ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED
中昌國際控股集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 859)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Directors**") of Zhongchang International Holdings Group Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2022 ("**Interim Period**"), together with the comparative figures for the six months ended 30 June 2021 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Unaudited	
	Notes	**Six months ended 30 June 2022** ***HK$'000***	Six months ended 30 June 2021 *HK$'000*
CONTINUING OPERATIONS			
Revenue	4	**17,625**	18,294
Other income, net	5	**274**	3,538
Net loss in fair value of investment properties	12	**(24,400)**	(17,400)
Staff costs	6	**(2,646)**	(4,262)
Depreciation of property, plant and equipment	6	**(90)**	(493)
Depreciation of right-of-use assets	6	**(599)**	(599)
Impairment losses under expected credit loss model	16	**–**	(209)
Other operating expenses		**(9,268)**	(7,244)
Loss from continuing operations	6	**(19,104)**	(8,375)
Finance costs	7	**(7,151)**	(10,171)
Loss before tax from continuing operations		**(26,255)**	(18,546)
Income tax expense	8	**(2,719)**	(2,208)
Loss for the period from continuing operations		**(28,974)**	(20,754)

	Notes	Unaudited **Six months ended 30 June 2022** ***HK$'000***	Six months ended 30 June 2021 *HK$'000*
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	9	**–**	(56,928)
Loss for the period		**(28,974)**	(77,682)
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**5,771**	(1,678)
Other comprehensive income/(loss) for the period, net of tax		**5,771**	(1,678)
Total comprehensive loss for the period		**(23,203)**	(79,360)
Loss for the period attributable to the owners of the Company		**(28,974)**	(77,682)
Total comprehensive loss for the period attributable to the owners of the Company		**(23,203)**	(79,360)
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted			
– For loss for the period (in HK cents)	11	**(2.58)**	(6.90)
– For loss from continuing operations (in HK cents)	11	**(2.58)**	(1.84)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30 June 2022** *HK$'000*	Audited 31 December 2021 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**218**	308
Right-of-use assets		**399**	998
Investment properties	12	**1,802,900**	1,827,300
Financial assets at fair value through profit or loss	14	**–**	–
		1,803,517	1,828,606
Current assets			
Trade and other receivables, deposits and prepayments	15	**5,243**	4,902
Tax recoverable		**37**	37
Cash and cash equivalents		**116,307**	136,575
		121,587	141,514
Current liabilities			
Other payables, deposits and accrued expenses	17	**11,471**	12,426
Lease liabilities		**443**	1,094
Bank borrowings	18	**837,333**	857,797
Tax payables		**2,383**	2,511
		851,630	873,828

	Notes	Unaudited 30 June 2022 *HK$'000*	Audited 31 December 2021 *HK$'000*
Net current liabilities		**(730,043)**	(732,314)
Total assets less current liabilities		**1,073,474**	1,096,292
Non-current liabilities			
Other payables and deposits	17	**5,682**	5,975
Deferred tax liabilities		**12,603**	11,925
		18,285	17,900
Net assets		**1,055,189**	1,078,392
CAPITAL AND RESERVES			
Share capital	19	**112,502**	112,502
Reserves		**942,687**	965,890
Total equity		**1,055,189**	1,078,392

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended).

The Company is engaged in investment holding and the principal activities of the Group are property leasing and property development (discontinued upon completion of disposal of Shanghai Yuexin Enterprise Management Consultancy Co., Limited* (上海岳信企業管理諮詢有限公司) ("**Shanghai Yuexin**") and its sole subsidiary, Zhenjiang Tiangong Yijingyuan Real Estate Co., Limited* (鎮江天工頤景園房地產有限公司) ("**Zhenjiang Tiangong**") (collectively as "**Shanghai Yuexin Group**") on 26 September 2021).

The Company's shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Suite 1711, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, respectively.

The functional currency of the Company is Hong Kong Dollars ("**HK$**") and the functional currency of its operation in the PRC is Renminbi ("**RMB**"). The condensed consolidated financial statements are presented in HK$, unless otherwise stated. The condensed consolidated financial statements has not been audited.

2. BASIS OF PREPARATION

Statement of compliance

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

Going concern

As at 30 June 2022, the Group's total current liabilities exceeded its total current assets by approximately HK$730,043,000 (31 December 2021: approximately HK$732,314,000). The net current liabilities were mainly due to maturity of the Group's bank borrowings which were repayable within one year. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors considered that the controlling shareholder has intention to provide continuing financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due. In addition, in order to improve the Group's financial position, the Group is negotiating with financial institutions to roll over or to reschedule the loan repayments. The Group is also looking for suitable opportunities to dispose certain assets of the Group so as to raise additional cash. Accordingly, the Directors believe that the Group has adequate resources to continue its operations in the foreseeable future of not less than 12 months from the end of the reporting period. Therefore, the Directors are of the opinion that it is appropriate to adopt the going concern basis in preparing the condensed consolidated financial statements.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the unaudited condensed interim financial statements to reduce the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets to current assets and to reclassify non-current liabilities to current liabilities. No such adjustments were reflected in the unaudited condensed interim financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018 - 2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accomplying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

4. REVENUE AND SEGMENT INFORMATION

The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the Directors, being the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The Group's operating and reportable segments under HKFRS 8 Operating Segments are as follows:

(i) Property investment – leasing of investment properties located in Hong Kong; and

(ii) Property development in the PRC, which was discontinued subsequent to completion of disposal of Shanghai Yuexin on 26 September 2021.

On 26 September 2021, Shanghai Yuexin Group, the subsidiaries of the Group, which engaged in property development were disposed and the Group ceased its property development business. The property development segment revenue and results were included in the Note 9 to the condensed consolidated financial statements. Accordingly, no operating segment is presented.

5. OTHER INCOME, NET

	Unaudited	
	Six months ended 30 June 2022	Six months ended 30 June 2021
	HK$'000	*HK$'000*
Bank interest income	**216**	1,895
Exchange gain, net	**–**	1,609
Government grants	**56**	–
Sundry income	**2**	34
	274	3,538

During the Interim Period, the Group recognised government grants of approximately HK$56,000 in respect of COVID-19-related subsidies, which relates to Employment Support Scheme provided by the Hong Kong government.

6. LOSS FROM CONTINUING OPERATIONS

	Unaudited **Six months ended 30 June 2022** ***HK$'000***	Six months ended 30 June 2021 *HK$'000*
The Group's loss from continuing operations is arrived at after charging/(crediting):		
Directors' emoluments	**270**	299
Other staff costs	**2,376**	3,963
Total staff costs	**2,646**	4,262
Depreciation of property, plant and equipment	**90**	493
Depreciation of right-of-use assets	**599**	599
Impairment loss under expected credit loss model *(Note 16)*	**–**	209
Gross rental income from investment properties	**(17,625)**	(18,294)
Less: Direct operating expenses from investment properties that generated rental income during the period	**906**	3,364
	(16,719)	(14,930)

7. FINANCE COSTS

	Unaudited **Six months ended 30 June 2022** ***HK$'000***	Six months ended 30 June 2021 *HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**7,130**	10,118
Interest on lease liabilities	**21**	53
	7,151	10,171

8. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June 2022	Six months ended 30 June 2021
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax		
– Provision for the period	**1,875**	1,265
– Under-provision in prior years	**–**	210
	1,875	1,475
The PRC		
– Enterprise income tax ("**EIT**")	**166**	538
	2,041	2,013
Deferred taxation		
– Charged to the condensed consolidated statement of profit or loss and other comprehensive income	**678**	195
	2,719	2,208

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits of the Group's operation in Hong Kong for both periods.

Under the law of the PRC on EIT (the "**EIT Law**") and implementation regulation of the EIT Law, the PRC subsidiaries of the Group are subjected to PRC EIT of a rate of 25%

9. DISCONTINUED OPERATION

On 10 August 2021, Zhoushan Mingyi Cultural Assets Investment Co., Limited* (舟山銘義文化產業投資有限公司) ("**Zhoushan Mingyi**") as the vendor and Pujiang Jiaze Enterprise Management Co., Limited* (浦江嘉澤企業管理有限公司) ("**Pujiang Jiaze**"), as the successful bidder and purchaser entered into the equity transfer agreement for the sale and purchase of the entire equity interests of Shanghai Yuexin Group, together with certain assets held and liabilities owned by Shanghai Yuexin Group at a consideration of RMB1,000,000 (equivalent to approximately HK$1,205,000) (the "**Yuexin Equity Transfer Agreement**"). On the same day, Zhoushan Mingyi, Pujiang Jiaze, Shanghai Yuexin and Zhenjiang Tiangong entered in the supplemental agreements supplementing the terms of the Yuexin Equity Transfer Agreement setting out the details of, among others, the right to legal recourse on the part of Zhoushan Mingyi as regards certain loans and other amounts due from Shanghai Yuexin Group to the Group (the "**Yuexin Supplemental Agreements**").

Shanghai Yuexin was an investment holding company. Zhenjiang Tiangong, the subsidiary of Shanghai Yuexin, engages in property development. The Group has decided to cease its property development business because it plans to divest the debts and liabilities owned by Shanghai Yuexin Group and to realise the investment in the project. The disposal of Shanghai Yuexin Group was completed on 26 September 2021. With the disposal of Shanghai Yuexin Group, the property development business was classified as discontinued operation and was no longer included in the note for operating segment information.

The results of Shanghai Yuexin Group for the periods are presented below:

	Unaudited Six months ended 30 June 2022 *HK$'000*	Six months ended 30 June 2021 *HK$'000*
Revenue	–	–
Other income, net	–	187
Staff costs	–	(1,138)
Depreciation of property, plant and equipment	–	(10)
Depreciation of right-of-use assets	–	(239)
Impairment losses under expected credit loss model	–	(2,756)
Other operating expenses	–	(2,854)
Finance costs	–	(50,118)
Loss before tax from the discontinued operation	–	(56,928)
Income tax expense	–	–
Loss for the periods from the discontinued operation	–	(56,928)

The net cash flows incurred by Shanghai Yuexin Group are as follows:

	Unaudited Six months ended 30 June 2022 *HK$'000*	Six months ended 30 June 2021 *HK$'000*
Operating activities	–	86,638
Investing activities	–	186
Financing activities	–	(524)
Net cash inflow	–	86,300

	Unaudited	
	Six months ended 30 June 2022	Six months ended 30 June 2021
	HK$'000	*HK$'000*
Loss per share:		
Basic and diluted from the discontinued operation (in HK cents)	**–**	(5.06)

The calculations of basis and diluted loss per share from the discontinued operation are based on:

	Unaudited	
	Six months ended 30 June 2022	Six months ended 30 June 2021
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company from a discontinued operation	**–**	(56,928)

	Number of shares	
	Six months ended 30 June 2022	Six months ended 30 June 2021
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation *(Note 11)*	**1,125,027**	1,125,027

10. INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the Interim Period (six months ended 30 June 2021: Nil).

11. LOSS PER SHARE

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

	Unaudited	
	Six months ended 30 June 2022	Six months ended 30 June 2021
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation:		
From continuing operations	**(28,974)**	(20,754)
From a discontinued operation	**–**	(56,928)
	(28,974)	(77,682)

	Six months ended 30 June 2022	Six months ended 30 June 2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,125,027**	1,125,027

For the six months ended 30 June 2022 and 2021, the diluted loss per share is the same as the basic loss per share. The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

12. INVESTMENT PROPERTIES

	Completed investment properties, in Hong Kong
	HK$'000
FAIR VALUE:	
At 1 January 2022	1,827,300
Net loss in fair value recognised in the condensed consolidated statement of profit or loss and other comprehensive income	(24,400)
At 30 June 2022 (Unaudited)	**1,802,900**

The fair value of the Group's investment properties as at 30 June 2022 and 31 December 2021 was determined by valuations carried out by Knight Frank Petty Limited, an independent qualified professional valuer not connected to the Group.

The responsible valuers of Knight Frank Petty Limited are members of the Hong Kong Institute of Surveyors, and it has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on income capitalisation approach and by making reference to comparable rent and sales transactions of similar properties in the similar locations and conditions as available in the market to assess the market value of the investment properties.

There have been no changes to the valuation techniques during the Interim Period.

The resulting decrease in fair value of investment properties of HK$24,400,000 (six months ended 30 June 2021: HK$17,400,000) has been recognised directly in the condensed consolidated statements of profit or loss and other comprehensive income for the Interim Period.

As at 30 June 2022, investment properties with a carrying amount in aggregate of HK$1,802,900,000 (31 December 2021: HK$1,827,300,000) were pledged as collateral for the Group's bank borrowings.

13. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

	Unaudited 30 June 2022 *HK$'000*	Audited 31 December 2021 *HK$'000*
Share of net assets	**–**	–
Goodwill on acquisition	**–**	–
	–	–
Amount due from an associate	**56,724**	59,332
Allowance of credit loss	**(56,724)**	(59,332)
	–	–

Particulars of the Group's associate as at 30 June 2022 and 31 December 2021 is as follows:

Name	**Particulars of issued shares held**	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activity**
Yitai International (BVI) Holdings Limited ("**Yitai**")	Ordinary shares	The British Virgin Islands	49%	Investment holding

On 4 February 2019, Agile Scene Limited ("**Agile Scene**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Sanshenghonhye (BVI) Holdings Limited ("**Sansheng BVI**"), pursuant to which Agile Scene agreed to purchase and Sansheng BVI agreed to sell 49% equity interest in Yitai at a cash consideration of approximately RMB255,600,000 (equivalent to approximately HK$299,000,000). Yitai is an investment holding company and indirectly holds 99% beneficial equity interest in 金華銘瑞房地產開發有限公司 (Jinhua Mingrui Real Estate Development Co., Ltd.*), which is engaged in property development in Jinhua City, Zhejiang Province, the PRC. The acquisition was completed on 2 April 2019.

Yitai is considered as a material associate of the Group and are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Yitai adjusted for any differences in accounting policies and reconciled to the carrying amount in the condensed consolidated financial statements:

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK$'000	*HK$'000*
Current assets	**486,811**	734,575
Non-current assets, excluding goodwill	**114,711**	123,251
Goodwill on acquisition of the associate	**–**	–
Current liabilities	**(1,073,681)**	(1,347,338)
Net liabilities	**(472,159)**	(489,512)
Net liabilities, excluding goodwill	**(472,159)**	(489,512)
Equity attributable to owners of the associate	**(467,500)**	(484,617)
Non-controlling interests	**(4,659)**	(4,895)
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net liabilities of the associate, excluding goodwill	**–**	–
Goodwill on acquisition	**–**	–
Carrying amount of the investment	**–**	–

	Unaudited	
	Six months ended	Six months ended
	30 June	30 June
	2022	2021
	HK$'000	*HK$'000*
Revenue	**–**	924,019
(Loss)/profit for the period	**(4,290)**	48,417
Other comprehensive income/(loss)	**21,644**	(2,475)
Total comprehensive income for the period	**17,354**	45,942

The Group has discontinued the recognition of its share of losses of an associate because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. During the Interim Period, this associate subsequently reported losses amounted to approximately HK$4,290,000 (six months ended 30 June 2021: profit of approximately HK$48,417,000).

The Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. The amounts of the Group's unrecognised share of losses of this associate for the current period were approximately HK$2,102,000 (six months ended 30 June 2021: profit of approximately HK$23,487,000) and cumulatively were approximately HK$239,565,000 (six months ended 30 June 2021: approximately HK$86,584,000), respectively.

At 30 June 2022 and 31 December 2021, amount due from an associate was approximately HK$56,724,000 and HK$59,332,000, respectively. The Directors considered that the recoverability of the receivables due from Yitai was remote and the expected credit loss were HK$56,724,000 and HK$59,332,000, respectively.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2022 *HK$'000*	Audited 31 December 2021 *HK$'000*
Unlisted equity investments *(Note)*	**–**	–

Note:

During the year ended 31 December 2019, Zhoushan Mingtai Property Management Co., Limited* (舟山銘泰物業管理有限公司) ("**Zhoushan Mingtai**"), an indirect wholly-owned subsidiary of the Group, entered into a limited partnership agreement to subscribe, as a limited partner. The investment entity is principally engaged in investment management and equity investments, Zhoushan Mingtai is a limited partner of the investment entity and does not have control nor significant influence in the operational and financing decisions of the investment entity.

As at 30 June 2022, the fair value of financial assets at fair value through profit or loss was nil (31 December 2021: nil).

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 June 2022 *HK$'000*	Audited 31 December 2021 *HK$'000*
Rental receivables *(Note (i))*	**1,262**	298
Property project management service receivables *(Note (ii))*	**–**	–
	1,262	298
Less: Allowance for credit loss *(Note (iii))*	**–**	–
	1,262	298
Other receivables, deposits and prepayments, net of allowance for credit losses *(Note (iv))*	**3,981**	4,604
	5,243	4,902

Notes:

(i) The amount represents rental receivables for leasing of investment properties.

The Group maintains a defined and restricted credit policy to assess the credit quality of each counterparty or tenant. The collection is closely monitored to minimise any credit risk associated with these rental receivables.

The ageing analysis of the Group's rental receivables is as follows:

	Unaudited 30 June 2022 *HK$'000*	Audited 31 December 2021 *HK$'000*
0 to 30 days	**261**	94
31 to 60 days	**256**	84
61 to 90 days	**272**	84
91 to 180 days	**339**	–
181 to 365 days	**98**	11
More than 365 days	**36**	25
	1,262	298

Rental receivables that were past due but not impaired relate to a number of independent tenants that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable.

(ii) The project management fee shall be payable within 12 days from end of each quarter. The ageing analysis of the Group's property project management service receivables net of allowance of credit losses presented based on the invoice dates, is as follows:

	Unaudited 30 June 2022 ***HK$'000***	Audited 31 December 2021 *HK$'000*
More than 365 days	**–**	–

(iii) The movements in the allowance for credit losses of trade receivables are as follows:

	Unaudited 30 June 2022 ***HK$'000***	Audited 31 December 2021 *HK$'000*
At 1 January	**–**	1
Impairment losses, net	**–**	612
Amount written off as uncollectible	**–**	(613)
At 30 June/31 December	**–**	–

(iv) The amount represents other receivables, deposits and prepayments:

	Unaudited 30 June 2022 ***HK$'000***	Audited 31 December 2021 *HK$'000*
Prepayments	**547**	643
Deposits and other receivables	**296,057**	310,043
Prepaid tax	**15**	13
	296,619	310,699
Less: Allowance for credit losses	**(292,638)**	(306,095)
	3,981	4,604

The movements in the allowance for credit losses of other receivables, deposits and prepayments are as follows:

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK$'000	*HK$'000*
At 1 January	**306,095**	295,785
Impairment losses, net	**–**	228,752
Decrease on disposal of subsidiaries	**–**	(224,830)
Exchange realignment	**(13,457)**	6,388
At 30 June/31 December	**292,638**	306,095

16. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	Unaudited	
	Six months	Six months
	ended	ended
	30 June	30 June
	2022	2021
	HK$'000	*HK$'000*
Impairment loss recognised in respect of trade receivables	**–**	209

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the Interim Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

During the Interim Period, no impairment allowance was provided by the Group (six months ended 30 June 2021: the Group provided impairment allowances of approximately HK$209,000).

17. OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

	Unaudited 30 June 2022 *HK$'000*	Audited 31 December 2021 *HK$'000*
Rental deposits received	**10,878**	10,966
Other payables and accrued expenses *(Note)*	**5,665**	6,722
	16,543	17,688
Advance rental received	**610**	713
	17,153	18,401
Less: Non-current portion of deposits	**(5,682)**	(5,975)
	11,471	12,426

Notes:

As at 30 June 2022, the amount included bank loan interest payable of approximately HK$357,000 (31 December 2021: approximately HK$294,000) and amounts due to former related companies of approximately HK$264,000 (31 December 2021: approximately HK$274,000).

18. BANK BORROWINGS

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Effective interest rate	**Maturity**	**HK$'000**	Effective interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**HIBOR plus 1.25%-2%**	**Within one year**	**837,333**	HIBOR plus 1.25%-2%	On demand	857,797

The carrying amount of the above bank borrowings are repayable as follows:

	Unaudited 30 June 2022	Audited 31 December 2021
	HK$'000	*HK$'000*
On demand or within one year	**837,333**	857,797
Less: Amounts due within one year shown under current liabilities	**(837,333)**	(857,797)
Amounts shown under non-current liabilities	**–**	–

The bank borrowings are secured by the Group's assets which were set out in the section "Financial review – Charges on Group Assets" of this announcement.

Details of pledge of assets and corporate guarantees of the Group were set out in the section "Financial review – Charges on Group Assets" and "Financial review – Corporate Guarantee" of this announcement respectively.

19. SHARE CAPITAL

	Number of shares		**Amount**	
	30 June 2022	31 December 2021	**Unaudited 30 June 2022**	Audited 31 December 2021
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary of shares of HK$0.1 each	**2,000,000**	2,000,000	**200,000**	200,000
Issued and fully paid	**1,125,027**	1,125,027	**112,502**	112,502

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the Interim Period, the Group's revenue was primarily derived from rental income generated from its investment properties in Hong Kong, which are mainly situated at prime retail and shopping locations in Causeway Bay, Hong Kong Island.

During the period under review, the economy of Hong Kong was adversely affected by the fifth wave of COVID-19 pandemic. According to the revised figures on the Gross Domestic Product ("**GDP**") released by the Census and Statistics Department, real GDP decreased at a moderated pace of 1.3% year-on-year in the second quarter of 2022, after contracting by 3.9% in the first quarter of 2022. The overall retail environment improved in the second quarter of 2022 with lower number of local infected cases reported and reopening of business activities in catering and certain retail sectors.

Hong Kong retail business has been hard hit by the pandemic as international traveling continues to be severely restricted and stringent social distancing measures that severely impacted operations of many businesses. The further recovery of the retail sectors in Hong Kong still largely depends on the return of visitors from Mainland China and overseas.

Property leasing business

During the Interim Period, the Group recorded rental income from investment properties of approximately HK$17.6 million (six months ended 30 June 2021: approximately HK$18.3 million). Under the influence of COVID-19 pandemic, the decrease in rental income was primarily attributable to the rental concession arising from renewal of certain existing tenancy agreements during the first half of 2022.

As at 30 June 2022, the investment property portfolio of the Group achieved an occupancy rate (as measured by the percentage of total lettable area leased over the total lettable area of the Group's portfolio) of approximately 94.7% (31 December 2021: approximately 94.7%). Jardine Center remained as the Group's core and steady income generator, accounted for approximately 84.6% of the total revenue of the Group during the Interim Period.

During the Interim Period, the Group remained focused on further bolstering the resilience of its core business of property leasing in Hong Kong, particularly in Causeway Bay, in order to preserve its long-term competitiveness and ensure sustainable development in this challenging market. The investment properties of the Group are mainly situated in the prime shopping district of Causeway Bay in Hong Kong and the Group has continued to refine the diverse-trade tenants mix.

The table below sets out a summary of the valuation of the investment properties portfolio of the Group in Hong Kong as at the end of the Interim Period and 31 December 2021 and revenue contribution of the investment properties portfolio of the Group in Hong Kong for the Interim Period as compared to that for the six months ended 30 June 2021:

	Valuation of investment properties as at 30 June 2022	Valuation of investment properties as at 31 December 2021	**Decrease in fair value of investment properties**	**Revenue for the six months ended 30 June 2022**	Revenue for the six months ended 30 June 2021	**Increase/ (decrease) in revenue**
	HK$'000	*HK$'000*	***HK$'000***	***HK$'000***	*HK$'000*	%
Causeway Bay						
Jardine Center, No.50 Jardine's Bazaar[1]	**1,420,000**	1,430,000	(10,000)	**14,909**	14,756	1.0
Ground Floor and Cockloft Floor, No.38 Jardine's Bazaar[2]	**88,000**	91,000	(3,000)	**–**	–	–
First Floor, Nos.38 and 40 Jardine's Bazaar[2]	**12,900**	13,300	(400)	**217**	225	(3.6)
Ground Floor including Cockloft, No.41 Jardine's Bazaar[2]	**117,000**	121,000	(4,000)	**978**	1,409	(30.6)
Ground Floor, No.57 Jardine's Bazaar[2]	**116,000**	122,000	(6,000)	**1,003**	1,417	(29.2)
Mid-Levels						
Shop No.1 on Ground Floor of K.K. Mansion, Nos.119, 121 & 125 Caine Road[2]	**49,000**	50,000	(1,000)	**518**	487	6.4
Total	**1,802,900**	1,827,300	(24,400)	**17,625**	18,294	(3.7)

(1) Ginza-style building

(2) Street-shop

As at 30 June 2022, the investment properties of the Group were revalued at HK$1,802.9 million (31 December 2021: HK$1,827.3 million) by an independent professional valuer. During the Interim Period, the loss in fair value of investment properties of HK$24.4 million (six months ended 30 June 2021: loss in fair value in investment properties of HK$17.4 million) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income. The loss in fair value of investment properties was mainly due to the general market sentiment from the continuing impact of COVID-19 pandemic in Hong Kong.

Property development business

The Group is also interested in property development project through an associate of the Company, namely, Yitai, which holds 99% indirect equity interest in Jinhua Mingrui Real Estate Development Co., Ltd.* (金華銘瑞房地產開發有限公司) ("**Jinhua Mingrui**") in Jinhua City, Zhenjiang Province, PRC (the "**Jinhua Project**").

The Jinhua Project

The Company is interested in 49% of the issued share capital of Yitai, together with its subsidiaries, (the "**Yitai Group**"), a company which holds 99% indirect equity interest in Jinhua Mingrui. The Jinhua Project comprises a mixed-use residential and commercial complex in two phases with a total GFA of approximately 337,530 sq.m., including residential area of approximately 195,100 sq.m., commercial area of approximately 50,200 sq.m. and basement (inclusive of car parking spaces) of approximately 88,600 sq.m. Both phases of the Jinhua Project were completed in 2020.

As at 30 June 2022, all residential units, 2,085 car parking spaces out of total 2,267 car parking spaces, 56 offices and 8 retail shops (30 June 2021: all residential units, 1,226 car parking spaces out of total 1,874 car parking spaces, 43 offices and 3 retail shops) of the Jinhua Project were presold. During the Interim Period, no revenue from phase I and phase II was recognised (six months ended 30 June 2021: approximately RMB770.5 million).

The Group's associate, namely, Yitai, recorded a loss amounted approximately HK$4.3 million for the Interim Period (six months ended 30 June 2021: profits of approximately HK$48.4 million). The Group did not resume to share of profits of Yitai even it recorded a profit during Interim Period. It is because that there were cumulative unrecognised share of losses of this associate amounted approximately HK$237.5 million as at 31 December 2021. The Group will only resume recognising its share of profits in Jinhua Mingrui only after its share of the profits equals the share of losses not recognised.

CONTINUING DISCLOSURES PURSUANT TO RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

Breach of financial covenant of HSB loans

On 20 March 2018, Top Bright Properties Limited ("**Top Bright**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Hang Seng Bank Limited ("**HSB**") for a term loan facility in the principal amount of HK$570 million. On 15 June 2018, Top Bright entered into a supplemental agreement with HSB for a term loan facility in the principal amount of HK$212 million.

On 15 June 2018, each of Smart Land Properties Limited ("**Smart Land**") and Pioneer Delight Limited ("**Pioneer Delight**"), both being indirect wholly-owned subsidiaries of the Company, entered into an agreement with HSB for a term loan facility in the principal amount of HK$50 million and HK$25 million, respectively.

On 6 August 2019, each of Top Bright, Smart Land and Pioneer Delight entered into their respective facility agreements with HSB for term loan facilities in the aggregate principal amount of HK$270 million.

On 5 February 2021, Pioneer Delight, Smart Land and Top Bright (the "**Borrowers**", and each a "**Borrower**"), each received a letter from HSB (through its solicitors) (the "**Letter**") noted that the respective Borrower was in breach of the financial covenant whereby the consolidated tangible net worth of the Company (as their respective guarantor) was less than the requisite minimum of HK$2,000,000,000 (the "**Breach**"). As stated in the Letter to the respective Borrower, HSB may waive the Breach if the relevant Borrower could satisfy certain waiver conditions (the "**Waiver Conditions**"), including to make a partial repayment of not less than HK$164.0 million or HSB (the "**Partial Repayment**"), and provide HSB with satisfactory evidence as HSB may require within one month from the date of the Letter.

On 29 October 2021, the Borrowers have received further letters from HSB (through its solicitors) that HSB is minded to waive the Breach, subject to the following waiver conditions (the "**New Waiver Conditions**"):

(i) any of the Borrowers to make repayment of HK$100 million to HSB by 29 October 2021;

(ii) any of the Borrowers to make the payment of legal fees in the amount of HK$50,000 to HSB for dealing with the Breach and their waiver applications;

(iii) written acknowledgements of the waiver of the Breach by HSB under the letter (including the New Waiver Conditions) shall be signed respectively by, among others, the Borrowers and the Company (as the guarantor under the Facility Letter and Facility Agreement) (the "**Written Acknowledgments**"); and

(iv) notwithstanding the Breach and the waiver by HSB, the terms of the Facility Letter, the Facility Agreement, the finance documents and the security documents (including the guarantee and security provided therein) shall remain in full force and effect. The waiver is without prejudice to and shall not affect other rights and benefits which HSB may have under the Facility Letter, the Facility Agreement, the finance documents and the security documents. Nothing in the letter shall be deemed to be a waiver by HSB of, or consent by HSB to, any breach or potential breach (present or future) of any provision of the Facility Letter, the Facility Agreement, the finance documents and the security documents, except the specific waiver expressly given in the letter.

On 29 October 2021, in accordance with the terms of the New Waiver Conditions set out in the letters from HSB (through its solicitors) to the respective Borrowers, the Borrowers have (i) repaid HK$100.0 million; (ii) paid the legal fees incurred by HSB in connection with the recovery of the outstanding loans owed by the Borrowers of HK$50,000; and (iii) returned the signed Written Acknowledgements respectively dated 29 October 2021.

For details, please refer to the announcements of the Company dated 5 February 2021, 18 March 2021, 23 August 2021, 4 October 2021, 8 October 2021 and 29 October 2021, and the 2021 interim report of the Company for further details, including the waiver conditions from HSB.

Please also refer to the announcements of the Company dated 12 June 2020 and 29 December 2020 for the waiver of the event of default obtained from HSB in relation to the loan-to-value ratio under the HSB loan facilities.

OUTLOOK

Looking forward, the challenges arising from the combined effect of the ongoing geopolitical tensions, the prolonged and complex COVID-19 pandemic situation as well as the global interest and inflation hikes will continue to bring uncertainties to the Hong Kong economy including the Group's business operations. Nonetheless, if cross-boundary logistics disruptions between the Mainland and Hong Kong show more visible easing, Hong Kong's external trade may get some relief.

Under the impact of ongoing uncertainties, the Group will continue to focus on its core business in property leasing and will continue to act with prudence and caution. The business priorities of the Group are to improve its liquidity and financial position. The Group is negotiating with financial institutions to roll over or to reschedule the loan repayments. The Group is also looking for suitable opportunities to dispose certain assets of the Group so as to raise additional cash. The Group will continue with its best effort to adopt prudent capital management and liquidity risk management in order to preserve adequate buffer to meet the challenges ahead.

FINANCIAL REVIEW

Revenue

For the Interim Period, the revenue of the Group amounted to approximately HK$17.6 million, representing a decrease of approximately 3.8% from approximately HK$18.3 million recorded in the corresponding period of last year. Under the influence of COVID-19 pandemic, the decrease in revenue was primarily attributable to the rental concession arising from renewal of certain existing tenancy agreements during the first half of 2022.

Other income

Other income for the Interim Period were approximately HK$0.3 million, (six months ended 30 June 2021: approximately HK$3.5 million). The decrease was mainly due to (i) absence of net exchange gain during the Interim Period, as compared to the net exchange gain of approximately HK$1.6 million recognised in the corresponding period of last year; and (ii) significant decrease in bank interest income during the Interim Period.

Staff costs

For the Interim Period, the Group's staff costs amounted to approximately HK$2.6 million, representing a decrease of approximately 39.5% from approximately HK$4.3 million recorded in the corresponding period of last year. The decrease in staff costs was mainly due to departures of certain staff in the PRC during the year of 2021 in which the related staff costs was absent during the Interim Period.

Other operating expenses

Other operating expenses amounted to approximately HK$9.3 million for the Interim Period, representing an increase of 29.2% from approximately HK$7.2 million recorded in the same period of last year. The composition of other operating expenses by nature mainly classified as follows:

	Unaudited	
	Six months ended 30 June 2022	Six months ended 30 June 2021
	HK$'000	*HK$'000*
Investment properties operating costs	**906**	3,364
Professional fees	**1,065**	1,522
General administrative costs	**917**	2,358
Exchange loss, net	**6,380**	–
Total	**9,268**	7,244

Investment properties operating costs mainly composed of repair and maintenance costs, commission incurred for new lettings and statutory property-related costs. The decrease in investment properties operating costs of approximately HK$2.5 million was primarily due to significant decrease in repairs and maintenance work of the Group's investment properties compared to the corresponding period of last year.

Professional fees decreased by approximately HK$0.4 million or 26.7%, in the Interim Period as compared to the same period last year. This is primarily due to the reduction of corporate transaction professional fees during the Interim Period.

The exchange loss of approximately HK$6.4 million for the Interim Period was arised from the translation of assets and liabilities denominated in RMB, in which RMB depreciated against HKD during the Interim Period.

Share of results of an associate

The associate of the Group, Yitai, recorded a loss of approximately HK$4.3 million during the Interim Period (six months ended 30 June 2021: profit of approximately HK$48.4 million). The share of net loss of associates is restricted to the Group's entire interest in an associate and the carrying amount of the investment of an associate was reduced to nil since the financial year ended 31 December 2019. Hence, the Group has no obligation to take up further losses.

Net loss in fair value of investment properties

As at 30 June 2022, the investment properties of the Group were revalued at HK$1,802.9 million (31 December 2021: HK$1,827.3 million) by an independent professional valuer. During the Interim Period, a fair value loss on investment properties of HK$24.4 million was recognised in the condensed consolidated statement of profit or loss and other comprehensive income. The fair value loss on the investment properties was primarily due to the continuing impact from the COVID-19 pandemic including the travel restrictions remained, social distancing measures did not fully relaxed and that the consumer sentiment remained low despite gradual recovery.

Finance costs

For the Interim Period, finance costs of the Group amounted to approximately HK$7.2 million, representing a decrease of approximately 29.4% from approximately HK$10.2 million as compared to the corresponding period of last year. The decrease was mainly attributable to (i) repayment of other borrowings of HK$50 million during the six months ended 30 June 2021; and (ii) partial repayment of bank borrowings during the year ended 31 December 2021.

Impairment losses under the expected credit loss ("ECL") model

No impairment losses for certain financial assets under the ECL model recognised during the Interim Period (six months ended 30 June 2021: approximately HK$0.2 million).

Loss for the period from continuing operations

Loss for the period from continuing operations for the Interim Period amounted to approximately HK$29.0 million (six months ended 30 June 2021: loss of approximately HK$20.8 million). As a result of the reasons mention above, the loss for the Interim Period was primarily due to loss in fair value of investment properties in Hong Kong of approximately HK$24.4 million and finance costs of approximately HK$7.2 million incurred.

Loss for the period attributable to the owners of the Company

The net loss attributable to the owners of the Company for the Interim Period amounted to approximately HK$29.0 million (six months ended 30 June 2021: loss of approximately HK$77.7 million). The reduction in net loss attributable to the owners of the Company was mainly due to the absence of loss from discontinued operation for the Interim Period (six months ended 30 June 2021: loss of approximately HK$56.9 million).

Liquidity and financial resources

The Group's business operations were generally funded by its internal resources and bank borrowings. As at 30 June 2022, the Group's outstanding bank borrowings amounted to approximately HK$837.3 million (31 December 2021: approximately HK$857.8 million), of which all outstanding secured bank borrowings are repayable within one year as of 30 June 2022. The decrease in bank borrowings during the Interim Period was mainly attributable to repayment of bank borrowings of approximately HK$21.0 million during the Interim Period.

As at 30 June 2022, the Group maintained cash and cash equivalents of approximately HK$116.3 million (31 December 2021: approximately HK$136.6 million). The decrease in cash and cash equivalents was mainly attributable to repayment of bank borrowings during the Interim Period.

The Group's gearing ratio as at 30 June 2022, which is calculated on the basis of total liabilities over total assets, was approximately 45.2% (31 December 2021: approximately 45.3%). The current ratio of the Group, which is calculated by dividing current assets over current liabilities as at 30 June 2022, was approximately 0.14 (31 December 2021: approximately 0.16).

As at 30 June 2022, the Group recorded net current liabilities of approximately HK$730.0 million (31 December 2021: approximately HK$732.3 million). The net current liabilities were mainly due to maturity of the Group's bank borrowings which were repayable within one year. The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors are of the view that, after taking into account the reasons as mentioned in the Note 2 to the condensed consolidated financial statements, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within one year.

Capital structure

As at 30 June 2022, the issued share capital of the Company was 1,125,027,072 ordinary shares. During the Interim Period, there was no movement of the issued share capital of the Company.

As at 30 June 2022, the unaudited net assets of the Group amounted to approximately HK$1,055.2 million, representing a decrease of approximately 2.2% from the net assets of approximately HK$1,078.4 million as at 31 December 2021. With the total number of 1,125,027,072 ordinary shares in issue as at 30 June 2022, the net assets value per share was approximately HK$0.94 (31 December 2021: approximately HK$0.96).

Treasury Policy

The Group's transactions and its monetary assets and liabilities are principally denominated in HK$ and RMB. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the Interim Period (six months ended 30 June 2021: Nil).

CORPORATE GUARANTEE

As at 30 June 2022, the Company provided corporate guarantee to a bank for securing banking facilities granted to its subsidiaries which amounted to HK$1,127 million (31 December 2021: HK$1,127 million).

CHARGES ON GROUP ASSETS

As at 30 June 2022, the Group has pledged the following assets:

(a) Investment properties in Hong Kong with an aggregate carrying amount of HK$1,802.9 million for securing the Group's bank borrowings;

(b) Share mortgage of certain subsidiaries for securing their respective bank borrowings; and

(c) Rent assignments in respect of the investment properties held by the Group.

CONTINENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 10 employees (31 December 2021: 10 employees). The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job responsibilities. The Group also provides other benefits including but not limited to medical insurance, discretionary bonus and mandatory provident fund schemes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have significant investments, material acquisitions and disposals during the Interim Period.

EVENT AFTER THE REPORTING PERIOD

On 15 August 2022, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK$78.4 million from 15 August 2022 to 15 February 2023 by satisfying the following conditions:

1. Make partial principal repayment of HK$35 million on 15 August 2022;

2. For loan principal amount of approximately HK$78.4 million, the Borrowers are obliged to pay monthly loan interests for the period from 15 August 2022 to 15 February 2023; and

3. For remaining HSB bank borrowings in aggregate principal amount of approximately HK$722.0 million, the Borrowers are obliged to make monthly repayment of loan principal and loan interests as scheduled.

The Borrowers have performed in accordance with the above conditions.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Interim Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted a corporate governance code prepared based on the code provisions (the "**Code Provisions**") of the latest code on corporate governance (the "**CG Code**") as set out in Appendix 14 to Listing Rules the guidelines for corporate governance of the Company. The Company has complied with the CG Code throughout Interim Period.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all the Directors have confirmed that they have fully complied with the required standard as set out in the Model Code throughout the Interim Period.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") comprises two independent non-executive Directors, namely, Mr. Yip Tai Him (Chairman) and Mr. Liu Xin and one non-executive Director, namely, Ms. Yu Dan. The unaudited interim results of the Group for the six months ended 30 June 2022 and the interim financial statements have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Company at www.zhongchangintl.hk and the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The interim report of the Company for the six months ended 30 June 2022 will be despatched to the shareholders of the Company and will be available on the above websites in due course.

APPRECIATION

Finally, I would like to take this opportunity to thank the Group's shareholders and business partners for their support and encouragement to the Group during the past six months. I would also like to thank our Directors and all staff member of the Group for their hard work and contribution to the Group.

By order of the Board
Zhongchang International Holdings Group Limited
Chen Zhiwei
Chairman and Executive director

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises Mr. Chen Zhiwei (Chairman), Ms. Ku Ka Lee and Mr. Tang Lunfei as executive directors; Dr. Huang Qiang, Mr. Wong Chi Keung, Kenjie and Ms. Yu Dan as non-executive directors; and Mr. Liew Fui Kiang, Mr. Liu Xin and Mr. Yip Tai Him as independent non-executive directors.

* *For identification purpose only*