</b>	3,514
Debtors, deposits, other receivables and prepayments	14	<b>246,402</b>	260,738
Securities trading receivables and deposits		<b>43,971</b>	69,422
Tax recoverable		<b>14,603</b>	12,457
Pledged deposits		<b>321,525</b>	273,202
Time deposits, bank balances and cash		<b>1,938,750</b>	2,479,874
		<b><u>3,439,205</u></b>	<u>4,087,189</u>
<b>Current liabilities</b>			
Creditors and accruals	15	<b>181,308</b>	201,896
Securities trading and margin payable		<b>12,821</b>	12,163
Deposits and receipts in advance		<b>152,950</b>	172,660
Lease liabilities		<b>31,031</b>	50,673
Tax liabilities		<b>7,684</b>	3,590
Borrowings		<b>3,447,683</b>	3,642,977
		<b><u>3,833,477</u></b>	<u>4,083,959</u>
<b>Net current (liabilities) assets</b>		<b><u>(394,272)</u></b>	<u>3,230</u>
<b>Total assets less current liabilities</b>		<b><u>15,767,388</u></b>	<u>17,513,111</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*  
*At 30 June 2022*

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Equity attributable to owners of the Company</b>		
Share capital	190,762	190,762
Financial assets measured at fair value through other comprehensive income reserve	(1,556,709)	(1,582,049)
Contribution reserve	206,627	206,627
Statutory reserve	668	668
Special reserve	2,499,685	2,499,685
Capital redemption reserve	138,062	138,062
Translation reserve	(787,612)	(335,536)
Retained profits	<u>13,232,904</u>	<u>13,257,387</u>
	<b>13,924,387</b>	<b>14,375,606</b>
<b>Non-controlling interests</b>	<u>23,253</u>	<u>23,224</u>
<b>Total equity</b>	<u><b>13,947,640</b></u>	<u><b>14,398,830</b></u>
<b>Non-current liabilities</b>		
Borrowings	1,422,017	1,812,537
Amounts due to associates	271,219	302,344
Amounts due to investee companies	66,148	931,848
Amounts due to non-controlling shareholders	275	275
Lease liabilities	4,777	9,037
Deferred tax liabilities	<u>55,312</u>	<u>58,240</u>
	<u><b>1,819,748</b></u>	<u><b>3,114,281</b></u>
	<u><b>15,767,388</b></u>	<u><b>17,513,111</b></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*For the six months ended 30 June 2022*

**1. Basis of Preparation**

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

As at 30 June 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$394,272,000. Notwithstanding the above, these unaudited condensed consolidated financial statements have been prepared on a going concern basis.

The management closely monitors the Group’s financial performance and liquidity position. The validity of the going concern basis of preparation of these unaudited condensed consolidated financial statements depends upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its financial obligations as and when they fall due, and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Based on the latest communications with the banks, the directors of the Company (“Directors”) are not aware of any intention of the principal banks to withdraw their bank facilities or require early repayment of the bank borrowings, and the Directors believe that the existing bank facilities will be renewed or roll-overed when their current terms expire given the good track records and relationships the Group has with the banks. Further, the Group has unutilised loan facility from a Director.

The Directors have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 30 June 2022. Based on the cash flow projections, the Directors believe that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2022. The management has made key assumptions in the preparation of the projections with regard to the anticipated cash flows from the Group’s operations, capital expenditures and the continuous availability of bank facilities. The Group’s ability to achieve the projected cash flows depends on the continuous availability of bank facilities from the banks.

In view of the above, the Directors are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the Directors have prepared these unaudited condensed consolidated financial statements on a going concern basis.

**2. Principal Accounting Policies**

The accounting policies adopted in these unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2021 except as described below.

In the current period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (“Amendments”) issued by the HKICPA for the first time, including those which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of these unaudited condensed consolidated financial statements:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment - Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract

The application of the Amendments had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

## 2. Principal Accounting Policies (continued)

The Group has not early adopted the following new and amendments to HKFRSs (“new and amended HKFRSs”) that have been issued but are not yet effective.

HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies <sup>1</sup>
HKAS 8 (Amendments)	Definition of Accounting Estimates <sup>1</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

The Directors are in the process of assessing the potential impact of the new and amended HKFRSs but are not yet in a position to determine whether the new and amended HKFRSs will have a material impact on the Group’s performance and financial position and on the disclosures. The new and amended HKFRSs may result in changes to how the Group’s performance and financial position are prepared and presented in the future.

## 3. Revenue

Revenue represents the aggregate amounts of commission from brokerage, settlement charges from brokerage, cosmetics goods sold less returns, building and property management services income, amounts received and receivable from property rental income, interest income from bonds and structured products, dividend income from listed and unlisted equity investments and gain on sales of investments held-for-trading. Revenue is analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Revenue from contracts with customers:		
<i>Recognised on a point in time basis</i>		
Brokerage and cosmetics income	7,479	8,922
<i>Recognised on over time basis</i>		
Building and property management services income	25,151	24,490
	<b>32,630</b>	<b>33,412</b>
Revenue from other sources:		
Property rental income	157,139	161,284
Interest income from	13,312	201,881
- bonds (note (i))	12,896	196,046
- structured products (note (i))	416	5,835
Dividend income from	954,104	160,751
- listed equity investments (note (ii))	3,354	159,551
- unlisted equity investments (note (iii))	950,750	1,200
Gain on sales of investments held-for-trading	24,241	168,839
	<b>1,148,796</b>	<b>692,755</b>
Total revenue	<b>1,181,426</b>	<b>726,167</b>

Notes:

(i) The interest income from bonds and structured products were derived from financial assets measured at fair value through profit or loss (“FVTPL”).

(ii) The dividend income from listed equity investments with amount of approximately HK\$3,354,000 (2021: HK\$3,031,000) and nil (2021: HK\$156,520,000) were derived from financial assets measured at FVTPL and financial assets measured at fair value through other comprehensive income (“FVTOCI”) respectively.

(iii) The dividend income from unlisted equity investments was derived from financial assets measured at FVTOCI.

#### 4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has six reportable segments – (i) property development and trading; (ii) property leasing for retail; (iii) property leasing for non-retail; (iv) listed equity investments at FVTOCI; (v) investments and treasury products at FVTPL; and (vi) unlisted investments, investment holding and brokerage, and the remaining businesses of the Group grouped under all other segments. The segmentations are based on the information about the operations of the Group that management of the Group uses to make decisions.

Principal activities are as follows:

Property development and trading	–	Property development and sales of trading properties
Property leasing		
- Retail	–	Property leasing from retail properties
- Non-retail	–	Property leasing from non-retail properties
Listed equity investments at FVTOCI	–	Listed equity securities at FVTOCI
Investments and treasury products at FVTPL	–	Securities investments in investments held-for-trading, over-the-counter trading and structured products
Unlisted investments, investment holding and brokerage	–	Unlisted securities investments, trading and brokerage
All other segments	–	Cosmetics distribution and trading, provision of building and property management services and others

The Group evaluates performance on the basis of profit or loss from operations after tax expense and non-controlling interests but not including the major non-cash items. The major non-cash items are unrealised fair value changes on investment properties and other properties together with, if applicable, their respective deferred tax.

No operating segments have been aggregated in arriving at the six reportable segments described above.

Unallocated corporate assets mainly comprised land and building for own use, right-of-use assets, deferred tax assets, tax recoverable and derivative financial instrument.

Unallocated corporate liabilities mainly comprised tax liabilities, bank borrowings, amounts due to associates, amounts due to investee companies, amounts due to non-controlling shareholders, lease liabilities and deferred tax liabilities.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different markets and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and results are attributed to countries on the basis of the property or asset location.

There was no major customer who individually accounted for 10% or more of the Group's revenue.

#### 4. Operating Segments (continued)

Operating segment information is presented below:

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Major cash items excluding in revenue</b>								
- Hong Kong	-	-	-	164,304	378,242	-	-	542,546
- Other countries	-	-	-	-	540,643	-	-	540,643
	-	-	-	164,304	918,885	-	-	1,083,189
<b>Revenue</b>								
Dividend and interest income and gain on sales of investments held-for-trading								
- Hong Kong	950,000	-	-	-	18,537	-	750	969,287
- Other countries	-	-	-	-	22,370	-	-	22,370
Revenue from external customers								
- Hong Kong	-	16,788	62,106	-	-	2,575	30,055	111,524
- United Kingdom	-	18,825	59,420	-	-	-	-	78,245
	950,000	35,613	121,526	-	40,907	2,575	30,805	1,181,426
Revenue (excluding dividend income from segments of property development and trading and property leasing)								
	-	35,613	121,526	-	40,907	2,575	30,805	231,426
Attributable property sales from an investee company								
- Hong Kong	133,114	-	-	-	-	-	-	133,114
Attributable rental revenue from associates/investee company								
- Hong Kong	-	8,640	22,307	-	-	-	-	30,947
- Mainland China	-	8,759	2,900	-	-	-	-	11,659
	133,114	53,012	146,733	-	40,907	2,575	30,805	407,146
<b>Results</b>								
Segment results								
- Hong Kong	950,000	15,118	60,261	-	(60,862)	1,791	18,119	984,427
- United Kingdom	-	15,116	61,416	-	-	50	-	76,582
- Mainland China	-	-	-	-	-	3,277	-	3,277
- Other countries	-	-	-	-	(117,431)	8,829	-	(108,602)
	950,000	30,234	121,677	-	(178,293)	13,947	18,119	955,684
Share of results of investments accounted for using the equity method								
- Attributable gross income								
- Hong Kong	-	8,163	22,142	-	-	-	1,079	31,384
- Mainland China	-	8,759	2,900	-	-	-	-	11,659
- Attributable operating cost								
- Hong Kong	-	(729)	(4,781)	-	-	-	-	(5,510)
- Mainland China	-	(6,315)	(1,659)	-	-	-	-	(7,974)
	950,000	40,112	140,279	-	(178,293)	13,947	19,198	985,243
Other income								
- Finance income	-	-	130	-	-	-	-	130
- Share of results of investments accounted for using the equity method	-	-	-	-	32	-	-	32
Share of results of investments accounted for using the equity method								
- Income tax and others	-	4,973	798	-	-	-	(219)	5,552
	950,000	45,085	141,207	-	(178,261)	13,947	18,979	990,957
Unallocated items								
- Unallocated corporate expenses, net								(167,921)
- Unallocated finance costs								(54,861)
- Income tax expense								(10,086)
- Non-controlling interests								(29)
<b>Operating profit for the period attributable to owners of the Company</b>								
								758,060
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method)								112,681
- Deferred tax expense								(204)
<b>Profit for the period attributable to owners of the Company</b>								
								870,537
<b>Core profit for the period attributable to owners of the Company</b>								
								758,060



**4. Operating Segments (continued)**  
**Condensed Consolidated Statement of Financial Position**  
**At 30 June 2022**

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Assets</b>								
Segment assets								
- Hong Kong	294,304	1,881,883	6,285,093	180,233	438,900	317,712	216,746	9,614,871
- United Kingdom	-	910,931	5,839,018	-	-	-	-	6,749,949
- Mainland China	279,795	-	28,968	-	-	663	-	309,426
- Other countries	-	-	-	-	293,708	371,771	-	665,479
Investments accounted for using the equity method								
- Hong Kong	50,957	379,994	1,632,759	-	-	1,714	9,069	2,074,493
- Mainland China	-	-	91	-	-	-	-	91
Advances to associates								
- Hong Kong	1,924	-	140	-	-	3	1,225	3,292
- Mainland China	-	-	58,809	-	-	-	-	58,809
Reportable segment assets	<u>626,980</u>	<u>3,172,808</u>	<u>13,844,878</u>	<u>180,233</u>	<u>732,608</u>	<u>691,863</u>	<u>227,040</u>	<u>19,476,410</u>
Unallocated corporate assets								<u>124,455</u>
Consolidated total assets								<u><u>19,600,865</u></u>
<b>Liabilities</b>								
Segment liabilities								
- Hong Kong	35,895	15,525	101,112	27	188	13,412	5,558	171,717
- United Kingdom	-	13,364	160,226	-	-	-	-	173,590
- Mainland China	42	-	34	-	-	2	-	78
- Other countries	-	-	-	-	2,766	3	-	2,769
Reportable segment liabilities	<u>35,937</u>	<u>28,889</u>	<u>261,372</u>	<u>27</u>	<u>2,954</u>	<u>13,417</u>	<u>5,558</u>	<u>348,154</u>
Unallocated corporate liabilities								<u>5,305,071</u>
Consolidated total liabilities								<u><u>5,653,225</u></u>
<b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b>								
	<u>-</u>	<u>2,948</u>	<u>141,718</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>8</u>	

**Other Material Items**  
**For the six months ended 30 June 2022**

	Reportable segments HK\$'000	Adjustments for unallocated items HK\$'000	Adjustments for major non-cash items HK\$'000	Condensed consolidated statement of comprehensive income HK\$'000
Interest income	18,186	-	-	18,186
Finance income (costs)	32	(54,861)	-	(54,829)
Net income (expenses)	18,218	(54,861)	-	(36,643)
Depreciation of:				
- Property, plant and equipment	-	(36,618)	-	(36,618)
- Right-of-use assets	-	(30,073)	-	(30,073)
Fair value changes on investment properties	-	-	104,400	104,400
Share of results of investments accounted for using the equity method	35,111	-	8,281	43,392
Income tax expense	-	(10,086)	(204)	(10,290)
Non-controlling interests	-	(29)	-	(29)

#### 4. Operating Segments (continued)

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Major cash items excluding in revenue</b>								
- Hong Kong	-	-	-	-	1,292,635	-	-	1,292,635
- Other countries	-	-	-	-	2,157,244	-	-	2,157,244
	-	-	-	-	3,449,879	-	-	3,449,879
<b>Revenue</b>								
Dividend and interest income and gain on sales of investments held-for-trading								
- Hong Kong	500	-	-	156,520	175,578	-	700	333,298
- Other countries	-	-	-	-	198,173	-	-	198,173
Revenue from external customers								
- Hong Kong	-	18,400	64,434	-	-	3,980	29,432	116,246
- United Kingdom	-	17,218	60,843	-	-	-	-	78,061
- Mainland China	-	-	389	-	-	-	-	389
	500	35,618	125,666	156,520	373,751	3,980	30,132	726,167
Revenue (excluding dividend income from segments of property development and trading and property leasing)	-	35,618	125,666	156,520	373,751	3,980	30,132	725,667
Attributable property sales from associates/investee company								
- Hong Kong	2,016,305	-	-	-	-	-	-	2,016,305
Attributable rental revenue from associates/investee company								
- Hong Kong	-	9,080	21,626	-	-	-	-	30,706
- Mainland China	-	15,501	4,113	-	-	-	-	19,614
	2,016,305	60,199	151,405	156,520	373,751	3,980	30,132	2,792,292
<b>Results</b>								
Segment results								
- Hong Kong	500	16,779	61,053	156,806	(31,923)	2,639	18,378	224,232
- United Kingdom	-	12,976	47,222	-	-	5	-	60,203
- Mainland China	-	-	314	-	-	1,492	-	1,806
- Other countries	-	-	-	-	(15,992)	-	-	(15,992)
	500	29,755	108,589	156,806	(47,915)	4,136	18,378	270,249
Share of results of investments accounted for using the equity method								
- Attributable property sales, net								
- Hong Kong	4,994	-	-	-	-	-	-	4,994
- Attributable gross income								
- Hong Kong	-	8,461	21,496	-	-	-	1,104	31,061
- Mainland China	-	15,501	4,113	-	-	-	-	19,614
- Attributable operating cost								
- Hong Kong	-	(622)	(2,863)	-	-	-	-	(3,485)
- Mainland China	-	(8,374)	(1,698)	-	-	-	-	(10,072)
	5,494	44,721	129,637	156,806	(47,915)	4,136	19,482	312,361
Other income	7,059	3,059	436	-	-	-	-	10,554
Finance costs	-	-	-	(5,549)	(4,321)	-	-	(9,870)
Share of results of investments accounted for using the equity method								
- Income tax and others	(1,226)	(18,393)	(5,753)	-	-	-	(177)	(25,549)
	11,327	29,387	124,320	151,257	(52,236)	4,136	19,305	287,496
Unallocated items								
Unallocated corporate expenses, net								(155,337)
Unallocated finance costs								(44,585)
Income tax expense								(8,830)
Non-controlling interests								(1,814)
<b>Operating profit for the period attributable to owners of the Company</b>								76,930
Share of realised fair value changes on disposal of an investment property of an associate recognised in current period								125
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method)								(114,339)
<b>Loss for the period attributable to owners of the Company</b>								(37,284)

**4. Operating Segments (continued)**  
**Condensed Consolidated Statement of Comprehensive Income (continued)**  
For the six months ended 30 June 2021

	HK\$'000
<b>Core profit (excluding major non-cash items)</b>	
<b>Operating profit for the period attributable to owners of the Company</b>	76,930
<b>Share of accumulated realised fair value changes on disposal of an investment property of an associate</b>	
- Recognised in current period	125
- Recognised in prior years	832
	<u>77,887</u>
<b>Core profit for the period attributable to owners of the Company</b>	<u>77,887</u>

**Condensed Consolidated Statement of Financial Position**

At 31 December 2021

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Assets</b>								
Segment assets								
- Hong Kong	1,080,356	1,786,593	6,917,591	407,388	366,326	300,797	209,605	11,068,656
- United Kingdom	-	1,006,804	6,139,358	-	-	-	-	7,146,162
- Mainland China	290,093	-	28,790	-	-	680	-	319,563
- Other countries	-	-	-	-	341,798	426,427	-	768,225
Investments accounted for using the equity method								
- Hong Kong	49,246	427,869	1,605,929	-	-	1,788	10,173	2,095,005
- Mainland China	-	-	91	-	-	-	-	91
Advances to associates								
- Hong Kong	1,912	-	127	-	-	3	1,224	3,266
- Mainland China	-	-	46,794	-	-	-	-	46,794
Reportable segment assets	<u>1,421,607</u>	<u>3,221,266</u>	<u>14,738,680</u>	<u>407,388</u>	<u>708,124</u>	<u>729,695</u>	<u>221,002</u>	<u>21,447,762</u>
Unallocated corporate assets								149,308
Consolidated total assets								<u>21,597,070</u>
<b>Liabilities</b>								
Segment liabilities								
- Hong Kong	35,939	22,782	114,854	27	4,346	10,922	6,160	195,030
- United Kingdom	-	15,539	176,054	-	-	-	-	191,593
- Mainland China	47	-	35	-	-	2	-	84
- Other countries	-	-	-	-	6	6	-	12
Reportable segment liabilities	<u>35,986</u>	<u>38,321</u>	<u>290,943</u>	<u>27</u>	<u>4,352</u>	<u>10,930</u>	<u>6,160</u>	<u>386,719</u>
Unallocated corporate liabilities								6,811,521
Consolidated total liabilities								<u>7,198,240</u>
<b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b>	-	20,157*	382,900*	-	-	282	335	

\* included the acquisition of investment properties of Pinwheel Investments Limited through acquisition of a subsidiary

#### 4. Operating Segments (continued)

##### Other Material Items

For the six months ended 30 June 2021

	Reportable segments HK\$'000	Adjustments for unallocated items HK\$'000	Adjustment for realised fair value changes HK\$'000	Adjustments for major non-cash items HK\$'000	Condensed consolidated statement of comprehensive income HK\$'000
Interest income	204,069	-	-	-	204,069
Finance costs	(9,870)	(44,585)	-	-	(54,455)
Net income (expenses)	194,199	(44,585)	-	-	149,614
Depreciation of:					
- Property, plant and equipment	-	(25,023)	-	-	(25,023)
- Right-of-use assets	-	(34,892)	-	-	(34,892)
Fair value changes on investment properties	-	-	-	(122,712)	(122,712)
Share of results of investments accounted for using the equity method	16,563	-	125	8,373	25,061
Income tax expense	-	(8,830)	-	-	(8,830)
Non-controlling interests	-	(1,814)	-	-	(1,814)

#### 5. Other Income

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Included in other income are:		
Rental services income	1,701	1,590
Leasing administration services and property administration services income	2,327	2,529
Advisory and consultancy services income	19	15
Consultancy fee income	-	3,932
Government subsidy - Employment Support Scheme (note)	1,139	-
Overprovision of reinstatement costs in respect of leased properties	1,200	-
Overprovision of costs in respect of a development project	-	7,059
Dilapidations settlement received from tenant in respect of properties in the United Kingdom	130	436
Reversal of allowance for credit losses recognised in respect of trade receivables, net	-	3,046
Exchange gain, net	-	4,128

Note: During the Period, the government subsidy was granted under Employment Support Scheme which aims to retain employment under the Anti-epidemic Fund of the Government of Hong Kong Special Administrative Region of the People's Republic of China ("PRC").

## 6. Investment Expenses, Net

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Financial assets measured at fair value through profit or loss:		
Unrealised loss arising from change in fair value of bonds	<b>(90,525)</b>	(309,181)
Realised gain arising from change in fair value of bonds		
- Change in fair value	<b>179</b>	2,108
- Exchange component of change	<b>76</b>	209
Net loss arising from change in fair value of bonds	<b>(90,270)</b>	(306,864)
Unrealised gain (loss) arising from change in fair value of structured products	<b>260</b>	(1,112)
Realised gain arising from change in fair value of structured products	<b>120</b>	1,543
Net gain arising from change in fair value of structured products	<b>380</b>	431
Unrealised loss arising from change in fair value of investments held-for-trading	<b>(122,895)</b>	(100,847)
Unrealised gain arising from change in fair value of club debentures	<b>170</b>	200
Financial assets/liabilities measured at fair value through profit or loss:		
Unrealised gain arising from change in fair value of cross currency swap	<b>3,490</b>	816
Realised (loss) gain arising from change in fair value of cross currency swap	<b>(1,623)</b>	111
Net gain arising from change in fair value of cross currency swaps	<b>1,867</b>	927
Other investment income (expenses), net	<b>2,414</b>	(14,100)
Interest income from other financial assets	<b>4,255</b>	1,904
	<b>(204,079)</b>	(418,349)

## 7. Finance Costs

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings	43,718	40,782
Other borrowings	5	7,138
Lease liabilities	424	1,082
Total interest	<u>44,147</u>	<u>49,002</u>
Exchange loss on translation of foreign currency bank and other borrowings, net	5,115	3,162
Other finance costs	<u>6,812</u>	<u>3,468</u>
	<b>56,074</b>	<b>55,632</b>
Less: Interest capitalised to investment properties under construction	<u>(1,245)</u>	<u>(1,177)</u>
	<b><u>54,829</u></b>	<b><u>54,455</u></b>

During the Period, the Group has capitalised borrowing costs at a rate of 1.39% (2021: 1.32%) per annum, amounting to approximately HK\$1,245,000 (2021: HK\$1,177,000), on qualifying assets.

## 8. Income Tax Expense

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	1,897	4,759
Other than Hong Kong	7,727	7,702
	<b>9,624</b>	<b>12,461</b>
Underprovision in prior years:		
Hong Kong Profits Tax	62	-
Deferred tax:		
Current period charge (credit)	604	(3,631)
	<b><u>10,290</u></b>	<b><u>8,830</u></b>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%. The PRC Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (2021: 25%). The Group is subject to tax rate in the United Kingdom at 19% (2021: 19%). Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 9. Profit (Loss) for the Period

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit (loss) for the period has been arrived at after (charging) crediting:		
Total staff costs:		
Staff costs, including Directors' emoluments	(77,025)	(71,871)
Retirement benefit scheme contributions, net of forfeited contributions of approximately HK\$104,000 (2021: HK\$166,000)	(4,314)	(3,939)
	<b>(81,339)</b>	<b>(75,810)</b>
Auditors' remuneration for audit services:		
Auditors of the Company		
- Current period	(1,050)	(1,032)
Other auditors		
- Current period	(143)	(135)
- Underprovision in prior years	(33)	(1)
	<b>(1,226)</b>	<b>(1,168)</b>
Auditors' remuneration for non-audit services:		
Auditors of the Company	(100)	-
Depreciation of:		
- Property, plant and equipment	(36,618)	(25,023)
- Right-of-use assets	(30,073)	(34,892)
	<b>(66,691)</b>	<b>(59,915)</b>
Exchange loss, net	(190)	-
Rental expenses from short-term leases	(504)	(170)
Cost of cosmetics products sold	(3,001)	(2,210)
Share of tax of investments accounted for using the equity method (included in share of results of investments accounted for using the equity method)		
- Share of tax of associates	(4,188)	(5,202)
Gross proceeds on sales of investments held-for-trading	853,099	3,272,416
Carrying amount of investments held-for-trading disposed of	(827,087)	(3,097,997)
Transaction costs on sales of investments held-for-trading	(1,771)	(5,580)
Gain on sales of investments held-for-trading included in revenue	24,241	168,839
Gross rental income from investment properties	157,139	161,284
Less: Direct operating expenses from investment properties that generated rental income during the period	(3,701)	(5,857)
Direct operating expenses from investment properties that did not generate rental income during the period	(1,527)	(17,083)
	<b>151,911</b>	<b>138,344</b>
(Allowance for credit losses) reversal of allowance for credit losses recognised, net in respect of:		
- Interest receivables from bonds	(4,485)	(7,448)
- Trade receivables	-	3,046
- Advances to associates	-	(38)
	<b>(4,485)</b>	<b>(7,448)</b>

## 10. Dividends

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
No final dividend for 2021 (2020: HK1 cent per share)	-	19,076

The Board has resolved not to declare any interim dividend for 2022 (2021: nil) after interim period end.

## 11. Earnings (Loss) per Share

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings (loss):		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share		
Profit (loss) for the period attributable to owners of the Company	<b>870,537</b>	<b>(37,284)</b>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	<b>1,907,619,079</b>	<b>1,907,619,079</b>

Diluted earnings (loss) per share for the six months ended 30 June 2022 and 2021 were the same as the basic earnings (loss) per share as there were no potential ordinary shares of the Company in issue during both periods.

## 12. Financial Assets Measured at Fair Value Through Profit or Loss

	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bonds	<b>324,160</b>	266,172
Structured products	<b>14,260</b>	6,840
Investments held-for-trading	<b>382,918</b>	428,364
Club and corporate debentures	<b>53,888</b>	53,718
Derivative financial instrument	<b>3,490</b>	1,623
	<b>778,716</b>	<b>756,717</b>
Analysed for reporting purpose as:		
Non-current	<b>112,931</b>	156,633
Current	<b>665,785</b>	600,084
	<b>778,716</b>	<b>756,717</b>

The maturity dates of the bonds denominated in United States dollar (“US\$”) and Pound Sterling (“GBP”) are as follows:

<b>Notional amount</b>	<b>Maturity</b>
US\$22,000,000	Matured
US\$44,000,000	2022
US\$31,050,000	2023
US\$18,500,000	2024
US\$19,000,000	2032
GBP1,000,000	Perpetual



### 13. Financial Assets Measured at Fair Value Through Other Comprehensive Income

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Listed investment:		
- Equity securities listed in Hong Kong ( <i>note (i)</i> )	<b>180,233</b>	364,582
Unlisted equity securities:		
- Incorporated in Hong Kong ( <i>note (ii)</i> )	<b>315,759</b>	1,101,599
- Incorporated elsewhere ( <i>note (iii)</i> )	<b>371,208</b>	425,867
	<b>867,200</b>	1,892,048
Analysed for reporting purpose as:		
Non-current	<b>686,967</b>	1,527,466
Current ( <i>note (i)</i> )	<b>180,233</b>	364,582
	<b>867,200</b>	1,892,048

*Notes:*

(i) As at 30 June 2022, the Group held certain shares of China Evergrande Group (listed on the Stock Exchange) (stock code: 3333) ("China Evergrande") ("Evergrande Shares"). Trading in the shares of China Evergrande on the Stock Exchange has been halted from 9:00 a.m. on 21 March 2022 and will remain suspended until further notice from China Evergrande. During the Period, the Group through a series of transactions disposed of certain Evergrande Shares in the open market of the Stock Exchange. The unrealised loss on fair value change of the remaining Evergrande Shares of approximately HK\$35,234,000, that fair value of the suspended Evergrande Shares was determined by an independent qualified professional valuer (during the year ended 31 December 2021: unrealised loss on fair value change of the remaining Evergrande Shares of HK\$3,051,943,000, which was determined based on quoted market bid price in active market) at the end of the reporting period, was recorded in financial assets measured at FVTOCI reserve during the Period. The carrying amount of the Evergrande Shares held by the Group as at 30 June 2022 was approximately HK\$180,233,000 (31 December 2021: HK\$364,582,000).

During the year ended 31 December 2021, the Directors sought from the shareholders of the Company and were given the grant of a disposal mandate to dispose of all or part of the remaining Evergrande Shares ("Disposal Mandate") in one or series of transactions from time to time during a period of twelve months commencing from 23 September 2021, the date of approval of the Disposal Mandate. Details of the grant of the Disposal Mandate were set out in the announcement of the Company dated 23 September 2021 and the circular of the Company dated 24 November 2021.

The Group has sold, and intends to continue selling the Evergrande Shares pursuant to the Disposal Mandate. As the Directors are committed to the sale plan, the Evergrande Shares that remained unsold have been presented as current assets in the unaudited condensed consolidated statement of financial position with carrying amount of approximately HK\$180,233,000 (31 December 2021: HK\$364,582,000) as at 30 June 2022 as the carrying amount will be recovered principally through sales in the next twelve months.

(ii) As at 30 June 2022, the carrying amount mainly comprised investment in a property development project in Hong Kong (10% interest) of HK\$203,868,000 (31 December 2021: HK\$990,440,000) and the decrease in carrying amount was due to declaration of dividend by the investee company to shareholders during the Period.

(iii) As at 30 June 2022, the carrying amount mainly comprised investment in an exempted limited partnership formed under the Exempted Limited Partnership Law (Revised) of the Cayman Islands ("Cayman Islands Partnership") of approximately HK\$371,208,000 (31 December 2021: HK\$425,867,000).

#### 14. Debtors, Deposits, Other Receivables and Prepayments

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Trade receivables (net of allowance for credit losses)	61,996	67,761
Deposits and prepayments	87,137	77,984
Interest receivables from bonds and structured products (net of allowance for credit losses)	6,480	5,520
Other receivables	<u>146,949</u>	<u>144,235</u>
	<b><u>302,562</u></b>	<b><u>295,500</u></b>
Analysed for reporting purpose as:		
Non-current	56,160	34,762
Current	<u>246,402</u>	<u>260,738</u>
	<b><u>302,562</u></b>	<b><u>295,500</u></b>

Included in debtors, deposits, other receivables and prepayments are trade receivables of approximately HK\$61,996,000 (31 December 2021: HK\$67,761,000), which comprised rental and building management fee receivables billed in advance and settlements from tenants which are expected upon receipts of billings and receivables from property management services and cosmetics business.

The carrying amounts of trade receivables (net of allowance for credit losses) of the Group's major businesses are as follows:

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Rental receivables from property leasing	55,265	57,768
Receivables from building and property management services	4,787	6,710
Receivables from cosmetics business	<u>1,944</u>	<u>3,283</u>
	<b><u>61,996</u></b>	<b><u>67,761</u></b>

The following is the aged analysis of trade receivables (net of allowance for credit losses), presented based on the respective revenue recognition dates, at the end of the reporting period:

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
0 - 30 days	12,635	28,984
31 - 60 days	3,832	2,792
61 - 90 days	1,080	642
Over 90 days	<u>44,449</u>	<u>35,343</u>
	<b><u>61,996</u></b>	<b><u>67,761</u></b>

## 15. Creditors and Accruals

Included in creditors and accruals are trade payables of approximately HK\$965,000 (31 December 2021: HK\$3,776,000).

The following is the aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
0 - 90 days	126	2,633
Over 90 days	839	1,143
	<u>965</u>	<u>3,776</u>

## 16. Capital Commitments

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Authorised and contracted for:		
Capital investment in limited partnership ( <i>note</i> )	52,202	60,700
Redevelopment expenditure of properties	167,405	172,688
Purchases of equipment and leasehold improvement	51,771	72,587
Refurbishment of properties	3,725	1,455
	<u>275,103</u>	<u>307,430</u>

*Note: The Group had committed to make a capital contribution of US\$100,000,000 (equivalent to HK\$784,870,000) in the Cayman Islands Partnership. Up to the end of the reporting period, approximately US\$93,349,000 (equivalent to approximately HK\$724,064,000) (31 December 2021: US\$92,217,000 (equivalent to approximately HK\$715,235,000)) among the contribution has been paid by the Group. The outstanding amount was approximately US\$6,651,000 (equivalent to approximately HK\$52,202,000, after exchange adjustment) (31 December 2021: US\$7,783,000 (equivalent to approximately HK\$60,700,000, after exchange adjustment)).*

## 17. Contingent Liabilities

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	15,000	15,000
Guarantee given to a bank in respect of a banking facility utilised by an investee company/indemnity given to a third party in relation to an investee company	613,830	613,830
	<u>628,830</u>	<u>628,830</u>

No provision for financial guarantee contracts and/or deed of indemnity have been made as at 30 June 2022 and 31 December 2021 as the Directors considered the default risk is low.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2021: nil).

Having considered the Company's dividend policy, to preserve more cash for the Group's future financial, property investment or securities investment opportunities, the Board has resolved not to declare any interim dividend for the Period (2021: nil).

## FINANCIAL OPERATION REVIEW

### Results

#### Revenue

Revenue for the Period amounted to HK\$1,181.4 million (2021: HK\$726.2 million), an increase of 62.7% over the same period of last year and comprised gross rental income of HK\$157.1 million (2021: HK\$161.3 million), gain on sales of investments held-for-trading on a net basis of HK\$24.2 million (2021: HK\$168.9 million), dividend income from listed and unlisted equity investments of HK\$954.1 million (2021: HK\$160.7 million), interest income from bonds and structured products of HK\$13.3 million (2021: HK\$201.9 million), building and property management services income of HK\$25.2 million (2021: HK\$24.5 million) and others of HK\$7.5 million (2021: HK\$8.9 million). The increase in revenue was mainly due to dividend income of HK\$950.0 million (2021: nil) from an investee company engages in property development and trading, despite of decrease in interest income from bonds and structured products of HK\$188.6 million and gain on sales of investments held-for-trading of HK\$144.7 million for the Period.

#### Gross Profit

Gross profit for the Period amounted to HK\$1,161.6 million (2021: HK\$689.5 million), an increase of 68.5% as compared with the same period of last year which was also mainly due to dividend income of HK\$950.0 million from an investee company despite of decrease in interest income from bonds and structured products and gain on sales of investments held-for-trading for the Period.

#### Property Leasing

For property leasing, the rental revenue in non-retail section decreased by 3.3% to HK\$121.5 million and retail section maintained stable at HK\$35.6 million during the Period. The total rental income in revenue for the Period recorded a decrease of 2.6% to HK\$157.1 million as compared with the same period of last year of HK\$161.3 million.

Together with the attributable rental revenue generated from associates and an investee company of HK\$42.6 million (2021: HK\$50.3 million), the total attributable rental revenue to the Group amounted to HK\$199.7 million (2021: HK\$211.6 million), which represents a decrease of 5.6% over the same period of last year.

Attributable net rental income for the Period showed HK\$180.4 million, an increase of 3.4% over HK\$174.4 million in the same period of last year.

#### Property Development and Trading

During the Period, the Group did not dispose of any trading property (2021: no disposal).

In respect of properties held by an investee company, sales of 55 units and certain parking spaces of Grand Central in Kwun Tong (10% interest) were recorded by the investee company during the Period. Following the recognition of sales and profits by the investee company, the investee company declared dividend and hence dividend income from the investee company had contributed HK\$950.0 million (2021: nil) to the Group's revenue and profit during the Period.

The Group's investee company recorded an attributable sales of HK\$133.1 million (2021: associates and investee company of HK\$2,016.3 million) for the Period.

## Securities Investments

The Group has in the ordinary and usual course of business conducted its securities investment activities, as at 30 June 2022, mainly comprised bonds, listed equity investments and treasury products. During the Period, the net loss (excluding gain/loss recognised in financial assets measured at FVTOCI reserve) recognised from securities investments and treasury products represents loss on investments and treasury products at FVTPL of HK\$178.3 million (2021: net gain of HK\$99.0 million, comprised gain on listed equity investments at FVTOCI of HK\$151.2 million and loss on investments and treasury products at FVTPL of HK\$52.2 million).

During the Period, the Group disposed of listed investments held-for-trading and recognised a realised gain of HK\$24.2 million (2021: HK\$168.9 million) (the gains/losses of which was included in revenue) with gross proceeds of HK\$853.1 million (2021: HK\$3,272.4 million). In addition, realised gain on bonds of HK\$0.3 million (2021: HK\$2.3 million) and realised gain on structured products of HK\$0.1 million (2021: HK\$1.5 million) were recorded during the Period.

During the Period, the Group recorded an unrealised loss of HK\$213.2 million (2021: HK\$411.1 million) representing the changes in fair value of bonds, listed equity investments and structured products, comprised unrealised loss on bonds of HK\$90.5 million (2021: HK\$309.2 million), unrealised loss on listed investments held-for-trading of HK\$122.9 million (2021: HK\$100.8 million) and unrealised gain on structured products of HK\$0.2 million (2021: unrealised loss of HK\$1.1 million), which had no effect on the cash flow of the Group. The Group believes that the decrease in price of bonds in the industry of PRC-based real estate in the Period, among others, was owing to concerns about the liquidity and going concern issues and the tightening gearing policy over the real estate developers in the PRC. Given the volatility of the stock markets during the Period, the price of listed equity investments experienced a downside in general. In addition, certain of the shares listed on the Stock Exchange held by the Group were suspended from trading during the Period and remained suspended at the end of the reporting period.

During the Period, interest income from bonds and structured products (which were included in revenue) amounted to HK\$12.9 million (2021: HK\$196.1 million) and HK\$0.4 million (2021: HK\$5.8 million) respectively. The substantial decrease in interest income from bonds was mainly due to a much smaller bond portfolio held during the Period as compared with a sizeable bond portfolio held during the six months ended 30 June 2021; and certain PRC-based real estate bond issuers have defaulted interest payments as a result of their liquidity issues. Together with dividend income from listed equity investments at FVTPL of HK\$3.4 million (2021: HK\$3.0 million), the Group recognised interest/dividend income from investments and treasury products at FVTPL of HK\$16.7 million (2021: HK\$204.9 million) for the Period. During the Period, there was no dividend income from listed equity investment at FVTOCI (2021: HK\$156.5 million).

Summing up the realised and unrealised gain/loss and adding the net income from net dividend income, interest income, other investment income/expenses and net finance income/costs of HK\$10.3 million (2021: HK\$337.4 million), the loss recognised from securities investments and treasury products was HK\$178.3 million (2021: gain of HK\$99.0 million) for the Period.

The dividend income from listed equity investments of HK\$3.4 million (2021: HK\$159.5 million) and interest income from bonds and structured products of HK\$13.3 million (2021: HK\$201.9 million) were recorded in revenue.

The respective income/expense from securities investments under different categories are further elaborated below:

*Investments and Treasury Products at Fair Value Through Profit or Loss*

Details of realised and unrealised gain/loss, interest and dividend income by each type of bonds, listed investments held-for-trading and structured products during the Period are shown below:

	Realised gain		Unrealised loss		Interest/dividend income		Total loss	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<b>Bond issuers by industry</b>								
Financial institutions	0.3	-	(5.4)	10.7	1.9	10.5	(3.2)	21.2
PRC-based real estate	-	2.3	(85.1)	(319.9)	11.0	185.6	(74.1)	(132.0)
	0.3	2.3	(90.5)	(309.2)	12.9*	196.1*	(77.3)	(110.8)
<b>Listed investments held-for-trading</b>	24.2	168.9	(122.9)	(100.8)	3.4	3.0	(95.3)	71.1
<b>Structured products</b>	0.1	1.5	0.2	(1.1)	0.4	5.8	0.7	6.2
	24.6	172.7	(213.2)	(411.1)	16.7	204.9	(171.9)	(33.5)
Other net investment expenses							(6.4)*	(14.4)*
Loss before net finance costs							(178.3)	(47.9)
Net finance costs							-	(4.3)
Loss after net finance costs							(178.3)	(52.2)

\* allowance for credit losses recognised in respect of bond interest receivables of HK\$4.5 million (2021: HK\$7.4 million) was included in "other net investment expenses".

*Listed Equity Investments at Fair Value Through Other Comprehensive Income*

*(a) Implication on Profit or Loss for the Period*

During the Period, no income/expenses was recorded from listed equity investments at FVTOCI (2021: recorded a net gain of HK\$151.2 million, including net dividend income of HK\$156.5 million (after transaction cost) from a listed equity investment, net relevant finance costs of HK\$5.6 million and other investment income of HK\$0.3 million).

*(b) Implication on Other Comprehensive Expenses for the Period*

During the Period, the Group disposed part of a listed equity investment and recorded a realised gain of HK\$14.9 million (inclusive of transaction costs) (2021: no disposal), and an unrealised loss on fair value change of the remaining listed equity investment of HK\$35.2 million (2021: HK\$4,110.8 million) was recognised in other comprehensive expenses. Realised gain/loss on fair value change is a cash item while unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

*Other Income and Expenses*

During the Period, the Group recorded other income of HK\$7.4 million (2021: HK\$23.5 million). The decrease was mainly due to an overprovision of costs in respect of a development project of HK\$7.1 million and exchange gain of HK\$4.1 million recorded in the first half of 2021.

During the Period, administrative expenses increased by 4.7% to HK\$177.4 million (2021: HK\$169.4 million). The increase in administrative expenses was mainly due to increase in depreciation expenses of HK\$6.8 million. Finance costs maintained stable at HK\$54.8 million (2021: HK\$54.5 million) during the Period, including exchange loss of HK\$5.1 million on translation of foreign currency bank borrowing (2021: HK\$2.8 million on translation of foreign currency other borrowings hedged for foreign currency securities investments and HK\$0.4 million on translation of foreign currency bank borrowing).

### Investments Accounted for Using the Equity Method

The share of results of investments accounted for using the equity method for the Period recorded a profit from the share of results of associates of HK\$43.4 million (2021: HK\$25.1 million).

### Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong, Mainland China and the United Kingdom were revalued at 30 June 2022 by LCH (Asia-Pacific) Surveyors Limited (“LCH (Asia-Pacific)”). LCH (Asia-Pacific) is an independent qualified professional property valuer. An unrealised gain on fair value changes of investment properties of HK\$104.4 million (2021: unrealised loss of HK\$122.7 million) was recorded during the Period. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

### **Profit/Loss, Core Profit, Dividends, Repurchase and Total Comprehensive Expenses**

#### Profit/Loss

Profit for the Period attributable to owners of the Company was HK\$870.5 million as compared to loss of HK\$37.3 million for the same period of last year. The turning from loss to profit for the Period was mainly due to (a) recognition of a dividend income from an investee company; (b) the fair value changes of investment properties turning from loss to gain; despite of (c) results in securities investments and treasury products turning from profit to loss during the Period. Earnings per share for the Period was HK\$0.46 (2021: loss per share of HK\$0.02).

#### Core Profit

Core profit/loss is a non-HKFRS measure, is arrived at by adding (i) reported profit/loss excluding unrealised fair value changes of investment properties and other properties together with their respective deferred tax (if applicable); and (ii) accumulated realised fair value changes of investment properties and other properties together with their respective deferred tax (if applicable) recognised in prior years. The Group believes that the presentation of non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impact of certain items.

If the net gain on the major non-cash items of HK\$112.4 million is excluded (2021: net loss on the major non-cash items of HK\$114.3 million was excluded, but the share of accumulated realised fair value gain on disposal of an investment property of an associate of HK\$0.9 million was included), the Group will have a core profit for the Period attributable to owners of the Company of HK\$758.1 million (2021: HK\$77.9 million) and a core profit per share of HK\$0.40 (2021: HK\$0.04).

The major non-cash items represented the attributable net unrealised fair value gain on investment properties together with their respective deferred tax from the Group and its associates of HK\$112.4 million (2021: net unrealised fair value loss of HK\$114.3 million).

#### Dividends

No dividend (2021: 2020 cash final dividend of HK1 cent per share in total amount of HK\$19.1 million) was paid during the Period.

#### Repurchase

During the Period, the Company had not repurchased any of the Company's share.

#### Total Comprehensive Expenses

Total comprehensive expenses for the Period attributable to owners of the Company was HK\$451.2 million or HK\$0.24 per share (2021: HK\$3,961.5 million or HK\$2.08 per share), which comprised (a) profit for the Period attributable to owners of the Company of HK\$870.5 million (2021: loss of HK\$37.3 million); and (b) other comprehensive expenses for the Period attributable to owners of the Company of HK\$1,321.7 million (2021: HK\$3,924.2 million) which mainly included unrealised loss of HK\$786.6 million (2021: unrealised gain of HK\$68.2 million) on fair value change of an unlisted equity security at FVTOCI as a result of the decrease in the carrying amount of the unlisted equity security by the corresponding amount upon declaration of dividend of HK\$950.0 million (as disclosed in the sub-paragraph headed “Property Development and Trading” of paragraph headed “Results” above), unrealised loss on fair value change of a listed equity investment at FVTOCI of HK\$35.2 million (2021: HK\$4,110.8 million), and GBP exchange loss of foreign operations of HK\$437.6 million (2021: exchange gain of HK\$69.3 million).

## Net Asset Value

As at 30 June 2022, the Group's net asset value attributable to owners of the Company amounted to HK\$13,924.4 million (31 December 2021: HK\$14,375.6 million), a decrease of HK\$451.2 million or 3.1% when compared with 31 December 2021. With the total number of ordinary shares in issue of 1,907,619,079 as at 30 June 2022 and 31 December 2021, the net asset value per share attributable to owners of the Company was HK\$7.30 (31 December 2021: HK\$7.54). The movement in net asset value represented total comprehensive expenses for the Period attributable to owners of the Company of HK\$451.2 million.

During the Period, loss on fair value changes of listed equity investment categorised as financial assets measured at FVTOCI of HK\$20.3 million (2021: HK\$4,110.8 million) was recorded in other comprehensive expenses, and the Group transferred the negative balance of the financial assets measured at FVTOCI reserve of the disposed listed equity investment of HK\$895.0 million to retained profits. The cumulative amount of loss on fair value changes of listed equity investment included in financial assets measured at FVTOCI reserve as at 30 June 2022 was HK\$1,610.1 million (31 December 2021: HK\$2,484.8 million).

In view of the redevelopment plan of properties in Tsuen Wan, Hong Kong and "120 Fleet Street" in London, United Kingdom, certain redevelopment expenditures which have been authorised and contracted for have been disclosed in "Capital Commitments" in Note 16 to the unaudited condensed consolidated financial statements. Going forward, further investment in capital expenditures for these two redevelopment properties are planned.

Other than the existing projects and those disclosed in the interim results, the Group did not have material acquisition or disposal of assets and any future plans for material investment or capital assets.

## Net Current Liabilities

The Group recorded net current liabilities as at 30 June 2022 of HK\$394.3 million (31 December 2021: net current assets of HK\$3.2 million), of which current assets were HK\$3,439.2 million (31 December 2021: HK\$4,087.2 million) and current liabilities were HK\$3,833.5 million (31 December 2021: HK\$4,084.0 million).

The Directors are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due. The Group believes that the net current liabilities position as at 30 June 2022 would not have adverse financial effect to the Group's liquidity or gearing position and the Group has ability to continue as a going concern.

## Securities Investments

The Group's strategy is to maintain securities investment portfolio for treasury management and invest in securities investments and treasury products with attractive yield and good prospect in order to bring stable and satisfactory realised return in long run.

As at 30 June 2022, the portfolio of securities investments and treasury products of HK\$901.6 million (31 December 2021: HK\$1,066.0 million) comprised (a) bonds, listed investments held-for-trading and structured products (presented as financial assets measured at FVTPL (non-current and current assets)) in aggregate of HK\$721.4 million (31 December 2021: HK\$701.4 million); and (b) listed equity investment (presented as financial assets measured at FVTOCI) of HK\$180.2 million (31 December 2021: HK\$364.6 million), representing 4.6% (31 December 2021: 4.9%) of total assets.

The respective securities investments under different categories are elaborated below:

### Listed Equity Investments at Fair Value Through Other Comprehensive Income

During the Period, the Group disposed part of an equity investment listed in Hong Kong recorded as financial assets measured at FVTOCI. After deducting the carrying amount of HK\$164.3 million upon disposal, together with realised fair value gain and unrealised fair value loss in aggregate of net loss of HK\$20.1 million for the Period, the carrying amount of the listed equity investment as at 30 June 2022 was HK\$180.2 million (31 December 2021: HK\$364.6 million), representing 0.9% (31 December 2021: 1.7%) of total assets.



### Investments and Treasury Products at Fair Value Through Profit or Loss

As at 31 December 2021, the carrying amount of the bonds presented as financial assets measured at FVTPL was HK\$266.2 million. During the Period, the bond portfolio was increased by a net purchase of HK\$148.2 million. After deducting the fair value loss of HK\$90.2 million recognised in profit or loss, the bond portfolio of the Group became HK\$324.2 million as at 30 June 2022, representing 1.7% (31 December 2021: 1.2%) of total assets, which formed part of the Group's cash management activities.

As at 30 June 2022, the Group held investments held-for-trading of HK\$382.9 million (31 December 2021: HK\$428.4 million), of which HK\$154.9 million (31 December 2021: HK\$194.3 million) were listed shares in Hong Kong and HK\$228.0 million (31 December 2021: HK\$234.1 million) were listed shares in elsewhere.

### Unlisted Securities Investments

The Group invested in the Cayman Islands Partnership (presented as financial assets measured at FVTOCI) and the carrying amount was HK\$425.9 million as at 31 December 2021. During the Period, the Group has contributed US\$1.1 million (equivalent to approximately HK\$8.8 million) which was funded from its distribution, after deducting the fair value loss for the Period of HK\$63.5 million (which was recognised in financial assets measured at FVTOCI reserve), the carrying amount was HK\$371.2 million as at 30 June 2022, representing 1.9% (31 December 2021: 2.0%) of total assets.

### **Risk Management**

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

### **Equity**

The number of issued ordinary shares as at 30 June 2022 and 31 December 2021 were 1,907,619,079.

### **Debt and Gearing**

As at 30 June 2022, the Group's total debt amounted to HK\$4,905.5 million (31 December 2021: HK\$5,515.2 million), comprised bank and other borrowings of HK\$4,869.7 million (31 December 2021: bank borrowings of HK\$5,455.5 million) and lease liabilities amounted to HK\$35.8 million (31 December 2021: HK\$59.7 million). Cash and deposits at banks amounted to HK\$1,938.8 million (31 December 2021: HK\$2,479.9 million), pledged deposits amounted to HK\$336.8 million (31 December 2021: HK\$277.5 million) and net debt (including lease liabilities) amounted to HK\$2,629.9 million (31 December 2021: HK\$2,757.8 million).

Total debt to equity ratio (including lease liabilities) was 35.2% (31 December 2021: 38.3%) and net debt to equity ratio (including lease liabilities) was 18.9% (31 December 2021: 19.2%), which are expressed as a percentage of total debt, and net debt, respectively, over the total equity of HK\$13,947.6 million (31 December 2021: HK\$14,398.8 million). The decrease in both ratios was mainly due to decrease in total debt and net debt.

If the securities investments and treasury products of HK\$901.6 million (31 December 2021: HK\$1,066.0 million) are included, the net debt to equity ratio would be 12.4% (31 December 2021: 11.8%).

As at 30 June 2022, the Group's bank and other borrowings of HK\$4,869.7 million, 70.8%, 0.7% and 28.5% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively. Of which the Group's bank and other borrowings were denominated in HK\$ (29.90%), GBP (44.50%), US\$ (25.58%) and Euro (0.02%) before entering the cross currency swap. During the Period, the Group has entered into short term US\$/HK\$ cross currency swap to enhance interest payable on borrowing, and as at 30 June 2022, notional amount of approximately US\$158.7 million was outstanding. As at 30 June 2022, the Group's bank and other borrowings were carried at interest rates calculated with reference to cost of funds, Hong Kong Interbank Offered Rate or compounded reference rate and all the Group's bank and other borrowings were on floating rate basis. Except as disclosed, no hedging for interest rate is subsisted at the end of the reporting period.

## Pledge of Assets

As at 30 June 2022, the Group had pledged the following assets with their respective carrying amounts:

- (a) The Group's investment properties of HK\$8,431.5 million (31 December 2021: HK\$11,334.9 million), properties of HK\$38.7 million (31 December 2021: HK\$42.9 million) and bank deposits of HK\$258.4 million (31 December 2021: HK\$277.5 million) were pledged to the banks to secure general banking facilities granted to the Group.
- (b) The Group's bonds and listed equity investments with carrying amounts of HK\$70.0 million (31 December 2021: nil) and cash deposits of HK\$78.4 million (31 December 2021: nil) were pledged to the financial institution to secure margin and securities facility granted to the Group in respect of securities transactions, of which HK\$1.1 million (31 December 2021: nil) was utilised as at 30 June 2022 as borrowing due within one year.
- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

## Financial and Interest Income/Expenses

Interest income was included in revenue and investment expenses, net. Interest income for the Period decreased to HK\$18.2 million (2021: HK\$204.1 million), representing a decrease of 91.1% as compared with the same period of last year which was mainly due to the decrease in bond portfolio and hence its relevant interest income and certain PRC-based real estate bond issuers have defaulted interest payments as a result of their liquidity issues during the Period.

Finance costs included interest expenses on bank and other borrowings and lease liabilities; exchange difference on translation of foreign currency borrowings; and arrangement fee and facility and commitment fee expenses. Interest expenses (excluding interest expenses on lease liabilities) for the Period amounted to HK\$42.5 million, representing a decrease of 9.0% over the same period of last year of HK\$46.7 million. Interest capitalised for the Period was HK\$1.2 million (2021: HK\$1.2 million). The decrease in interest expenses was mainly due to the decrease in average total borrowings during the Period. The average interest rate over the period under review was 1.68% (2021: 1.25%), which was expressed as a percentage of total interest paid (excluding interest on lease liabilities) over the average total interest-bearing borrowings.

## Remuneration Policies

As at 30 June 2022, the Group employed a total of 481 staff (31 December 2021: 474 staff) including about 251 staff (31 December 2021: 236 staff) employed under the estate management company in Hong Kong and 7 staff (31 December 2021: 5 staff) in the United Kingdom.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance.

## United Kingdom and Mainland China

As at 30 June 2022, the Group's investment properties (excluding properties occupied for own use) in the United Kingdom with carrying amount of GBP679.1 million (equivalent to approximately HK\$6,462.6 million) (31 December 2021: GBP645.8 million (equivalent to approximately HK\$6,799.6 million)) incurred a net profit of HK\$267.5 million (2021: net loss of HK\$113.5 million) to the Group for the Period, the profit mainly included in gross profit, other income, fair value changes on investment properties, administrative expenses, finance costs and taxation. Due to depreciation of GBP against HK\$ during the Period, GBP exchange loss of foreign operations included in other comprehensive expenses for the Period amounted to HK\$437.6 million (2021: exchange gain of HK\$69.3 million). As at 30 June 2022, the Group's net investment in the United Kingdom amounted to HK\$4,419.7 million (31 December 2021: HK\$4,226.4 million) representing 31.7% (31 December 2021: 29.4%) of the Group's total equity.

Profit incurred by the Group's investment in Mainland China (mainly included in fair value changes on investment properties, share of results of investments accounted for using the equity method and taxation) for the Period amounted to HK\$14.3 million (2021: loss of HK\$18.2 million). Due to depreciation of Renminbi ("RMB") against HK\$ during the Period, RMB exchange loss of foreign operations included in other comprehensive expenses (including share of investments accounted for using the equity method) for the Period amounted to HK\$14.4 million (2021: exchange gain of HK\$5.8 million). The Group's net investment in Mainland China as at 30 June 2022 amounted to HK\$392.5 million (31 December 2021: HK\$392.5 million) representing 2.8% (31 December 2021: 2.7%) of the Group's total equity.

## **Property Valuation**

As at 30 June 2022, property valuations in respect of the Group's investment properties in Hong Kong, Mainland China and the United Kingdom were carried out by LCH (Asia-Pacific) (31 December 2021: investment properties in Hong Kong, Mainland China and one of the investment properties in the United Kingdom were carried out by LCH (Asia-Pacific), for the remaining investment properties in the United Kingdom were carried out by Peak Vision Appraisals Limited), independent qualified professional property valuers. The valuations were based on investment method and/or direct comparison method and/or residual method as the valuation methodologies and were used in preparing 2022 interim results.

The Group's investment properties were valued at HK\$12,860.7 million (31 December 2021: HK\$13,292.2 million), an increase of 0.8% over 2021 after adjusted for the additions and exchange adjustments of investment properties during the Period. The increase in fair value of HK\$104.4 million was recognised in the unaudited condensed consolidated statement of comprehensive income for the Period. The Group also shared an increase in fair value of investment properties of associates of HK\$8.3 million for the Period.

The increase in fair value of HK\$104.4 million was mainly derived from the increase in fair value of investment properties located in the United Kingdom. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

## **BUSINESS REVIEW**

### **Hong Kong Property Investment**

Rentals from investment properties continued to be one of the major sources of our income.

As at 30 June 2022, the occupancy rate of the shops of Causeway Place was approximately 94.60%.

Olympian City 3 (25% interest), the retail mall in The Hermitage residences in West Kowloon, the average occupancy rate was approximately 94.04% during the Period.

Coronation Circle (15% interest), the retail mall in The Coronation residences in West Kowloon, the average occupancy rate was approximately 53.47% during the Period.

During the Period, the average occupancy rate of the Group's office property, Harcourt House was approximately 71.37%.

Nos. 14-18 Ma Kok Street is an industrial site in Tsuen Wan. It will be redeveloped into a 25-storey industrial building (including 2 basement levels for parking and loading/unloading facilities). Its total gross floor area is approximately 228,001 square feet. Construction of the new development is currently underway, with the foundation works commenced in May 2021. The new building is expected to be completed by early 2025 and presale of the industrial units is expected to be launched around the third quarter of 2022.

Nos. 86 and 88 Apliu Street is a 25-storey residential-cum-commercial building in Sham Shui Po with total gross floor area of approximately 17,714 square feet. As at 30 June 2022, it was vacant. Alterations and additions works for reinstatement and refurbishment of the property are in progress and expected to be completed around the fourth quarter of 2023.

No. 1 Hung To Road (33.33% interest), a 33-storey industrial building in Kwun Tong, the average occupancy rate was approximately 92.45% during the Period.

## **Hong Kong Property Development**

The Hermitage (25% interest) is the Group's joint venture development project in West Kowloon. It comprises 6 residential tower blocks and provides in aggregate 964 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. As at 30 June 2022, 99.90% of total residential units were sold.

Grand Central (10% interest) is a joint venture development project of the Group awarded by the Urban Renewal Authority, with a total gross floor area of around 1,853,561 square feet. It comprises two phases with 4 residential tower blocks and provides 1,999 residential units in aggregate. Up to 30 June 2022, 952 units of first phase and 928 units of second phase were sold.

## **Mainland China Property Investment**

Hilton Beijing (50% interest), a five-star international hotel having 506 rooms. Due to the pandemic, the renovation works of 5th to 14th Floors of the main tower were temporarily suspended. Its average occupancy rate was approximately 21.33% during the Period due to the renovation works and COVID-19 pandemic.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing. Its average occupancy rate was approximately 63.18% during the Period.

## **Overseas Property Investment**

"120 Fleet Street" consists of a freehold office building known as River Court and the Grade II\* listed Daily Express Building, situated at 116-129 Fleet Street, London, United Kingdom. It provides a total net internal area of approximately 429,980 square feet, together with certain car parking spaces. During the Period, the retail portion of River Court was fully let while the office accommodation was vacant. River Court will be redeveloped into a 21-storey high rise Grade A office led, mixed use building with 2 basement levels, and is expected to comprise approximately 540,800 square feet of office space and approximately 18,600 square feet of retail space and will be renamed as Evergo Tower, while Daily Express Building will be retained and refurbished. Demolition works will commence once the relevant government approval is granted and the new building is expected to be completed in the first half of 2026.

"14 St George Street" is a freehold office building located in London, United Kingdom with total net internal area of around 51,861 square feet. Office accommodation is arranged over lower ground, ground and four upper floors. Its average occupancy rate during the Period was approximately 86.48%.

"61-67 Oxford Street and 11-14 Soho Street" is a mixed use freehold building located in London, United Kingdom, comprising approximately 55,151 square feet in aggregate. The building provides retails, office and residential accommodation, occupying approximately 33,843 square feet, 13,694 square feet and 7,614 square feet respectively, over lower ground, ground and six upper floors. During the Period, the average occupancy rate was approximately 88.86%.

"11 and 12 St James's Square and 14 to 17 Ormond Yard" is a mixed use freehold building located in London, United Kingdom. Its total net internal area is around 82,374 square feet. Office accommodation is arranged over lower ground, ground and six upper floors. The occupancy rate was approximately 91.35% during the Period on average.

## **Securities Investments**

Securities investment is one of the principal activities of the Group.

The Group's strategy is to maintain securities investment portfolio for treasury management. As at 30 June 2022, the Group's securities investment portfolio comprised of bonds, listed equity investments and treasury products. The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders of the Company. The Group's strategy for future investments is to invest in a diversified portfolio to minimise risks with attractive yield, good liquidity and issuers from reputable entities, so as to maintain a healthy financial status and grasp every good investment chance.

The net loss recognised from securities investments and treasury products for the Period was approximately HK\$178.3 million. Details of the performance of securities investments are disclosed in the "Financial Operation Review" of this announcement.

The Group will continue to closely monitor its portfolio of securities investment to achieve satisfactory returns.

## **OTHER INFORMATION**

### **Leasing of Windsor House - Connected Transactions and Continuing Connected Transactions**

On 28 March 2022, the Group (as tenant) entered into (i) a new tenancy agreement in relation to the leasing of Room 3602 on the 36th floor of Chubb Tower, Windsor House; and (ii) a renewal tenancy agreement in relation to the renewal of the leasing of the whole of 19th floor, the whole of 20th floor and the whole of 21st floor of Chubb Tower, Windsor House with a company at that time indirectly wholly owned by Ms. Chan, Hoi-wan (an Executive Director, the chief executive officer of the Company and a trustee of the substantial shareholders of the Company (who are her minor children)) as trustee for her minor children (as landlord) (the “Transactions”), in connection with the sale of Nos. 14-18 Ma Kok Street redevelopment project in Tsuen Wan and for the purpose of headquarter of the Group respectively. The Transactions constituted connected transactions and continuing connected transactions for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) as more described in the Company’s announcement and supplemental announcement dated 28 March 2022 and 30 March 2022 respectively.

### **Mandate for Disposal(s) of Shares in China Evergrande Group**

As disclosed on page 15 of the Company’s 2021 annual report, the Company had on 23 September 2021 sought and obtained the written shareholders’ approval in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules for the grant of a mandate to the Directors to dispose of all or part of the Company’s shares in China Evergrande Group (the shares of which are listed on the Stock Exchange (stock code: 3333)) (“China Evergrande”) (the “Disposal Mandate”) in the open market of the Stock Exchange or through block trade(s) subject to a minimum selling price of HK\$0.01 per share (excluding transaction cost) in one or series of transactions during a period of 12 months from 23 September 2021 to 22 September 2022. During the Period, the Group disposed of certain shares of China Evergrande in the open market of the Stock Exchange pursuant to the Disposal Mandate.

## **PROSPECTS**

The global economy continues to suffer from a series of destabilizing shocks and its growth momentum slowed in the first quarter. Persisting tension between Russia and Ukraine further dragged global economic growth. The rapid spread of Omicron variant disrupted global economic activities and dampened economic sentiment.

The Hong Kong economy saw a marked deterioration in the first half of 2022. The first and second quarter Gross Domestic Product contracted by 3.9% and 1.3% respectively. The fifth wave of local epidemic and resultant restrictive measures seriously hit consumption activities. Despite that, it is expected that the Phase II consumption voucher can stimulate eligible residents out to spend more and to boost the economy. Nevertheless, the Group’s investment properties will continue to face numerous challenges over the remainder of 2022.

In the United Kingdom, the Group’s immediate focus is to redevelop and revitalize its “120 Fleet Street” flagship project. Located in the central business district of London, “120 Fleet Street” consists of the commercial building River Court, which will be renamed as Evergo Tower, and the historical Daily Express Building. Through the project, the Group strives to achieve exceptionally high standard of environmental sustainability and develop a business platform with art and commerce thriving in unison. In view of the pioneer design and the new feature of the redevelopment, the Group looks forward to attracting top grade international financial corporations and first tier professional firms to occupy the office floors. Despite the risks to the United Kingdom’s outlook are skewed to the downside, the Group still remains confidence for its economy in a longer term.

For the stock market, it took a pounding in the first half in 2022 and expected to remain volatile. Market sentiment was dampened by concerns over inflation, interest rate hike, geopolitical tensions and the evolving global pandemic. We remain cautious on the volatility and act watchfully whenever any financing decision will be made.

Looking forward, the global economic and geopolitical conflicts will likely remain uncertain. In the face of heated inflation and tighten monetary policy, the Group will adopt prudent approach amid the high-interest landscape and strive to bring better returns to shareholders.

## **AUDIT COMMITTEE REVIEW**

The interim results for the Period are unaudited and have not been reviewed by the auditors of the Company. The Audit Committee of the Company, comprised all the Independent Non-executive Directors (“INED(s)”), has reviewed with management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the Period.

## **CORPORATE GOVERNANCE**

Throughout the Period, the Company had applied the principles and complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except the following deviations:-

### **Code Provision C.1.6 – Non-executive Director Attending General Meeting**

Ms. Amy Lau, Yuk-wai, a Non-executive Director, was unable to attend the annual general meeting of the Company held on 20 May 2022 (“AGM”) as she was not in Hong Kong on that day.

### **Code Provision B.2.4(a) – Disclosure of Length of Tenure of INED(s) Who Served More Than Nine Years**

The Company has disclosed the length of tenure of each existing INED (all of them have been served more than nine years on the Board) on a named basis in a supplemental announcement of the Company dated 4 May 2022 instead of in the circular to shareholders accompanying the notice of the AGM (the “Circular”).

Since all the INEDs are not required to retire from office and be re-elected as Directors at the AGM, as such, the Company has omitted to disclose the length of tenure of each INED on a named basis in the Circular.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “Model Code”). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code and the said code of conduct during the Period.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees (the “Relevant Employees”) who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group’s securities had been requested to follow such code when dealing in the securities of the Company. All Relevant Employees, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the said code during the Period.

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

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

## APPRECIATION

2022 is the Group's 100th Anniversary. We would like to take this opportunity to express our gratitude to the shareholders for their continuing support and would also like to express our sincere thanks to all staff members for their dedication and hard work for overcoming the Group's every challenging moments. We believe that through the hand-in-hand efforts between the management and our staff, together with the support from our shareholders, the Group will turn into a new brilliant chapter of our development.

On behalf of the Board  
**Lau, Ming-wai**  
Chairman

Hong Kong, 17 August 2022

*As at the date of this announcement, the Board comprised Ms. Chan, Hoi-wan, Ms. Chan, Lok-wan and Mr. Lam, Kwong-wai as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.*

*Website: <http://www.chineseestates.com>*

*This results announcement is published on the website of the Company (<http://www.chineseestates.com>) and the HKEXnews website (<http://www.hkexnews.hk>).*

*Results Highlights will also be posted on the Company's website on 17 August 2022.*