



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1064

INTERIM REPORT 2019



BOARD OF DIRECTORS**Executive Director**

Ho Kam Hung

Non-Executive Director

Young Kwok Sui

Independent Non-Executive Directors

Tam Kong, Lawrence

Wong Kui Fai

Wong Miu Ting, Ivy

COMPANY SECRETARY

Tszang Tsz Hung, CPA

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2911, West Tower

Shun Tak Centre

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Hong Kong

PRINCIPAL OFFICE IN MAINLAND CHINA

Level 14, Gang Yu Square

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Chiaotianmen

Chongqing

AUDITORS

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue

Central

Hong Kong

LEGAL ADVISERS*As to Hong Kong Law*

Hastings & Co.

5th Floor, Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

董事會**執行董事**

何鑑雄

非執行董事

楊國瑞

獨立非執行董事

譚剛

黃鉅輝

黃妙婷

公司秘書

曾志鴻 (香港會計師公會會計師)

註冊辦事處

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

香港總辦事處及主要營業地點

香港

中環

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信德中心

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核數師

安永會計師事務所

執業會計師

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告羅士打大廈5樓

Drawings appeared in this report are computerized imaging artworks and do not associate with the Group's existing or potential property development projects.

在本年報顯示的圖像是經電腦修飾的美工繪圖，與本集團現有或擬發展物業項目並無關連。

As to Bermuda Law
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PROPERTY VALUERS

Savills Valuation and Professional Services
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12th Floor, Cityplaza One
1111 King's Road
Taikoo Shing
Hong Kong

Vigers Appraisal and Consulting Limited
27th Floor, Standard Chartered Tower
Millennium City 1
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Kwun Tong
Kowloon
Hong Kong

PRINCIPAL BANKERS

Wing Hang Bank (China) Limited,
Guangzhou Branch
Nanyang Commercial Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
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COMPANY WEBSITE

www.zhonghuagroup.com

STOCK CODE

1064

百慕達法律
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物業估值師

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威格斯資產評估顧問有限公司
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創紀之城1期
渣打銀行中心27樓

主要往來銀行

永亨銀行(中國)有限公司·
廣州分行
南洋商業銀行有限公司

股份登記及過戶總處

Butterfield Corporate Services Limited
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香港股份登記及過戶分處

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股份代號

1064

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Directors”) of Zhong Hua International Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019 (the “Interim Results”), together with the comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

未經審核中期業績

中華國際控股有限公司(「本公司」)董事會(「董事會」)謹此宣佈，本公司及其附屬公司(統稱「本集團」)截至二零一九年六月三十日止六個月未經審核綜合業績(「中期業績」)，連同二零一八年同期之比較數字，如下：

| | | For the six months ended 30 June 截至六月三十日止六個月 | | |
|---|-------------------------------|---|---|------------------|
| | | 2019 二零一九年 (Unaudited) (未經審核) HK\$'000 千港元 | 2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元 | |
| | | Notes 附註 | | |
| Revenue | 收入 | 2 | 26,766 | 24,047 |
| Other income | 其他收入 | | 218 | 219 |
| Administrative expenses | 行政開支 | | (14,386) | (14,130) |
| Finance costs | 財務費用 | 3 | (3,128) | (3,500) |
| PROFIT BEFORE TAX | 稅前溢利 | 4 | 9,470 | 6,636 |
| Income tax expense | 所得稅開支 | 5 | (4,204) | (3,521) |
| PROFIT FOR THE PERIOD | 期間溢利 | | 5,266 | 3,115 |
| ATTRIBUTABLE TO: | 歸屬於： | | | |
| Ordinary equity holders of the Company | 本公司普通股權益持有人 | | 525 | (1,172) |
| Non-controlling interests | 非控股權益 | | 4,741 | 4,287 |
| | | | 5,266 | 3,115 |
| PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 本公司普通股權益持有人應佔每股溢利/(虧損) | 7 | | |
| - Basic | - 基本 | | HK0.09 cents 港仙 | HK(0.19) cents港仙 |
| - Diluted | - 攤薄 | | HK0.09 cents 港仙 | HK(0.19) cents港仙 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June

截至六月三十日止六個月

| 2019 | 2018 |
|-------------|-------------|
| 二零一九年 | 二零一八年 |
| (Unaudited) | (Unaudited) |
| (未經審核) | (未經審核) |
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| | | | |
|--|------------------------------|-----------------|-----------------|
| Profit for the period | 期間溢利 | 5,266 | 3,115 |
| Other comprehensive expense | 其他全面開支 | | |
| <i>Other comprehensive expense to be reclassified to income statement in subsequent periods:</i> | <i>於隨後期間重新分類至收益表之其他全面開支：</i> | | |
| Exchange differences on translation of foreign operations | 換算海外業務時計出的匯兌差額 | (27,066) | (53,293) |
| TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD | 期間全面總開支 | (21,800) | (50,178) |
| Total comprehensive expense attributable to: | 全面總開支歸屬於： | | |
| Ordinary equity holders of the Company | 本公司普通股權益持有人 | (7,593) | (17,088) |
| Non-controlling interests | 非控股權益 | (14,207) | (33,090) |
| | | (21,800) | (50,178) |

**CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION**

簡明綜合財務狀況表

| | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元 | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元 |
|--|--------------------|---|--|
| | Notes 附註 | | |
| NON-CURRENT ASSETS | 非流動資產 | | |
| Property, plant and equipment | 物業、廠房及設備 | 4,390 | 4,559 |
| Right-of-use assets | 使用權資產 | 2,251 | - |
| Investment properties | 投資物業 | 4,303,044 | 4,340,790 |
| Total non-current assets | 非流動資產總值 | 4,309,685 | 4,345,349 |
| CURRENT ASSETS | 流動資產 | | |
| Properties held for sales | 持作待售物業 | 35,448 | 35,759 |
| Trade receivables | 貿易應收款項 | 19,789 | 9,433 |
| Prepayments, deposits and other receivables | 預付款項、按金及 其他應收款項 | 14,864 | 13,209 |
| Cash and bank balances | 現金及銀行結存 | 82,400 | 91,511 |
| Total current assets | 流動資產總值 | 152,501 | 149,912 |
| CURRENT LIABILITIES | 流動負債 | | |
| Trade payables | 貿易應付款項 | (1,991) | (2,008) |
| Other payables and accruals | 其他應付款項及 應計負債 | (48,710) | (46,026) |
| Tax payable | 應付稅項 | (54,206) | (52,448) |
| Interest-bearing bank and other borrowings | 計息銀行及其他借貸 | (5,805) | (7,137) |
| Total current liabilities | 流動負債總額 | (110,712) | (107,619) |
| NET CURRENT ASSETS | 流動資產淨值 | 41,789 | 42,293 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 總資產減流動負債 | 4,351,474 | 4,387,642 |

**CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION (Cont'd)**

簡明綜合財務狀況表(續)

| | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元 | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元 |
|--|--------------|---|--|
| NON-CURRENT LIABILITIES | 非流動負債 | | |
| Loan from a director | 董事貸款 | (72,937) | (73,577) |
| Due to a director | 應付董事款項 | (177,838) | (183,382) |
| Long term other payables | 其他長期應付款項 | (132,719) | (133,645) |
| Deferred tax liabilities | 遞延稅項負債 | (932,358) | (939,744) |
| Total non-current liabilities | 非流動負債總額 | (1,315,852) | (1,330,348) |
| Net assets | 淨資產 | 3,035,622 | 3,057,294 |
| EQUITY | 權益 | | |
| Equity attributable to equity holders of the Company | 本公司權益持有人應佔權益 | | |
| Issued capital | 已發行股本 | 15,140 | 15,140 |
| Reserves | 儲備 | 859,931 | 867,396 |
| Non-controlling interests | 非控股權益 | 875,071 2,160,551 | 882,536 2,174,758 |
| Total equity | 總權益 | 3,035,622 | 3,057,294 |

簡明綜合股本變動表

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

| | Attributable to equity holders of the Company 歸屬於本公司權益持有人 | | | | | | |
|---|--|--------------------------------|-----------------------------|--|--------------------------|-----------------------|-----------------------------------|
| | Issued capital 已發行股本 | Share premium account 股份溢價賬 | Contributed surplus 繳入盈餘 | Exchange fluctuation reserve 匯兌孳餘撥備 | Retained profits 保留溢利 | Total 合計 | Non-controlling interest 非控股權益 |
| | 已發行股本 | 股份溢價賬 | 繳入盈餘 | 匯兌孳餘撥備 | 保留溢利 | 合計 | 非控股權益 |
| | (Unaudited) (未經審核) | (Unaudited) (未經審核) | (Unaudited) (未經審核) | (Unaudited) (未經審核) | (Unaudited) (未經審核) | (Unaudited) (未經審核) | (Unaudited) (未經審核) |
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| At 31 December 2018 (audited) | 15,140 | 398,726 | 80,258 | 96,804 | 291,608 | 882,536 | 2,174,758 |
| Effect of adoption of HKFRS 16 | - | - | - | - | 128 | 128 | - |
| At 1 January 2019 (restated) (unaudited) | 15,140 | 398,726 | 80,258 | 96,804 | 291,736 | 882,664 | 2,174,758 |
| Total comprehensive expense for the period | - | - | - | (8,118) | 525 | (7,593) | (14,207) |
| At 30 June 2019 (Unaudited) | 15,140 | 398,726 | 80,258 | 88,686 | 292,261 | 875,071 | 2,160,551 |
| At 1 January 2018 | 15,140 | 398,726 | 80,258 | 137,054 | 279,619 | 910,797 | 2,231,019 |
| Total comprehensive expense for the period | - | - | - | (15,916) | (1,172) | (17,088) | (33,090) |
| At 30 June 2018 (Unaudited) | 15,140 | 398,726 | 80,258 | 121,138 | 278,447 | 893,709 | 2,197,929 |

於二零一八年十二月三十一日(經審核)
採納HKFRS16的影響

於二零一九年一月一日(經重列)
(未經審核)
期間全面總開支

於二零一九年六月三十日(未經審核)

於二零一八年一月一日
期間全面總開支

於二零一八年六月三十日(未經審核)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量報表

For the six months ended 30 June

截至六月三十日止六個月

| 2019 | 2018 |
|-------------|-------------|
| 二零一九年 | 二零一八年 |
| (Unaudited) | (Unaudited) |
| (未經審核) | (未經審核) |
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
|--|-----------------------|----------|----------|
| 經營業務之現金流量 | | | |
| Profit before tax | 稅前溢利 | 9,470 | 6,636 |
| Adjustments for: | 調整項目： | | |
| Finance costs | 財務費用 | 3,128 | 3,500 |
| Interest income | 利息收入 | (123) | (117) |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 130 | 139 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 1,039 | - |
| | | 13,644 | 10,158 |
| Increase in trade receivables | 貿易應收款項增加 | (10,356) | (19,994) |
| Decrease/(increase) in prepayments, deposits and other receivables | 預付款項、按金及其他應收款項減少/(增加) | (1,655) | 133 |
| Decrease in trade payables | 貿易應付款項減少 | (17) | (26) |
| Increase in other payables and accruals | 其他應付款項及應計負債增加 | 2,684 | 1,411 |
| Exchange differences on translation of foreign operations | 換算海外業務之匯兌差額 | (124) | (413) |
| Cash generated from/(used in) operations | 經營業務所得/(所用)之現金 | 4,176 | (8,731) |
| Interest received | 已收利息 | 123 | 117 |
| Interest paid | 已付利息 | (170) | (422) |
| Overseas taxes paid | 已付海外稅款 | (1,162) | (1,505) |
| Net cash flows from/(used in) operating activities | 經營活動所得/(所用)之現金流量淨額 | 2,967 | (10,541) |

**CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS (Cont'd)**
簡明綜合現金流量報表 (續)
For the six months ended 30 June
截至六月三十日止六個月

| | |
|-------------|-------------|
| 2019 | 2018 |
| 二零一九年 | 二零一八年 |
| (Unaudited) | (Unaudited) |
| (未經審核) | (未經審核) |
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| CASH FLOWS FROM FINANCING ACTIVITIES | 融資活動之現金流量 | | |
|--|-----------------------|----------|----------|
| Repayments of bank loans | 償還銀行貸款 | (3,409) | (3,298) |
| Increase/(decrease) in an amount due to a director | 應付董事款項增加/(減少) | (6,826) | 582 |
| Increase in long term other payables | 長期其他應付款項增加 | - | 1,502 |
| Principal portion of lease payments | 租賃付款的本金部分 | (1,104) | - |
| Net cash flows used in financing activities | 融資活動所用之現金流量淨額 | (11,339) | (1,214) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 現金及現金等值項目減少淨額 | (8,372) | (11,755) |
| Cash and cash equivalents at beginning of year | 年初之現金及現金等值項目 | 89,169 | 79,684 |
| Effect of foreign rate changes | 外匯匯率變動之影響 | (719) | (876) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 年末之現金及現金等值項目 | 80,078 | 67,053 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | 現金及現金等值項目結餘分析 | | |
| Cash and bank balances | 現金及銀行結餘 | 80,078 | 67,053 |
| Time deposits | 定期存款 | 2,322 | 2,360 |
| Cash and bank balances as stated in the condensed consolidated statement of financial position | 簡明綜合財務狀況表內所列的現金及銀行結餘 | 82,400 | 69,413 |
| Time deposits with original maturity of more than three months when acquired | 當收購時原到期日超過三個月的定期存款 | (2,322) | (2,360) |
| Cash and cash equivalents as stated in the condensed consolidated statement of cash flows | 簡明綜合現金流量表所列的現金及現金等值項目 | 80,078 | 67,053 |

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standards (“HKAS”) 34 – Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated financial statements do 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 as at 31 December 2018.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment properties that are measured at fair value. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new and revised standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

1. 編製基準及主要會計政策

截至二零一九年六月三十日止六個月的簡明綜合財務報表是按照香港聯合交易所有限公司證券上市規則（「上市規則」）的適用披露規定以及香港會計師公會（「香港會計師公會」）頒佈的香港會計準則（「HKAS」）第34號－中期財務報告編製的。

簡明綜合財務報表並不包括年度財務報表所需之一切資料及披露，並應與本集團截至二零一八年十二月三十一日止年度之年度財務報表一併閱覽。

除投資物業按公平值計量外，簡明綜合財務報表乃根據歷史成本基準編製。除採納於二零一九年一月一日生效的新訂及經修訂準則外，編製簡明綜合財務報表所採納之會計政策與本集團編製截至二零一八年十二月三十一日止年度之全年綜合財務報表所採納者一致。本集團尚未提早採納已頒佈但尚未生效的任何其他準則、詮釋或修訂。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

| | |
|---------------------------------------|---|
| Amendments to HKFRS 9 | <i>Prepayment Features with Negative Compensation</i> |
| HKFRS 16 | <i>Leases</i> |
| Amendments to HKAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> |
| Amendments to HKAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> |
| HK (IFRIC) – Int 23 | <i>Uncertainty over Income Tax Treatments</i> |
| Annual Improvements 2015 – 2017 Cycle | <i>Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23</i> |

Other than as explained below regarding the impact of HKFRS 16 – Leases, the new and revised HKFRSs has had no significant financial impact on these financial statements. The nature and impact of the HKFRS 16 are described as below:

- (a) HKFRS 16 replaces HKAS 17 – Leases, HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) – Int 15 Operating Leases – Incentives and HK(SIC) – Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

1. 編製基準及主要會計政策 (續)

| | |
|--------------------|--|
| HKFRS 9 (修訂本) | 具有負補償的預付款項特性 |
| HKFRS 16 | 租賃 |
| HKAS 19 (修訂本) | 計劃修訂、縮減或清償 |
| HKAS 28 (修訂本) | 於聯營公司及合營企業之長期權益 |
| HK (IFRIC) – 詮釋23 | 所得稅處理的不確定性 |
| 二零一五年至二零一七年週期之年度改進 | HKFRS 3、HKFRS 11、HKAS 12 及HKAS 23的週期修訂 |

除下文所述有關HKFRS 16 – 租賃的影響外，新訂及經修訂HKFRS對該等財務報表並無重大財務影響。HKFRS 16的性質及影響載於下文：

- (a) HKFRS 16取代HKAS 17 – 租賃、HK(IFRIC) – 詮釋4釐定安排是否包括租賃、HK(SIC) – 詮釋15經營租賃 – 優惠及HK(SIC) – 詮釋27評估涉及租賃法律形式交易的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人將所有租賃按單一資產負債表模式入賬。HKFRS 16大致沿用HKAS 17內出租人的會計處理方式。出租人將繼續使用與HKAS 17類似的原則將租賃分類為經營租賃或融資租賃。因此，HKFRS 16並未對本集團作為出租人的租賃產生任何財務影響。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) (Cont'd)

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) – Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

1. 編製基準及主要會計政策 (續)

(a) (續)

本集團使用經修訂追溯採納法採納 HKFRS 16，首次應用日期為二零一九年一月一日。根據此方法，該項準則已獲追溯應用，將初始採納的累計影響確認為二零一九年一月一日保留盈餘期初金額的調整，以及二零一八年的比較資料並不獲重列，而是繼續根據HKAS 17予以呈報。

租賃之新定義

根據HKFRS 16，倘合同賦予權利在一段時間內控制一項已識別資產的使用，以換取代價，則該合同為或包含租賃。當客戶有權取得使用已識別資產的絕大部分經濟利益及有權指示使用已識別資產時，控制權即已轉移。本集團選擇使用過渡可行權宜方法，允許該準則僅適用於初始應用HKAS 17及HK(IFRIC) – 詮釋4識別為租賃的合約。未根據HKAS 17及HK(IFRIC) – 詮釋4識別為租賃的合約不會被重新評估。因此，HKFRS 16項下的租賃定義僅適用於二零一九年一月一日或之後訂立或變更的合同。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New definition of a lease (Cont'd)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

1. 編製基準及主要會計政策 (續)

租賃之新定義 (續)

於開始或重新評估包含租賃部分之合約時，本集團按其標準單獨價格將合約代價分配至各租賃及非租賃部分。本集團已採納一項可行權宜方法，該權宜方法不對非租賃部分進行區分，並將租賃及相關非租賃部分（如物業租賃的物業管理服務）作為單一租賃部分入賬。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

1. 編製基準及主要會計政策 (續)

作為承租人－先前分類為經營租賃之租賃

採納HKFRS 16的影響性質

本集團就物業訂有租賃合同。作為承租人，本集團先前根據對租賃是否將資產擁有權之絕大部分回報及風險轉讓予本集團之評估，將租賃分類為融資租賃或經營租賃。根據HKFRS 16，本集團應用單一方法確認及計量所有租賃的使用權資產及租賃負債，惟低價值資產租賃（按租賃基準選擇）及短期租賃（按相關資產類別選擇）的兩項選擇性豁免除外。本集團已選擇不就(i)低價值資產租賃（如手提電腦及電話）；及(ii)於開始日期，租賃期為12個月或以下的租賃確認使用權資產及租賃負債。相反，本集團於租賃期內按直線法確認與該等租賃相關的租賃付款為開支。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

As a lessee – Leases previously classified as operating leases (Cont'd)

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

1. 編製基準及主要會計政策 (續)

作為承租人－先前分類為經營租賃之租賃 (續)

過渡影響

於二零一九年一月一日之租賃負債乃根據餘下租賃付款之現值確認，並使用二零一九年一月一日之增量借貸利率貼現，並計入計息銀行及其他借貸。

使用權資產按租賃負債金額計量，並按緊接二零一九年一月一日前於財務狀況表確認的租賃相關的任何預付或應計租賃付款金額作出調整。所有該等資產於該日根據HKAS36進行任何減值評估。本集團選擇在財務狀況表中單獨呈列使用權資產。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

As a lessee – Leases previously classified as operating leases (Cont'd)

Impacts on transition (Cont'd)

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

1. 編製基準及主要會計政策 (續)

作為承租人－先前分類為經營租賃之租賃 (續)

過渡影響 (續)

對於先前計入投資物業及按公平值計量的租賃土地及樓宇(持作以賺取租金收入及／或資本增值)，本集團於二零一九年一月一日繼續將其列為投資物業，仍應用香港會計準則第40號按公平值計量。

本集團於二零一九年一月一日應用HKFRS 16時已使用以下有選擇性的實際權宜方法：

- 對於租期自初步應用之日起12個月內終止的租賃應用短期租賃豁免
- 倘合同包含延長／終止租賃的選擇權，則於事後釐定租賃期限

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

As a lessee – Leases previously classified as operating leases (Cont'd)

Impacts on transition (Cont'd)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

1. 編製基準及主要會計政策 (續)

作為承租人—先前分類為經營租賃之租賃 (續)

過渡影響 (續)

於二零一九年一月一日採納HKFRS 16之影響如下：

| | | Increase/ (decrease) 增加/ (減少) HK\$'000 千港元 (Unaudited) (未經審核) |
|--|-------------|--|
| Assets | 資產 | |
| Increase in right-of-use assets | 使用權資產增加 | 3,290 |
| Increase in total assets | 資產總值增加 | 3,290 |
| Liabilities | 負債 | |
| Increase in interest-bearing bank and other borrowings | 計息銀行及其他借款增加 | 3,162 |
| Increase in total liabilities | 負債總額增加 | 3,162 |
| Increase in retained earnings | 保留盈利增加 | 128 |

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

As a lessee – Leases previously classified as operating leases (Cont'd)

Impacts on transition (Cont'd)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

1. 編製基準及主要會計政策 (續)

作為承租人－先前分類為經營租賃之租賃 (續)

過渡影響 (續)

於二零一九年一月一日的租賃負債與於二零一八年十二月三十一日的經營租賃承擔之對賬如下：

| | | HK\$'000 千港元 (Unaudited) (未經審核) |
|--|--|--|
| Operating lease commitments as at 31 December 2018 | 於二零一八年十二月三十一日的經營租賃承擔 | 3,587 |
| Weighted average incremental borrowing rate as at 1 January 2019 | 於二零一九年一月一日的加權平均增量借款率 | 5.88% |
| Lease liabilities/discounted operating lease commitments as at 1 January 2019 | 於二零一九年一月一日的租賃負債／折現經營租賃承擔 | 3,162 |
| Summary of new accounting policies | 新會計政策概要 | |
| The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019: | 截至二零一八年十二月三十一日止年度的年度財務報表所披露的租賃會計政策，自二零一九年一月一日起採納HKFRS 16後，將替換為以下新會計政策： | |

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Summary of new accounting policies (Cont'd)

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

1. 編製基準及主要會計政策 (續)

新會計政策概要 (續)

使用權資產

於租賃開始日期確認使用權資產。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就任何重新計量租賃負債作出調整。使用權資產成本包括已確認租賃負債款額、已產生的初步直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃獎勵。除非本集團合理確定於租期結束時取得租賃資產所有權，否則已確認使用權資產於其估計可使用年期及租期（以較短者為準）按直線法折舊。當使用權資產符合投資物業的定義時，則計入投資物業中。相應的使用權資產初始按成本計量，其後根據本集團的「投資物業」政策按公平值計量。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Summary of new accounting policies (Cont'd)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

1. 編製基準及主要會計政策 (續)

新會計政策概要 (續)

租賃負債

於租賃開始日期按租賃期內將作出的租賃付款現值確認租賃負債。租賃付款包括定額付款(含實質定額款項)減任何租賃獎勵應收款項、取決於指數或利率的可變租賃款項以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及在租期反映本集團行使終止租賃選擇權時，有關終止租賃的罰款。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Summary of new accounting policies (Cont'd)

Lease liabilities (Cont'd)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

1. 編製基準及主要會計政策 (續)

新會計政策概要 (續)

租賃負債 (續)

於計算租賃付款的現值時，倘租賃內含利率無法確定，則本集團應用租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額的增加反映了利息的增長，其減少則關乎所作出的租賃付款。此外，倘存在租期的修改、由指數或利率變動引起的未來租賃付款變動以及租期變動、實質定額租賃付款變動或購買相關資產的評估變動，則重新計量租賃負債的賬面值。

釐定有重續選擇權合約的租期時所用重大判斷

本集團將租期釐定為不可撤銷租賃期限，而如果能合理確定將行使延長租賃的選擇權，租期還應包括該選擇權所涵蓋的任何期間，或在合理確定將不會行使終止租賃的選擇權時，還應包括該選擇權所涵蓋的任何期間。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Significant judgement in determining the lease term of contracts with renewal options *(Cont'd)*

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss.

1. 編製基準及主要會計政策 (續)

釐定有重續選擇權合約的租期時所用重大判斷 (續)

本集團於評估行使重續選擇權有否合理確定性時運用判斷。其將所有會對行使重續構成經濟激勵的相關因素進行考量。於租賃開始日期後，如在本集團控制範圍內有影響其行使重續選擇權的重大事件或情況變動，本集團會重新評估租期。

於中期簡明綜合財務狀況及損益表確認之金額。

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant judgement in determining the lease term of contracts with renewal options (Cont'd)

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within "interest-bearing bank and other borrowings"), and the movement during the period are as follow:

1. 編製基準及主要會計政策 (續)

釐定有重續選擇權合約的租期時所用重大判斷(續)

期內本集團的使用權資產及租賃負債(計入「計息銀行及其他借款」)的賬目值以及變動如下：

| | | Land and buildings included in Right-of-use asset 計入使用權資產的土地及建築物 HK\$'000 千港元 | Lease liabilities 租賃負債 HK\$'000 千港元 |
|----------------------|-------------|--|--|
| As at 1 January 2019 | 於二零一九年一月一日 | 3,290 | 3,162 |
| Depreciation charge | 折舊支出 | (1,039) | - |
| Interest expense | 利息開支 | - | 81 |
| Payments | 付款 | - | (1,104) |
| As at 30 June 2019 | 於二零一九年六月三十日 | 2,251 | 2,139 |

The Group recognised rental expenses for short-term leases of HK\$109,000 for the six months ended 30 June 2019.

本集團確認截至二零一九年六月三十日止六個月的短期租賃的租金開支109,000港元。

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and two reportable operating segments as follows:

- (a) the property investment segment, which invests in properties located in the Mainland of the People's Republic of China ("Mainland China") for generating potential income from letting; and
- (b) the corporate and other segment, which provides management services to group companies.

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 December 2018.

No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China.

2. 經營分類資料

就管理而言，本集團按所提供之服務劃分業務單位，兩個可報告經營分類如下：

- (a) 物業投資分類，就場地使用者產生收入潛力於中華人民共和國大陸（「中國大陸」）物業之投資；及
- (b) 企業及其他分類，向集團公司提供管理服務。

經營分類之會計政策與本集團截至二零一八年十二月三十一日止年度之財務報表所述者一致。

因本集團90%以上之收入源自中國大陸之客戶，故並無呈報地區分類資料。

2. OPERATING SEGMENT INFORMATION (Cont'd)

The following table presents revenue and results information for the Group's operating segments:

2. 經營分類資料(續)

下表為本集團按經營分類呈列之有關收入及業績之資料：

For the six months ended 30 June

截至六月三十日止六個月

| | Property investment 物業投資 | | Corporate and others 公司及其他 | | Total 總計 | |
|---|---|---|---|---|---|---|
| | 2019 二零一九年 (Unaudited) (未經審核) HK\$'000 千港元 | 2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元 | 2019 二零一九年 (Unaudited) (未經審核) HK\$'000 千港元 | 2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元 | 2019 二零一九年 (Unaudited) (未經審核) HK\$'000 千港元 | 2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元 |
| Segment revenue: 分類收入： Sales to external customers 銷售予外界客戶 | 26,766 | 24,047 | - | - | 26,766 | 24,047 |
| Segment results 分類業績 | 19,765 | 17,475 | (7,385) | (7,558) | 12,380 | 9,917 |
| Other income 其他收入 | | | | | 218 | 219 |
| Finance costs 財務費用 | | | | | (3,128) | (3,500) |
| Profit before tax 稅前溢利 | | | | | 9,470 | 6,636 |
| Income tax expense 所得稅開支 | | | | | (4,204) | (3,521) |
| Profit for the period 期間溢利 | | | | | 5,266 | 3,115 |

2. OPERATING SEGMENT INFORMATION (Cont'd)

Information about major customers

For the six months ended 30 June 2019 (the "Period"), aggregate revenue from four customers (2018: four) with each of whom transactions had exceeded 10% of the Group's total revenue amounted to HK\$26,766,000 (2018: HK\$24,047,000).

2. 經營分類資料(續)

有關主要客戶之資料

截至二零一九年六月三十日止六個月(「期間」)，來自四名客戶(二零一八年：四名)之總收入為26,766,000港元(二零一八年：24,047,000港元)，而與各客戶進行之交易金額均已超過本集團總收入之10%。

3. FINANCE COSTS

3. 財務費用

For the six months ended 30 June
截至六月三十日止六個月

| | | 2019 | 2018 |
|----------------------|------|-------------|-------------|
| | | 二零一九年 | 二零一八年 |
| | | (Unaudited) | (Unaudited) |
| | | (未經審核) | (未經審核) |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Interest on: | 利息： | | |
| Bank loans | 銀行貸款 | 170 | 422 |
| Lease liabilities | 租賃負債 | 81 | - |
| Loan from a director | 董事貸款 | 2,877 | 3,078 |
| | | 3,128 | 3,500 |

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

4. 稅前溢利

本集團之稅前溢利乃經扣除／(計入)：

| | | For the six months ended 30 June | |
|---|---------------|---|-------------|
| | | 截至六月三十日止六個月 | |
| | | 2019 | 2018 |
| | | 二零一九年 | 二零一八年 |
| | | (Unaudited) | (Unaudited) |
| | | (未經審核) | (未經審核) |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 130 | 139 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 1,039 | - |
| Interest income | 利息收入 | (123) | (117) |
| Income from letting of investment properties | 場地使用者予投資物業之收入 | (26,766) | (24,047) |

5. INCOME TAX EXPENSE**5. 所得稅開支**

| | | For the six months ended 30 June | |
|-----------------------|---------|---|--------------|
| | | 截至六月三十日止六個月 | |
| | | 2019 | 2018 |
| | | 二零一九年 | 二零一八年 |
| | | (Unaudited) | (Unaudited) |
| | | (未經審核) | (未經審核) |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Current – elsewhere | 即期—其他地區 | | |
| Charge for the period | 期內扣除 | 3,395 | 3,521 |
| Deferred | 遞延 | 809 | - |
| | | 4,204 | 3,521 |

5. INCOME TAX EXPENSE (Cont'd)

No provision for Hong Kong profits tax had been made as the Group did not generate any taxable profits in Hong Kong during the Period (2018: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The subsidiaries established in Mainland China are subject to income taxes at the rate of 25% (2018: 25%).

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2018: Nil).

7. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic profit/(loss) per share for the Period is based on the profit attributable to ordinary equity holders of the Company of HK\$525,000 (2018: loss of HK\$1,172,000) and the weighted average number of 605,616,520 (2018: 605,616,520) ordinary shares in issue during the Period.

During the six months ended 30 June 2019 and 2018, the Group had no potentially dilutive ordinary shares in issue.

5. 所得稅開支(續)

由於本集團於期間並無在香港產生任何應課稅溢利，故未就香港利得稅作出撥備(二零一八年：無)。

其他地區應課稅溢利稅項根據本集團經營業務所在國家之現行法例、詮釋及慣例，按該等國家之現行稅率計算。於中國大陸成立之附屬公司須按利得稅稅率25%(二零一八年：25%)繳稅。

6. 中期股息

董事會不建議派付期間之中期股息(二零一八年：無)。

7. 本公司普通股權益持有人應佔每股溢利/(虧損)

期間每股基本溢利/(虧損)乃根據本公司普通股權益持有人應佔溢利525,000港元(二零一八年：虧損1,172,000港元)及期間已發行普通股之加權平均數605,616,520股(二零一八年：605,616,520股)計算。

於截至二零一九年及二零一八年六月三十日止六個月，本集團並無已發行潛在攤薄普通股。

8. TRADE RECEIVABLES

An ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:

| | | 30 June 2019 二零一九年六月三十日 (Unaudited) (未經審核) | | 31 December 2018 二零一八年十二月三十一日 (Audited) (經審核) | |
|--------------------|-------|---|----------|--|----------|
| | | HK\$'000 千港元 | % 百分比 | HK\$'000 千港元 | % 百分比 |
| Within 6 months | 6個月內 | 17,509 | 88 | 9,433 | 100 |
| More than 6 months | 超過6個月 | 2,280 | 12 | - | - |
| | | 19,789 | 100 | 9,433 | 100 |

The Group generally grants a credit term of 3 months to 12 months to its customers.

The ageing of the Group's trade receivables is based on the date of recognition of revenue. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

8. 貿易應收款項

本集團之貿易應收款項於報告期完結日之賬齡分析如下：

本集團一般授予其客戶3個月至12個月信貸期。

本集團貿易應收款項之賬齡根據收入確認日計算。本集團並無就其貿易應收款項餘額持有任何抵押品或其他提升信貸質素之物品。貿易應收款項為免息項目。

9. TRADE PAYABLES

An ageing analysis of the Group's trade payables at the end of the reporting period is as follows:

9. 貿易應付款項

本集團之貿易應付款項於報告期完結日之賬齡分析如下：

| | | 30 June 2019 二零一九年六月三十日 (Unaudited) (未經審核) | | 31 December 2018 二零一八年十二月三十一日 (Audited) (經審核) | |
|---------------------|------|---|----------|--|----------|
| | | HK\$'000 千港元 | % 百分比 | HK\$'000 千港元 | % 百分比 |
| More than 1 year | 超過一年 | 1,991 | 100 | 2,008 | 100 |

The ageing of the Group's trade payables is based on the dates of the goods received or services rendered. The trade payables are non-interest-bearing.

本集團貿易應付款項之賬齡根據收取貨物或提供服務當日起計算。貿易應付款項為免息項目。

10. CONTINGENT LIABILITIES

At the end of the reporting period, the Group's contingent liabilities not provided for in the financial statements were as follows:

| | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元 | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元 |
|--|---------------------------|---|--|
| Guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties | 就銀行向本集團物業若干買家批出之按揭貸款所作之擔保 | 139 | 139 |

10. 或然負債

於報告期完結日，本集團並未於財務報表作出撥備之或然負債如下：

11. PLEDGE OF ASSETS

The Group had utilized bank loan facilities amounting to approximately HK\$3,666,000 (31 December 2018: HK\$7,137,000) as at 30 June 2019.

Certain investment properties and trade receivables of the Group were pledged to secure banking facilities utilised by the Group and an independent third party. In addition, the Company and one of its substantial shareholders also granted guarantees to these banking facilities.

As at 30 June 2019, the amount of investment properties and trade receivables under pledge were HK\$404,244,000 (31 December 2018: HK\$407,790,000) and HK\$4,399,000 (31 December 2018: HK\$5,983,000) respectively.

11. 資產抵押

於二零一九年六月三十日，本集團已動用銀行融資達約3,666,000港元(二零一八年十二月三十一日：7,137,000港元)。

本集團若干投資物業及貿易應收款項已作抵押以獲得本集團及一名獨立第三方動用的銀行融資。此外，本公司及其中一名主要股東亦就該等銀行融資提供擔保。

於二零一九年六月三十日，所抵押的投資物業及貿易應收款項之金額分別為404,244,000港元(二零一八年十二月三十一日：407,790,000港元)及4,399,000港元(二零一八年十二月三十一日：5,983,000港元)。

12. COMMITMENTS

At the end of the reporting period, the Group had contracted, but not provided for commitments in respect of construction works relating to investment properties amounting to approximately HK\$1,434,000 (31 December 2018: HK\$1,504,000).

13. LITIGATIONS

(a) Pursuant to the terms of the relevant joint venture agreement, the joint venture period of Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) (“GZ Zheng Da”) was from 31 December 1993 to 31 December 2008 and could be further extended at the request of either foreign or sino partner upon maturity. In December 2008, both GZ Zheng Da and its foreign partner, Zheng Da Real Estate Development Company Limited (正大房地產開發有限公司) (“HK Zheng Da”), agreed to extend the joint venture period by 15 years with effect from 1 January 2009 in accordance with the provisions of the articles of GZ Zheng Da but 越秀房地產開發經營公司 (“越秀國企”), its sino partner, had then become dormant a couple of years ago and therefore its consent could not be obtained. Contemporaneously, it appeared that another enterprise namely 越秀房地產開發經營有限公司 (“越房私企”), a privately owned enterprise which acquired certain assets (but interest in GZ Zheng Da not included) from 越秀國企 some years ago, claimed that it had taken up certain interest in GZ Zheng Da from 越秀國企, but that was not the case.

12. 承擔

於報告完結日，本集團已就投資物業相關之建築工程已訂約，但尚未撥備之承擔約為1,434,000港元(二零一八年十二月三十一日：1,504,000港元)。

13. 訴訟

(a) 按相關合作企業協議之條款，廣州市正大房地產開發有限公司(「廣州正大」)之合作期限由一九九三年十二月三十一日至二零零八年十二月三十一日止，並可根據中外合作方任何一方於到期時提出續期之要求。於二零零八年十二月，廣州正大及其外資合作方正大房地產開發有限公司(「香港正大」)均已按廣州正大章程條文之規定，同意延長合作期限十五年，由二零零九年一月一日起生效，但越秀房地產開發經營公司(「越秀國企」)(中方)當時在多年前已休止業務，因此無法獲得其同意。同時，據稱另一間名為越秀房地產開發經營有限公司(「越房私企」)之企業(該公司為私營公司，多年前曾向越秀國企購入若干資產(但不包括廣州正大之任何權益)聲稱其已從越秀國企取得廣州正大之權益，但這並非實情。

13. LITIGATIONS (Cont'd)

(a) (Cont'd)

As such, in late December 2008, GZ Zheng Da, an indirect wholly-owned subsidiary of the Company, served a writ against 越房私企 at the Guangdong Provincial Guangzhou Municipal Yuexiu District People's Court (廣東省廣州市越秀區人民法院) (the "Yuexiu Court") demanding for confirmation of disqualification of 越房私企 from the sino partnership (if any) of the subject joint venture. The relevant judgement was granted in July 2009 with rulings endorsing the request made by GZ Zheng Da.

In August 2009, 越房私企 filed an appeal petition (the "Zheng Da Appeal") at the Guangdong Provincial Guangzhou Municipal Intermediate People's Court (廣東省廣州市中級人民法院) (the "Guangzhou Court"). A hearing was made in October 2009 and no further hearings had been made since then. Both GZ Zheng Da and HK Zheng Da had not yet received a valid judgement in writing issued by the Guangzhou Court in accordance with the relevant PRC laws and due judicial procedures. Further details about the developments of, and events incidental to, the Zheng Da Appeal were disclosed in the Company's announcement dated 25 March 2013.

Since then, both GZ Zheng Da and HK Zheng Da had dialogues with the relevant court officials from time to time and were looking forward to receiving a formal and legally valid verdict, notice or directive in relation to the Zheng Da Appeal to be granted by the Guangzhou Court or its higher court in accordance with the relevant PRC laws and due judicial procedures, but no such verdict or directive was received in proper manner, up to the date of this report.

13. 訴訟(續)

(a) (續)

因此，廣州正大(本公司的間接全資附屬公司)於二零零八年十二月下旬入稟廣東省廣州市越秀區人民法院(「越秀區法院」)，要求確認取消越房私企在有關合作企業之中方資格(如有)。有關裁決已於二零零九年七月公佈，認同廣州正大提出的要求。

於二零零九年八月，越房私企向廣東省廣州市中級人民法院(「廣州市中院」)提出上訴(「正大上訴」)。於二零零九年十月進行了一次聆訊後並無進行任何聆訊。廣州正大及香港正大尚未收到廣州市中院根據相關中國法律及正當司法程序發出之書面有效裁決。有關正大上訴的變化及相關事件的進一步詳情披露於本公司日期為二零一三年三月二十五日的公告。

自當時起，廣州正大及香港正大不時與法院人員對話並現正等候廣州市中院或更高級法院按相關中國法律及正當司法程序就正大上訴作出正式而在法律上有效之判決、通知或指示，但直至本報告日期尚未收到相關正式的判決或指示。

13. LITIGATIONS (Cont'd)

(a) (Cont'd)

Taking into account the rulings granted by the Yuexiu Court in July 2009, the facts and legal grounds substantiated at the first hearing of the Zheng Da Appeal, and the opinion given by the PRC legal counsels and advisers, the Company remained optimistic in obtaining a favourable judgement in the Zheng Da Appeal.

- (b) In October 2013, the Guangzhou Municipal Administration of National Resources and Property Bureau (廣州市國土資源和房屋管理局) (the “Property Administrative Bureau”) issued two rulings on property demolition (房屋拆遷決定書) (the “Compensation Rulings”) to GZ Zheng Da pertaining to two compensation and resettlement cases for property demolition (房屋拆遷補償安置個案). The Compensation Rulings concluded that GZ Zheng Da was obliged to pay an one-off cash compensation in an aggregate amount of approximately RMB27,600,000 (equivalent to HK\$31,464,000 as at 30 June 2019) (the “Cash Compensation”) to a group of claimants (the “Claimants”).

13. 訴訟(續)

(a) (續)

考慮到越秀區法院於二零零九年七月作出之裁決、首次上訴聆訊上所有經證實的事實及法律理據以及中國律師及法律顧問作出的意見，本公司對在正大上訴案件中獲得有利判決仍然樂觀。

- (b) 於二零一三年十月，廣州市國土資源和房屋管理局(「房管局」)就兩宗房屋拆遷補償安置個案，向廣州正大發出兩份房屋拆遷決定書(「補償決定」)。補償決定認為，廣州正大須向一千申索人(「申索人」)等支付一次性總額約人民幣27,600,000元(於二零一九年六月三十日相當於31,464,000港元)的現金補償(「現金補償」)。

13. LITIGATIONS (Cont'd)

(b) (Cont'd)

In March 2014, the Guangzhou Municipal People's Government (廣州市人民政府) (the "Guangzhou Government") issued two rulings on administrative review (行政覆議決定書) revoking the Compensation Rulings. As a result, GZ Zheng Da's obligation of paying the Cash Compensation was discharged.

In June 2015, the Guangzhou Court issued two rulings on administrative proceedings (行政裁定書) declining the appeal made by the Claimants against the Guangzhou Government's rulings.

In December 2015, Guangdong Provincial Higher People's Court (廣東省高級人民法院) (the "Guangdong Court") issued two rulings on administrative proceedings (行政裁定書) to the effect that (i) the Guangzhou Court's rulings were withdrawn; and (ii) the Guangzhou Court was ordered to re-hear the Claimants' appeal against the Guangzhou Government's rulings.

13. 訴訟(續)

(b) (續)

於二零一四年三月，廣州市人民政府(「廣州市政府」)發佈兩份行政覆議決定書，撤銷補償決定。因此，廣州正大支付現金補償之責任已解除。

於二零一五年六月，廣州市中院頒佈兩項行政裁定書，駁回申索人針對廣州市政府裁定的上訴。

於二零一五年十二月，廣東省高級人民法院(「廣東省高院」)頒佈兩項行政裁定書，宣佈(i)撤回廣州市中院的裁決；及(ii)命令廣州市中院再審申索人針對廣州市政府裁定的上訴。

13. LITIGATIONS (Cont'd)

(b) (Cont'd)

In May 2017, Guangzhou Railway & Transportation Intermediate Court (廣州鐵路運輸中級法院) (the "Railway Court"), under the direction of Guangdong Court, re-heard the case and declined the appeal made by the Claimants against the Guangzhou Government's rulings. The Claimants then filed a further appeal against the Railway Court's rulings. As at the date of this report, the second appeal (the "Second Appeal") was not yet heard.

Taking into account the latest rulings granted by the Guangzhou Government and the Railway Court, the facts and legal grounds substantiated, and the opinion given by the PRC legal counsel and advisors, the Company remained optimistic in obtaining a favourable judgement to be granted to GZ Zheng Da.

- (c) In 2011, two plaintiffs, together with Chongqing Smart Hero Real Estate Development Company Limited ("CQ Smart Hero"), an indirect wholly-owned subsidiary of the Company, in its capacity as the third plaintiff, served a writ of summons against a third party (the "Third Party") at the Yuexiu Court in relation to a contract dispute (合同糾紛). The case was subsequently redirected to the Guangzhou Court for trial for the reason of jurisdiction of court. In September 2013, the Guangzhou Court ruled that CQ Smart Hero was obliged to pay an accrued interest in an aggregate amount of approximately RMB10,500,000 to the Third Party. Subsequently, CQ Smart Hero, together with two plaintiffs, filed an appeal against the Guangzhou Court's rulings at the Guangdong Court.

13. 訴訟(續)

(b) (續)

於二零一七年五月，廣州鐵路運輸中級法院(「廣州鐵路法院」)在廣東省高院指示下重審案件，並駁回申索人針對廣州市政府裁定的上訴。申索人繼而對廣州鐵路法院的裁定再作上訴。於本報告日期，第二次上訴(「第二上訴」)尚未開審。

經考慮廣州市政府及廣州鐵路法院頒佈的最新裁定，經證實的事實及法律依據，以及中國法律顧問給出的意見，本公司對廣州正大獲得有利裁決表示樂觀。

- (c) 於二零一一年，兩名原告，連同重慶超霸房地產開發有限公司(「重慶超霸」)(彼為本公司之間接全資附屬公司)以第三原告身份，就一宗合同糾紛在越秀區法院向第三方(「第三方」)提出起訴。該案件隨後因法院管轄權限理由被轉介至廣州市中院審理。於二零一三年九月，廣州市中院裁定，重慶超霸須向第三方支付應計利息約人民幣10,500,000元。重慶超霸連同兩名原告隨後於廣東省高院針對廣州市中院的判決提起上訴。

13. LITIGATIONS (Cont'd)

(c) (Cont'd)

In June 2015, the Guangdong Court upheld the Guangzhou Court's rulings but the claim that was to be borne by CQ Smart Hero was reduced to approximately RMB4,200,000. The Guangdong Court's ruling was final and absolute unless being revoked by judicial review (復審).

The PRC legal counsel of CQ Smart Hero was of the view that judicial errors were made in the Guangdong Court's ruling and therefore it was justifiable for pursuing judicial review (復審) with an aim to revoke its ruling. However, CQ Smart Hero, after careful and due considerations, concluded that additional management time and legal costs to be incurred would probably override the economic benefits to be derived from a favourable verdict of judicial review, if any, and resolved not to pursue the case further.

In February 2016, the Guangzhou Court confined the claim amount to approximately RMB3,743,000 (equivalent to HK\$4,267,000 as at 30 June 2019), and a provision of the same amount was fully made in the Company's consolidated financial statements for the year ended 31 December 2015.

Since then, CQ Smart Hero and the Third Party could not reach consensus on settlement arrangement and both parties sought directions and orders at the Guangzhou Court for enforcement. The claim remained unsettled as at 30 June 2019.

13. 訴訟(續)

(c) (續)

於二零一五年六月，廣東省高院維持廣州市中院的原判，但重慶超霸承擔的申索減少至約人民幣4,200,000元。廣東省高院的裁定是最終決定，除非經復審撤銷。

重慶超霸的中國法律顧問認為，廣東省高院的裁定存在司法錯誤，因此尋求復審以撤銷其裁定是合理的。然而，重慶超霸經過審慎考慮後最終認為，所產生的額外時間成本及法律費用可能超過復審有利裁決帶來的經濟利益(如有)，並決定不再繼續尋求復審。

於二零一六年二月，廣州市中院將申索金額控制在約人民幣3,743,000元(於二零一九年六月三十日相當於4,267,000港元)，以及於本公司於截至二零一五年十二月三十一日止年度綜合財務報表已全數撥備相同金額。

自此，重慶超霸與第三方未能就償付安排達成共識，雙方分別向廣州市中院尋求執法指引及頒令。於二零一九年六月三十日該申索額仍未結清。

13. LITIGATIONS (Cont'd)

- (d) In March, 2015, the Guangzhou Urban Management Integrated Enforcement Bureau Yuexiu Sub-Bureau (廣州市城市管理綜合執法局越秀分局) (the “Enforcement Bureau”) issued an order on an administrative disposition of illegal erection (違法建築行政處理決定書) (the “Order”) to GZ Zheng Da to the effect that a 2-storey non-permanent commercial podium situated in the Yuexiu District was required to be demolished by GZ Zheng Da. In the Order, the Enforcement Bureau concluded, inter alia, that the subject property was deemed as an illegal erection as its occupancy permit had expired. The Order, however, did not elaborate further why the renewal of the occupancy permit was not granted.

Notwithstanding the subject property was classified as non-permanent erection pending for re-development, it obtained approvals and permits for town planning, construction, inspection, occupancy and fire safety from all relevant government authorities up-to-date and hence its building standards and fire safety were comparable to those prevailing standards for permanent erections. In addition, GZ Zheng Da was of the view that the subject property would not be deemed as illegal erection if the occupancy permit was reasonably renewed as permitted under the relevant laws and regulations and hence the order in question should be quashed.

13. 訴訟(續)

- (d) 於二零一五年三月，廣州市城市管理綜合執法局越秀分局(「執法局」)向廣州正大發出違法建築行政處理決定書(「決定書」)，要求廣州正大拆除位於越秀區的2層高非永久商業裙樓。執法局在決定書中認為(其中包括)因其佔用許可證已屆滿，涉嫌物業被視作違法建築。然而，決定書並未詳細解釋佔用許可證未獲批續期的原因。

儘管標的物業被分類為待重建的非永久建築物，但有關物業已獲相關政府部門的城鎮規劃、建築、驗收、佔用及防火安全的最新批准及許可，因此其建築及防火安全標準與永久建築物現行標準並無兩樣。此外，廣州正大認為，倘若根據相關法律及法規所允許的條件，佔用許可證已合理地獲得續期，則標的物業不會被視作違法建築物，這樣，上述決定書應被撤銷。

13. LITIGATIONS (Cont'd)

(d) (Cont'd)

GZ Zheng Da, together with six co-operative parties, served an objection petition to the Order at the Yuexiu Court in November 2015. The petition was declined by the Yuexiu Court in May 2016.

In June 2016, GZ Zheng Da, together with six co-operative parties, filed an appeal against the Yuexiu Court's ruling at the Railway Court. In May 2017, the Railway Court revoked both the Yuexiu Court's ruling and the Order (the "Ruling"). In November 2017, the Enforcement Bureau filed an administration petition (行政申訴) at the Guangdong Court with an attempt to overturn the Ruling. The subject non-permanent commercial podium remained in operation as usual unless the Railway Court granted an unfavourable ruling against GZ Zheng Da.

13. 訴訟(續)

(d) (續)

廣州正大，連同六名合作方，於二零一五年十一月向越秀區法院送達針對決定書的反對呈請。呈請遭越秀區法院於二零一六年五月拒絕受理。

於二零一六年六月，廣州正大，連同六名合作方，於廣州鐵路法院對越秀區法院的判決提起上訴，於二零一七年五月，廣州鐵路法院撤回越秀區法院的判決及決定書（「該判決」）。於二零一七年十一月，執法局向廣東省高院提出行政申訴，試圖推翻該判決。非永久商業裙樓仍繼續照常營運，除非廣州鐵路法院對廣州正大作出不利判決。

13. LITIGATIONS (Cont'd)

(d) (Cont'd)

In July, 2019, the Railway Court revoked the Ruling and upheld the earlier ruling granted by the Yuexiu Court. With an objective to support the Pan-Guangzhou Re-Development and Upgrade Programme of Aged Communities (廣州市老城區改造提升工程) promulgated by the Guangzhou Municipal Government, GZ Zheng Da did not pursue further to appeal against the Railway Court's latest decisions and the subject commercial podium ceased operation in mid-August 2019. Further information on the re-development of the subject development site was elaborated in the Business Review and Outlook sections below.

- (e) In 2015, a plaintiff served a writ of summons against Chongqing Smart Hero Real Estate Development Company Limited (重慶超霸房地產開發有限公司) ("CQ Smart Hero"), an indirect wholly-owned subsidiary of the Company, at the Chongqing Municipal Yuzhong District People's Court (重慶市渝中區人民法院) (the "Yuzhong Court") in relation to a claim against a payment transaction proceeded in 1996. The proceeding was adjourned following CQ Smart Hero lodged a separate plead at the Yuzhong Court for affirmation of the subject payment transaction was null and void but the plead was declined by the Yuzhong Court in March 2018. In August 2018, Chongqing Municipal The Fifth Intermediate People's Court (重慶市第五中級人民法院) (the "Fifth Intermediate Court") upheld the Yuzhong Court's decision.

13. 訴訟(續)

(d) (續)

於二零一九年七月，廣州鐵路法院撤回該判決並維持越秀區法院先前作出的判決。為了支援廣州市政府頒佈的「廣州市老城區改造提升工程」，廣州正大並無針對廣州鐵路法院的最新判決提出進一步上訴，而有關商業裙樓已於二零一九年八月中停止經營。有關發展地盤的重建進一步資料於下文「業務回顧」及「展望」加以詳細說明。

- (e) 於二零一五年，原告人於重慶市渝中區人民法院（「渝中院」）向本公司間接全資附屬公司重慶超霸房地產開發有限公司（「重慶超霸」）送達傳訊令狀就一宗於一九九六年進行的付款交易提起申索。重慶超霸向渝中院另行遞交申訴狀以求確認該宗付款交易無效，惟渝中院於二零一八年三月拒絕接納該申訴狀，從而令有關申訴遭押後。於二零一八年八月，重慶市第五中級人民法院（「第五中級法院」）維持渝中院的判決。

13. LITIGATIONS (Cont'd)

(e) (Cont'd)

In April 2019, the Yuzhong Court re-heard the proceeding lodged by the plaintiff and ruled that CQ Smart Hero was obliged to refund an amount of approximately RMB1,216,000 (equivalent to approximately HK\$1,386,000) plus accrued interests incurred from October 1996 up to the date of full settlement to the plaintiff. It was estimated that the interest accrued up to the date of this report was approximately RMB1,870,000 (equivalent to approximately HK\$2,132,000).

In June 2019, CQ Smart Hero filed an appeal at the Fifth Intermediate Court based on the legal ground that the Yuzhong Court misinterpreted the fundamental facts of the subject payment terms in dispute and the petition was not yet heard as at the date of this report.

13. 訴訟(續)

(e) (續)

於二零一九年四月，渝中法院重新審理原告人提起的訴訟，並裁定重慶超霸有責任退還約人民幣1,216,000元(相當於約1,386,000港元)加上自一九九六年十月以來直至向原告付清款項之日止所產生的應計利息。截至本報告日期的應計利息估計約為人民幣1,870,000元(相當於約2,132,000港元)。

於二零一九年六月，重慶超霸向第五中級法院提起上訴，理由是渝中法院錯誤解讀付款條款存在爭議性的基本事實，而截至本報告日期，有關呈請尚未進行聆訊。

13. LITIGATIONS (Cont'd)**(e) (Cont'd)**

Taking into account of the facts substantiated from the payment terms stated on the acknowledgement of receipt issued by CQ Smart Hero to the plaintiff and legal grounds as advised by the PRC legal counsel and advisers, the Company remained optimistic in obtaining a favourable judgment in the petition against the plaintiff's claim. On this basis, no provision was made in the Company's consolidated financial statements for the six months ended 30 June 2019 in relation to the subject claim.

14. RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances with related parties as detailed elsewhere in the financial statements, the Group also incurred an interest expense of HK\$2,877,000 in respect of a loan from a director during the Period. Currently, the interest rate of that loan from a director is 7.821% per annum.

13. 訴訟(續)**(e) (續)**

考慮到重慶超霸向原告人發出收款確認書上列明的付款條款所確立的事實，以及中國法律律師及顧問所提供的法律依據，對於針對原告申索提出的上訴，本公司對獲得有利判決仍然保持樂觀。因此，本公司於截至二零一九年六月三十日止六個月的綜合財務報表並無就該項申索作出撥備。

14. 關連人士交易

除本財務報表其他詳述之關連人士交易及關連人士結存外，本集團亦於期間產生董事貸款之利息支出2,877,000港元。現時，董事貸款的利率為每年7.821厘。

REVIEW OF RESULTS

The Group's consolidated turnover for the Period was HK\$26,766,000, representing an increase of approximately 11% compared with the turnover for the same period last year (30 June 2018: HK\$24,047,000). The Group's profit for the Period was HK\$5,266,000 (30 June 2018: HK\$3,115,000). The Group's profit attributable to equity shareholders was HK\$525,000 for the Period (30 June 2018: loss of HK\$1,172,000).

BUSINESS REVIEW

The Company is an investment holding company. The subsidiaries within the Group are principally engaged in property development, investment and management businesses in Mainland China and have two property interests, one in Chongqing (重慶市) and the other in Guangzhou (廣州市).

Guang Yu Square (港渝廣場), a 15-storey commercial building, is situated at the most prime commercial area at Chaotianmen (朝天門), Yuzhong District (渝中區), Chongqing (重慶市). Chaotianmen is one of the major clothing wholesale points in Chongqing while Guang Yu Square is the most popular men's clothing and footwear wholesale centre in the region. In recent years, most wholesale outlets in Guang Yu Square welcomed walk-in shoppers and extended their business hours till early evening. Most commercial premises in Guang Yu Square owned by the Group are fully let.

業績回顧

本集團期間之綜合營業額為26,766,000港元，與去年同期的營業額（二零一八年六月三十日：24,047,000港元）相比增加約11%。本集團於期間之溢利為5,266,000港元（二零一八年六月三十日：3,115,000港元）。權益持有人於期間應佔本集團之溢利為525,000港元（二零一八年六月三十日：虧損1,172,000港元）。

業務回顧

本公司為一間投資控股公司。本集團旗下的附屬公司主要於中國大陸從物業發展、物業投資及物業管理業務，並擁有兩項物業權益，一項位於重慶市及另一項位於廣州市。

港渝廣場為一幢15層商業樓宇，位於重慶市渝中區朝天門之黃金商業地段。朝天門為重慶市主要服裝批發集散點之一，而港渝廣場則為該地區最火紅的男士服裝及鞋類批發中心。近年來，港渝廣場的大部分批發店舖都歡迎散客，並將營業時間延長至傍晚。本集團旗下港渝廣場大部份店舖均已租出。

BUSINESS REVIEW (Cont'd)

The property interest in Guangzhou (廣州市) is situated at the most prime commercial area in Yuexiu District (越秀區), Guangzhou. It is comprised of three contiguous land parcels located at the east of Jiefang Road South (解放南路), to the south of Daxin Road (大新路), to the north of Yede Road (一德路) and to the west of Xieen Road (謝恩里), Yuexiu District and is wholly owned by Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) (“Guangzhou Zheng Da”) which in turn Zheng Da Real Estate Development Co. Ltd. (“HK Zheng Da”), a private company incorporated in Hong Kong, has 100% interest.

Guangzhou Zheng Da was set up as a Sino-foreign joint venture by HK Zheng Da as the foreign partner and 越秀房地產開發經營公司 (“越秀國企”), a state-owned enterprise, as the Sino partner in Guangzhou in December 1993. Since its formation, 越秀國企 has not provided any capital or management support to Guangzhou Zheng Da to a material extent. Pursuant to the terms of the Enforcement Rules of the Joint Venture Agreement (合作合同實施細則) (the “Enforcement Rules”) executed in 1994, 越秀國企 agreed to surrender its entire interest in Guangzhou Zheng Da except those benefits specified in the Enforcement Rules and therefore HK Zheng Da assumed 100% interest in Guangzhou Zheng Da.

業務回顧(續)

廣州市物業權益位於廣州市越秀區黃金商業地區。該發展地塊包括三幅位於越秀區解放南路以東、大新路以南、一德路以北及謝恩里以西之相連土地塊，由廣州市正大房地產開發有限公司(「廣州正大」)全資擁有，而廣州正大則由正大房地產開發有限公司(「香港正大」，一間於香港成立的私人公司)擁有100%權益。

廣州正大乃由香港正大(外資合作方)與越秀房地產開發經營公司(「越秀國企」，為國有企業)作為中方合作方於一九九三年十二月在廣州成立之中外合作企業。自其成立以來，越秀國企基本上未曾向廣州正大出資或在管理上作出配合。根據於一九九四年簽訂之合作合同實施細則(「實施細則」)之條款，除實施細則中所指定之可獲分配利益外，越秀國企同意放棄其於廣州正大之所有權益，因此，香港正大取得廣州正大100%權益。

BUSINESS REVIEW (Cont'd)

The Group acquired a 25% indirect interest in HK Zheng Da in December 2007 while the remaining 75% interest to be completed by the Group not later than 30 June 2020 at an aggregate consideration of RMB1,361,100,000 (approximately HK\$1,551,654,000 as at 30 June 2019). Details of the intended acquisition, including terms and conditions, consideration and settlement mechanism, and their amendments thereafter were disclosed in the Company's circular dated 26 November 2007 and the Company's subsequent announcements, latest of which dated 18 June 2019 (primarily refers to the deferment of the long stop date for completion of the acquisition from 30 June 2019 to 30 June 2020).

The development project was initially planned to be completed within a period of 15 years but its progress was interrupted by the modifications of municipal planning in the region by the Yixiu District People's Government (越秀區人民政府) from time to time in the past years. Pursuant to the terms of the relevant joint venture agreement, the joint venture period of Guangzhou Zheng Da is from 31 December 1993 to 31 December 2008 and can be further extended at the request of either foreign or sino partner upon maturity. In December 2008, both Guangzhou Zheng Da and its foreign partner, HK Zheng Da, agreed to extend the joint venture period by 15 years with effect from 1 January 2009 in accordance with the provisions of the articles of Guangzhou Zheng Da but 越秀國企, its sino partner, had become dormant a couple of years ago and therefore its consent could not be obtained. Contemporaneously, it appeared that another enterprise namely 越秀房地產開發經營有限公司 (“越房私企”), a privately owned enterprise which acquired certain assets (but interest in Guangzhou Zheng Da not included) from 越秀國企 some years ago, claimed that it had taken up certain interest in Guangzhou Zheng Da from 越秀國企, but that was not the case. As such, In late December 2008, Guangzhou Zheng Da, served a writ against 越房私企 at the Guangdong Provincial Guangzhou Municipal Yuexiu District People's Court (廣東省廣州市越秀區人民法院) (the “Yuexiu Court”) demanding for the confirmation of disqualification of 越房私企 from the sino partnership (if any) of the subject joint venture.

業務回顧(續)

本集團於二零零七年十二月收購香港正大25%之間接權益，餘下75%之權益擬由本集團於不遲於二零二零年六月三十日完成收購，總代價為人民幣1,361,100,000元(於二零一九年六月三十日約相當於1,551,654,000港元)。建議收購事項之詳情(包括條款及條件、代價及支付方式以及彼等其後之修訂)乃披露於本公司於二零零七年十一月二十六日刊發之通函及本公司隨後公告；最近公告為於二零一九年六月十八日發表之公告(主要提述將完成收購之最後截止日期從二零一九年六月三十日遞延至二零二零年六月三十日)。

該項目原訂於十五年內完成，但由於過去多年越秀區人民政府不時修訂區內市政規劃以致工程進度受到延誤。按相關合作企業協議之條款，廣州正大之合作期限由一九九三年十二月三十一日至二零零八年十二月三十一日止，並可根據中外合作方任何一方於到期時提出續期之要求。於二零零八年十二月，廣州正大及其外資合作方香港正大均已按廣州正大章程條文之規定，同意延長合作期限十五年，由二零零九年一月一日起生效，但越秀國企(中資合作方)在多年前已休止業務，因此無法獲得其同意。同時，據稱另一間名為越秀房地產開發經營有限公司(「越房私企」)之企業(該公司為私營公司，多年前曾向越秀國企購入若干資產(但不包括廣州正大之任何權益)聲稱其已從越秀國企取得廣州正大之部份權益，但這並非實情。有鑑於此，於二零零八年十二月底，廣州正大入稟廣東省廣州市越秀區人民法院(「越秀區法院」)，要求確認取消越房私企在有關合營企業之中方資格(如有)。

BUSINESS REVIEW (Cont'd)

The relevant judgment was granted in July 2009 with rulings endorsing the request made by Guangzhou Zheng Da, 越房私企 then filed an appeal petition (the "Appeal") at the Guangdong Provincial Guangzhou Municipal Intermediate People's Court (廣東省廣州市中級人民法院) (the "Guangzhou Court") in August 2009. An hearing was made in October 2009 and no further hearings had been made since then. Both Guangzhou Zheng Da and HK Zheng Da have not yet received a valid judgement in writing issued by the Guangzhou Court in accordance with the relevant PRC laws and due judicial procedures. Since then, both Guangzhou Zheng Da and HK Zheng Da had dialogues with the relevant court officials from time to time and are looking forward to receiving a formal and legally valid verdict, notice or directive in relation to the Appeal to be granted by the Guangzhou Court or its higher court in accordance with the relevant PRC laws and due judicial procedures, but no such verdict or directive in proper manner was received up to the date of this announcement. Taking into account the rulings granted by the Yuexiu Court in July 2009, the facts and legal grounds substantiated at the first hearing of the Appeal, and the opinion given by the PRC legal counsels and advisors, the Group remains optimistic in obtaining a favourable judgement in the Appeal. Details of the developments of the Appeal were disclosed in the Company's annual report for the year ended 31 December 2018.

Pending for re-developing into a commercial complex, the development site was previously comprised of a 2-storey non-permanent commercial podium and a car park for loading and offloading inventory but its operation ceased in August 2019. With a history of over one century for footwear wholesale business in the area surrounding the development site, the commercial podium was once the most popular footwear boutique showcase and wholesale centre in Guangzhou.

業務回顧(續)

有關裁決已於二零零九年七月頒佈，認同廣州正大提出的要求。其後，越房私企於二零零九年八月向廣東省廣州市中級人民法院（「廣州市中院」）提出上訴（「上訴」）。於二零零九年十月進行了一次聆訊後並無進行任何聆訊。廣州正大及香港正大尚未收到廣州市中院根據相關中國法律及正當司法程序發出之有效書面裁決。自當時起，廣州正大及香港正大均不時與相關法院人員對話以及現正等候廣州市中院或更高級法院按相關中國法律及正當司法程序就上訴作出正式及法律上有效之判決、通知或指示，但直至本公告日期尚未收到正式的相關判決或指示。考慮到越秀區法院於二零零九年七月作出之裁決、根據首次上訴聆訊所有經證實的事實及法律理據以及中國律師及法律顧問作出的意見，本集團對在該上訴案件中獲得有利判決仍然樂觀。有關上訴之進展已於本公司截至二零一八年十二月三十一日的年報中披露。

該發展地塊原包括一棟兩層高之非永久性商場及方便裝卸存貨之停車場，但已於二零一九年八月停止經營，有待重建為商廈。由於該地塊周圍地區已有過百年鞋業集散地之歷史，該商場曾一度是廣州最暢旺的鞋類批發中心。

BUSINESS REVIEW (Cont'd)

Following the closure of the wholesale business at the site, the non-permanent commercial podium will be demolished for re-development. It is planned that the development site will be developed into a versatile grade A commercial building complex with wholesale and exhibition hall facilities and with an objective to be the landmark of the Yuexiu District. It is the present intention of the Group that the new commercial building complex, if completed, will be held for earning rentals and capital appreciation purposes. The Directors expect that the re-development will take about four years and the construction costs will be primarily financed by new investors or business partners and borrowings.

Notwithstanding the property interest in Guangzhou will cease to contribute material revenue to the Group in the coming four years, the Directors expect that the Group's profit before tax will not be materially affected because the subject asset will remain as an investment property under Hong Kong Accounting Standard 40 – Investment Property and be measured at fair value with changes in fair value recognised in the Group's consolidated income statement every financial year thereafter.

LITIGATIONS

Details of the litigations are disclosed in note 14 to the unaudited results of the Company above.

業務回顧(續)

隨著發展地塊的批發業務結束後，非永久商場將被清拆重建。本集團擬將該地塊重建成多功能甲級商業樓宇，設有批發及展銷廳設施，並可望成為越秀區之地標建築。本集團預期新商廈落成後會以收租及資產增值為主。董事會預計重建工作將耗時約4年，重建資金將主要來自新投資者或業務夥伴提供的資金及借貸。

雖然廣州物業權益於未來幾年不再向本集團貢獻重大收益，但董事會預計本集團的除稅前溢利不會受到重大影響，因為有關資產業將按香港會計準則第40號—投資物業的規定繼續被視為投資物業以及按公允價值入賬而隨後每個財政年度其公允價值變動將會反映在本集團的綜合收益表上。

訴訟

有關訴訟之詳情乃於上文本公司未經審核業績附註14內披露。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA

GZ Zheng Da’s corporation information in public database indicates information of alleged “Liquidation Provisional Filed (清算備案)” (“Alleged Liquidation Provisional Filed”)

Pursuant to the Provisional Rules of Public Notice of Corporate Information of the People’s Republic of China (中華人民共和國企業信息公示暫行條例) newly enacted in October 2014, the Public Database of National Enterprise Credit Information (Guangdong) (全國企業信用信息公示系統 (廣東)) on GZ Zheng Da downloaded in March 2015 revealed certain newly appeared information under the Provisional Filing Information Column (備案信息欄目) viz “Liquidation Information (清算信息)”, “Liquidation Officer-In-Charge He Wei (清算負責人何偉)” and “Member of Liquidation Group Guangdong Guoding Law Firm (清算組成員廣東國鼎律師事務所)”. With effect from August 2016, the Public Database of National Enterprise Credit Information (Guangdong) (全國企業信用信息公示系統 (廣東)) was restructured as the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) with a more user friendly reporting format. Since August 2016, the Guangzhou Administration for Industry and Commerce Bureau (廣州市工商行政管理局) (the “AIC Bureau”) ceased to provide public search service for Business Record Information (商事登記信息). The report of GZ Zheng Da downloaded from the new National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) in August 2019 contained similar information as disclosed in former reports including “Member of Liquidation Group Guangdong Guoding Law Firm (清算組成員廣東國鼎律師事務所)”. In addition, the new report revealed that the registration status (登記狀態) of GZ Zheng Da was “Enterprise in Operation (in Business)” (在營 (開業) 企業) and the authorised representative (法定代表人) was “Ho Kam Hung”.

對廣州正大發出之所謂「清算呈請」

廣州正大在公示系統的企業信息出現所謂「清算備案」信息 (「所謂清算備案」)

根據二零一四年十月新制定的中華人民共和國企業信息公示暫行條例，於二零一五年三月下載的在全國企業信用信息公示系統 (廣東) 的公示資料庫顯示，廣州正大的備案信息欄目下出現若干新信息，即「清算信息」、「清算負責人何偉」及「清算組成員廣東國鼎律師事務所」。由二零一六年八月起，全國企業信用信息公示系統 (廣東) 調整為國家企業信用信息公示系統，報告格式更加互助。自二零一六年八月以來，廣州市工商行政管理局 (「工商局」) 不再提供商事登記信息公共搜尋服務。二零一九年八月在新的國家企業信用信息公示系統下載有關廣州正大的報告，包含舊報告所討論的相同資料，包括「清算組成員廣東國鼎律師事務所」。此外，新報告顯示，廣州正大的登記狀態為「在營 (開業) 企業」以及法定代表人為「何鑑雄」。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

對廣州正大發出之所謂「清算呈請」(續)

Alleged Liquidation Provisional Filed (Cont’d)

所謂清算備案(續)

According to the Corporate Registration Information Memorandum (企業登記資料包) obtained from the AIC Bureau by GZ Zheng Da (being exclusive information to the subject corporation), a third party namely Guangdong Guoding Law Firm (廣東國鼎律師事務所) (“Guoding”) filed an Application Form for Notification of Change (Provisional Filing) of Foreign Investment Enterprise (外商投資企業變更(備案)登記申請書) (the “Application Form”), together with a copy of purported order of the Guangzhou Court (廣東省廣州市中級人民法院決定書) (the “Purported Court Order”) as supporting document, to the AIC Bureau without the prior acknowledgment nor consent of GZ Zheng Da in September 2011. The Application Form requested for filing of “Provisional Filing of Member of the Liquidation Group (清算組成員備案)” and “Provisional Filing of Liquidation Officer-in-Charge (清算負責人備案)” in the corporate information database of GZ Zheng Da at the AIC Bureau. Copy of the Purported Court Order stated that “the court has appointed Guoding as the liquidation group to proceed with the liquidation of GZ Zheng Da in accordance with the law (已指定國鼎組成清算組，依法對廣州正大進行清算)”.

根據從工商局獲得的廣州正大企業登記資料包(該主體公司的獨有信息)披露，一名第三方，即廣東國鼎律師事務所(「國鼎」)在未有事前通知廣州正大及未獲廣州正大大同意下於二零一一年九月向工商局提交了外商投資企業變更(備案)登記申請書(「申請書」)，並附上廣東省廣州市中級人民法院決定書(「所謂法院決定」)副本作為證明文件，該申請書要求工商局在廣州正大企業信息中將「清算組成員備案」和「清算負責人備案」備案。該所謂法院決定副本引稱：「法院已指定國鼎組成清算組，依法對廣州正大進行清算」。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

Alleged Liquidation Provisional Filed (Cont’d)

GZ Zheng Da confirmed to the Company that it had never authorised, appointed or instructed Guoding or He Wei to file or handle such application, nor granted consent to such application thereafter. GZ Zheng Da and HK Zheng Da, being the equity holder of GZ Zheng Da holding 100% interest therein, also confirmed to the Company that they had never been served any statements of instigation of proceedings, notice of summons or notice of judgement, orders (including the Purported Court Order or order of a similar nature) or written judgement(s) in relation to liquidation petition or of a similar nature (the “Purported Liquidation Petition Case”) from the Guangzhou Court in accordance with the prevailing PRC laws and regulations and due judicial procedures. Both the Company and GZ Zheng Da further confirmed that they were unable to find any “public official record” about the Purported Liquidation Petition Case (not even the relevant case number) from the official database or public notice board of the Guangzhou Court so far.

According to the Purported Court Order, it appears that the purported liquidation petition was instituted by 越房私企, a third party neither had any equity or any other interests in GZ Zheng Da nor was a creditor of GZ Zheng Da. Hence, the PRC legal counsel of GZ Zheng Da considers that 越房私企 was unlikely to meet the pre-requisite conditions for filing a liquidation petition against GZ Zheng Da pursuant to the prevailing company laws and regulations of the PRC.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算備案(續)

廣州正大向本公司確認，其從未授權、委任或指示國鼎或何偉呈交或處理類似申請，事後亦沒有同意類似申請。廣州正大及香港正大（作為廣州正大100%權益持有人）亦向本公司確認，從來沒有收到按中華人民共和國現行法律和法規及正當司法程序，由廣州市中院發出的有關清算呈請或類似（「所謂清算呈請案件」）的起訴書、傳票或判決、命令（包括所謂法院決定或類似性質的命令）或書面裁定書。本公司及廣州正大均進一步證實，彼等至今無法從廣州市中院官方網站或公告板找到有關所謂清算呈請案件的任何「公開官方記錄」（甚至沒有相關案號）。

根據所謂法院決定，所謂清算呈請顯然是由越房私企（一名第三方，既沒有在廣州正大擁有任何權益或任何其他利益，亦不是廣州正大的債權人）提起的。因此，廣州正大的中國法律顧問認為，根據現行的中國公司法及法規，越房私企並不具備先決條件向廣州正大呈交清算呈請。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

Alleged Liquidation Provisional Filed (Cont’d)

Based on the record and facts known to the Company and GZ Zheng Da and having taken PRC legal advice, both the Company and GZ Zheng Da are of the view that (i) the legal proceedings of the Purported Liquidation Petition Case (if any) do not conform to the legal provisions and judicial procedures in PRC; (ii) the Purported Court Order (if any) is not effective disposition of the matter to which it purportedly relates and thus is invalid and void; and (iii) the purported authority of the so-called liquidation group of GZ Zheng Da is derived from the Purported Court Order which is invalid and void. Therefore, Guoding does not have the lawful authority to proceed with the liquidation of GZ Zheng Da or file corporate information about GZ Zheng Da with the AIC Bureau (or for any other purposes) for and on behalf of GZ Zheng Da.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算備案(續)

基於本公司及廣州正大的記錄及所知事實並經採納中國法律意見後，本公司及廣州正大均認為(i)所謂清算呈請案件(如有)的法律程序並不符合中國法律規定及司法程序；(ii)所謂法院決定(如有)並非對其所指稱事項的有效裁決，因此屬依法無據及無法律效力；及(iii)該所謂廣州正大清算組的所謂授權源自依法無據及無法律效力的所謂法院決定。因此國鼎沒有合法授權對廣州正大進行清算及代表廣州正大向工商局呈交企業信息(或任何其他目的)。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

Alleged Liquidation Provisional Filed (Cont’d)

According to the relevant provisions of the Rules of Administration of Company Registration of People’s Republic of China (中華人民共和國公司登記管理條例) (the “Company Registration Rules”), the provisional filing of liquidation information with the AIC Bureau requires the consent of the subject company (with company chop shown on the application form) and other requisite legal documents, such as company dissolution documents (公司解散證明文件) and compulsory liquidation order (強制清算決定書), as supporting documents. No such supporting documents nor GZ Zheng Da’s company chop were found on the Application Form submitted by Guoding. After taking PRC legal advice, both the Company and GZ Zheng Da consider that the Application Form submitted to the AIC Bureau by Guoding violates the relevant provisions of the Company Registration Rules to a material extent and the provisional filing under concern should be rendered “application declined (申請退回)”.

The business of GZ Zheng Da remains as usual and GZ Zheng Da’s latest tax return was filed in May 2019. Mr. Ho Kam Hung, an executive director of the Company, has been the legal representative of GZ Zheng Da since 1993. According to the categorization made by the AIC Bureau, the status of GZ Zheng Da is regarded as “Enterprise in Operation (in Business) (在營(開業)企業)”.

Shareholders of the Company are urged to read the Company’s announcement dated 25 March 2013 about the lawful authority of the purported “liquidation group of GZ Zheng Da” in question.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算備案(續)

根據中華人民共和國公司登記管理條例(以下簡稱「公司登記條例」)的相關規定，於工商局作臨時清算備案，需得到有關公司的同意(即在申請書上蓋有公司的公章)和其他必要的法律文件(如公司解散證明文件及強制清算決定書)作為證明文件。在國鼎提交的申請書中並沒有相關證明文件及廣州正大的公章。經採納中國法律意見，本公司及廣州正大均認為，國鼎向工商局提交申請書嚴重違反了公司登記條例的相關規定，此有問題的臨時備案應被「申請退回」。

廣州正大的業務仍然正常，並已於二零一九年五月提交了報稅表。本公司之執行董事何鑑雄先生自一九九三年起一直為廣州正大之法定代表。根據工商局所作分類，廣州正大的狀態為「在營(開業)企業」。

本公司促請股東參閱本公司於二零一三年三月二十五日有關所謂「廣州正大清算組」合法性一事的公告。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

The Second and Unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice

Since 2003, GZ Zheng Da has been granted the Qualified Person for Demolition and Relocation (拆遷人) (the “Qualified Person”) (which was required to demonstrate substantial capital resources, property development plan on hand, concrete property demolition and relocation plan pursuant to the provisions of Rules of Management of Urban Property Demolition and Relocation of Guangzhou Municipality (廣州市城市房屋拆遷管理條例) (the “Demolition Management Rules”)) and the Qualified Contractor for Demolition and Relocation (拆遷實施單位) (the “Qualified Contractor”) (which was required to demonstrate substantial hands-on experience in property demolition and relocation projects and hiring extensive construction and engineering professionals pursuant to the provisions of the Demolition Management Rules) by the Property Administration Bureau to the effect that GZ Zheng Da was empowered to demolish a property located in Yuexiu District, Guangzhou within about one year under the license of a property demolition and relocation permit (房屋拆遷許可證) (the “Demolition Permit”). Since then, GZ Zheng Da applied for the extension of the Demolition Permit once every year and the Property Administration Bureau customarily renewed the Demolition Permit and the notice of extension of property demolition and relocation (房屋拆遷延期公告) (the “Demolition Extension Notice”) every subsequent year.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合資質拆遷人

自二零零三年以來，廣州正大已獲房管局授予拆遷合資質拆遷人(「拆遷人」)(根據廣州市城市房屋拆遷管理條例(「拆遷管理條例」)的規定，此需要證明擁有豐厚資金、具體物業發展計劃、詳細拆遷計劃)及合資格拆遷承包商(「拆遷實施單位」)(根據拆遷管理條例的規定，此需要證明擁有豐富物業拆遷項目操作經驗，並聘請資深的施工及工程專業人員)，訂明廣州正大有權根據房屋拆遷許可證(「拆遷許可證」)於約一年內拆除位於廣州市越秀區的某些物業。此後，廣州正大每年申請延長拆遷許可證一次，且房管局通常於此後每年更新拆遷許可證及房屋拆遷延期公告(「拆遷延期公告」)。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

The Second and Unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice (Cont’d)

The Demolition Extension Notices issued since 2014 contained new clauses which included, inter alia, an entity named “the liquidation group of GZ Zheng Da (廣州正大清算組)” (the so-called “Liquidator”) as the secondary Qualified Person (第二拆遷人) and the secondary Qualified Contractor (第二拆遷實施單位) in addition to GZ Zheng Da which remained as the primary Qualified Person (第一拆遷人) and primary Qualified Contractor (第一拆遷實施單位). The Demolition Extension Notices also put a remark that “pursuant to the Purported Court Order, the Guangzhou Court nominated Guoding as the liquidation group to proceed with the liquidation of GZ Zheng Da in accordance with the laws, and the demolition activities should be executed by the liquidation group” (collectively the “New Clauses”).

GZ Zheng Da confirmed to the Company that it had no acknowledge of the New Clauses until the renewal of the said extension notices nor concurred with such New Clauses thereafter and hence raised objection to the Property Administration Bureau about the imposition of the New Clauses. No formal reply has been obtained from the Property Administration Bureau so far.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合資質拆遷人(續)

自二零一四年頒佈之拆遷延期公告中載有新條款，包括(但不限於)除廣州正大仍作為第一拆遷人及第一拆遷實施單位外，一個名為「廣州正大清算組」(所謂「清算人」)作為第二拆遷人及第二拆遷實施單位。拆遷延期公告亦指出：「根據所謂法院決定，廣州市中院已指定國鼎組成清算組，依法對廣州正大進行清算，拆遷行為必須由清算組行使。」(統稱為「新條款」)。

廣州正大向本公司確認，其於上述延期公告更新前並不知悉新條款，且於其後亦不贊同該新條款，因此對房管局強加新條款提出反對。至今未收到房管局的正式回覆。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

The Second and Unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice (Cont’d)

After seeking PRC legal advice, both the Company and GZ Zheng Da consider that (i) both the Demolition Permits and the Demolition Extension Notices granted to GZ Zheng Da are legally valid permit and notice respectively despite their legal defects; (ii) the Yuexiu Court, the Guangzhou Court and the Property Administration Bureau all accept GZ Zheng Da as a separate legal entity; (iii) GZ Zheng Da remains as the Qualified Person and the Qualified Contractor and therefore is eligible to proceed the demolition and relocation activities pursuant to the Demolition Permit; (iv) the purported authority of the so-called Liquidator is derived from the Purported Court Order which is invalid and void (please refer to the section headed Alleged Liquidation Provisional Filed above for further details); (v) the capacity of the so-called Liquidator does not exist until and when Guoding removes the legal representative of GZ Zheng Da; (vi) the so-called Liquidator technically cannot co-exist with GZ Zheng Da to engage in the same business activities; (vii) a liquidator is not empowered to engage in the businesses other than those specified under Clause 184 of Companies Law of People’s Republic of China (中華人民共和國公司法), which do not include demolition and relocation businesses; (viii) a liquidator does not possess the pre-requisite qualifications (特定資質) and hands-on expertise in demolition and relocation businesses pursuant to the provisions of the Demolition Management Rules; and (ix) the Purported Court Order, if legally enforceable, fundamentally does not provide that “the demolition activities should be executed by the liquidation group”.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合資質拆遷人(續)

經尋求中國法律意見後，本公司及廣州正大認為：(i)儘管存有法律瑕疵，但授予廣州正大的拆遷許可證及拆遷延期公告乃屬合法有效的許可證及公告；(ii)越秀法院、廣州市中院及房管局仍視廣州正大為獨立法人實體；(iii)廣州正大仍然為拆遷人及拆遷實施單位，因此可根據拆遷許可證合資格從事拆遷活動；(iv)所謂清算人的所謂授權源自依法無據及無法律效力的所謂法院決定(有關進一步詳情請參考上文所謂清算備案一節)；(v)直至及當廣州正大的法定代表被國鼎退前，所謂清算人並未有其身份；(vi)所謂清算人技術上不能與廣州正大共存而從事相同的業務活動；(vii)清算人無權從事除依據中華人民共和國公司法第184條指定者以外之業務(其中不包括拆遷業務)；(viii)根據拆遷管理條例之規定，清算人不具備從事拆遷業務的特定資質及參與拆遷的專業經驗；及(ix)所謂法院決定(如可合法強制執行)根本並無規定「拆遷活動應由清算組負責」的指示。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

The Second and Unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice (Cont’d)

Since 2014, both the Demolition Permit and the Demolition Extension Notice renewed every subsequent year, including the latest one renewed in December 2017, contained the New Clauses. GZ Zheng Da continued to proceed the demolition and relocation activities as usual.

A Purported Notice issued by the so-called Liquidator

In June 2017, HK Zheng Da and one of its three directors received a notice (告知函) (the “Purported Notice”) issued by the so-called Liquidator albeit the operation of GZ Zheng Da remained as usual and normal when the Purported Notice was issued.

The Purported Notice, dated 16 June 2017, was issued by the so-called Liquidator and the addressees are HK Zheng Da and 越房私企 (collectively the “Addressees”). 越房私企 was an independent third party to the Company and its directors and substantial shareholders and their respective associates. HK Zheng Da and one of its three directors received the Purported Notice on or about 21 June 2017.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合資質拆遷人(續)

由二零一四年起，拆遷許可證及拆遷延期公告其後每年延長，包括最近一次於二零一七年十二月延長，並載有新條款，廣州正大繼續如常進行拆遷。

所謂清算人發出的所謂告知函

於二零一七年六月，香港正大及三名董事其中一名收到由所謂正大清算組發出的告知函(「所謂告知函」)；儘管如此，廣州正大於所謂告知函發出時其業務依然如常運作。

告知函日期為二零一七年六月十六日，由所謂清算人發出，而收件人為香港正大及越房私企(統稱「收件人」)。越房私企為獨立於本公司及其董事及主要股東及彼等各自之聯繫人的第三方。香港正大及三名董事其中一名於二零一七年六月二十一左右收到告知函。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

A Purported Notice issued by the so-called Liquidator (Cont’d)

According to the record downloaded from the official website of AIC Bureau, the shareholders of GZ Zheng Da are HK Zheng Da and 越秀國企。Pursuant to the terms of relevant joint venture agreement (as revised) executed between HK Zheng Da and 越秀國企, HK Zheng Da held 100% attributable interest in GZ Zheng Da.

To the best knowledge and belief, and having made all reasonable enquiries, the Company confirm that 越房私企 (i) is not a registered shareholder of GZ Zheng Da; (ii) does not have any attributable interest in GZ Zheng Da; and (iii) is not a creditor of GZ Zheng Da. 越房私企 is not 越秀國企。

The Purported Notice sought to convey, inter alia, the following messages (without prejudice on its validity) to the Addressees: (i) the so-called Liquidator was constituted under a mandate granted by the Guangzhou Court pertaining to a members’ compulsory liquidation petition (apparently lodged by 越房私企) (the “Purported Petition”); (ii) the so-called Liquidator was prepared to make submission to the Guangzhou Court for balloting the appointment of appraisal and auction agents to appraise and tender the assets of GZ Zheng Da for auction which include, inter alia, two parcels of land with an aggregate gross area of about 16,800 square metres and a 2-storey non-permanent commercial podium; and (iii) the Addressees were urged to furnish any related information or proposal to the so-called Liquidator within 15 days from the date of the Purported Notice.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算人發出的所謂告知函(續)

根據於工商局官方網站下載的記錄，廣州正大的股東是香港正大及越秀國企。根據香港正大及越秀國企所簽署的有關合營企業協議（經修訂）的條款，香港正大擁有廣州正大100%歸屬權益。

經一切合理查詢後，並盡其所知及所信，本公司確認，越房私企(i)並非廣州正大的註冊股東；(ii)並無持有廣州正大任何歸屬權益；及(iii)亦不是廣州正大的債權人。越房私企並非越秀國企。

該所謂告知函尋求傳達(除其他外)以下主要信息(就其有效性保留固有權益)給收件人：(i)所謂清算組是根據廣州市中院就一宗股東強制清算呈請(顯然由越房私企呈請)頒令成立的(「所謂呈請狀」)；(ii)所謂清算組正擬向廣州市中院提請搖珠確定評估和拍賣機構，以評估和招標拍賣廣州正大的資產，其中包括兩塊總面積約為16,800平方米地塊和一座兩層非永久性商業群樓；及(iii)敦促收件人在所謂告知函發函之日起十五天內向所謂清算人提供有關資料或主張。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

A Purported Notice issued by the so-called Liquidator (Cont’d)

To the best knowledge and belief and having made all reasonable enquiries, the Company confirms both GZ Zheng Da and HK Zheng Da have never been served the Purported Liquidation Petition Case (please refer to the section headed “Alleged Liquidation Provisional Filed” above for details) in due legal process in accordance with the relevant laws and regulations of the PRC since 21 January 2009, the date of instituting the Purported Petition.

The Company hence infers that the purported “authority” of the so-called Liquidator may have been derived from what is purportedly an undated court notice (the “Purported Court Notice”) downloaded from an unofficial legal database website. According to the Purported Court Notice, the Guangzhou Court purportedly directed a third party to constitute an alleged liquidation group for liquidating GZ Zheng Da. However, as at 30 June 2019 and up to the date of this report, both GZ Zheng Da and HK Zheng Da are unable to trace any “public official record” about the Purported Petition or the Purported Court Notice (not even the relevant case number) in the official public domain of the Guangzhou Court, a circumstance which apparently is not in compliance with usual and normal legal practices. Shareholders of the Company are urged to refer to the Company’s announcement dated 25 March 2013 for further information about the legality of the Purported Petition and the Purported Court Notice.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算人發出的所謂告知函(續)

經作出一切合理查詢後，並盡其所知和所信，本公司確認，廣州正大和香港正大自二零零九年一月二十一日（提交所謂呈請狀當日）以來均從未收過根據相關中國法律及行政法規並透過恰當法律程序送達關於該所謂清算呈請案件（請參閱上文「所謂清算備案」一節）。

本公司推斷所謂清算人的所謂「授權」可能源自一個非官方法律資訊網站下載據稱未有注明日期的法院公告（「所謂法院公告」）。該所謂法院公告指稱，廣州市中院已指令某第三方組成所謂清算組為廣州正大進行清算。但於二零一九年六月三十日及截至本報告日，廣州正大及香港正大均未能在廣州市中院正式官方公開網站查找到載有任何關於所謂呈請狀或所謂法院公告的任何「公開官方記錄」（甚至相關案號）；此情況顯然不符法律慣例及常規。務請本公司股東參閱本公司於二零一三年三月二十五日發佈的公告，以瞭解有關所謂呈請狀及所謂法院公告合法性的詳情。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

A Purported Notice issued by the so-called Liquidator (Cont’d)

The Purported Notice is the first notice or letter that HK Zheng Da (being the shareholder holding 100% attributable interest in GZ Zheng Da) so far received from the so-called Liquidator, some six years from its alleged constitution in 2011.

Pursuant to the relevant provisions of the PRC laws and regulations, “the liquidation group shall finalise the liquidation within six months from the date of constitution in the case the liquidation is ordered by the People’s Court (人民法院). If the liquidation is not yet finalised within six months under particular circumstances, the liquidation group shall apply for extension of its mandate at the People’s Court (人民法院).” Hence, if the liquidation group is unable to finalise the liquidation within six months and the extension of mandate is not being granted by the People’s Court (人民法院), the liquidation group shall be dissolved by law.

The PRC legal counsel of HK Zheng Da noted that the so-called Liquidator was unable to offer any evidence for the renewal of its mandate (without prejudice on its validity) in separate court proceedings at the Guangzhou Court in or about June 2017.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算人發出的所謂告知函(續)

所謂告知函是香港正大(即擁有廣州正大100%歸屬權益的股東)自所謂清算組於二零一一年所謂依法成立至今六年多以來,第一次收到由所謂清算人發出的告知函或文件。

根據中國法律及法規的相關規定,「若由人民法院組織清算的,清算組應當自成立之日起六個月內清算完畢。因特殊情況無法在六個月內完成清算的,清算組應當向人民法院申請延長」,因此若清算組未能在六個月內完成清算,又未經人民法院批准延期的,應依法解散。

香港正大的中國法律顧問留意到,所謂清算組未能在廣州市中院於二零一七年六月左右另外召開的庭審中提供任期(就其有效性保留固有權益)已續期的任何證明。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

A Purported Notice issued by the so-called Liquidator (Cont’d)

The PRC legal counsel of HK Zheng Da hence advised as follows: (i) the so-called Liquidator does not possess a valid mandate to proceed with the liquidation of GZ Zheng Da nor to issue the Purported Notice (without prejudice on the legality of the Purported Court Notice); (ii) even if there was a renewal of the so-called Liquidator’s mandate, the Purported Notice is in itself legally invalid as it does not mention whether the liquidation proposal (清算方案) has been approved by shareholders (including HK Zheng Da), creditors or the People’s Court (人民法院); and (iii) prima facie evidence below demonstrates that GZ Zheng Da continues to operate as usual and normal and is a qualified legal litigant (適格訴訟主體) at the People’s Court (人民法院), and hence is not under liquidation.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算人發出的所謂告知函(續)

香港正大的中國法律顧問因此認為：(i)所謂清算組未有具備有效任期處理廣州正大清算事務及發出所謂告知函(就其有效性保留固有權益)；(ii)儘管所謂清算組的任期得以延期，該所謂告知函本身並不合法，因未有提及清算方案是否已經股東(包括香港正大)、債權人及人民法院批准；及(iii)表面證據顯示廣州正大依然如常進行經營活動，在人民法院具有參加訴訟的主體資格，因此並未進入清算狀態。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (Cont’d)

A Purported Notice issued by the so-called Liquidator (Cont’d)

The Company further elaborates as follows: (i) pending the demolition of to-be-vacant properties and re-development of the existing site into a grade A commercial complex, GZ Zheng Da operates a footwear wholesale and distribution outlet at a 2-storey non-permanent commercial podium erected at the development site and its operation remains usual and normal to-date; (ii) the report downloaded from the Public Database of National Enterprise Credit Information (Guangdong) (全國企業信用信息公示系統(廣東)) in August 2019 reveals that its registration status is “Enterprise in Operation (in Business) (在營(開業)企業)” and its authorised legal person is Ho Kam Hung (being a director of the Company). The public database on GZ Zheng Da also concurrently reveals the following information under the Provisional Filing Information Column (備案信息欄目) viz “Liquidation Information (清算信息)”: Member of Liquidation Group Guangdong Guoding Law Firm (清算組負責人廣東國鼎律師事務所) (please refer to section headed “Alleged Liquidation Provisional Filed” above for details); (iii) the latest tax return of GZ Zheng Da for 2019 indicated that the operation of GZ Zheng Da was usual and normal throughout the period ended 30 June 2019; and (iv) the People’s Courts (人民法院) in Guangdong continues to recognise GZ Zheng Da as the qualified litigant (適格訴訟主體) to-date.

對廣州正大發出之所謂「清算呈請」(續)

所謂清算人發出的所謂告知函(續)

本公司進一步詳細說明：(i)由於有待拆卸尚未交吉物業，以及有待將現有地塊重新開發為甲級商廈，廣州正大在地盤上蓋建的一幢兩層非永久性群樓一直經營鞋類批發及分銷中心，至今仍然如常進行經營活動；(ii)於二零一九年八月從《全國企業信用信息公示系統(廣東)》下載的報告顯示，其登記狀態為「在營(開業)企業」，其法定代表人乃何鑑雄(本公司董事)。另公開資料庫關於正大的備案信息欄目「清算信息」項同時顯示：清算組成員廣東國鼎律師事務所(請參閱上文「所謂清算備案」一節)；(iii)二零一九年廣州正大最新的報稅表，顯示廣州正大於截至二零一九年六月三十日止整段期間業務運作正常；及(iv)廣東人民法院直至今日仍確認廣州正大為適格訴訟主體。

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its businesses with internally generated cash flows and banking facilities during the Period. Cash and bank balances of the Group as at 30 June 2019 amounted to HK\$82,400,000 (31 December 2018: HK\$91,511,000). As at 30 June 2019 and 31 December 2018, there were no pledged deposits.

As at 30 June 2019, the Group had outstanding borrowings of approximately HK\$78,742,000 (31 December 2018: HK\$80,714,000) comprising interest-bearing bank loans amounted to HK\$3,666,000 (31 December 2018: HK\$7,137,000), lease liability of HK\$2,139,000 (31 December 2018: nil) and a loan from a director amounted to HK\$72,937,000 (31 December 2018: HK\$73,577,000). The Group's interest-bearing bank loans were repayable within one year or on demand.

As at 30 June 2019, the secured bank loan of HK\$3,666,000 (31 December 2018: HK\$7,137,000) of the Group bore interest at floating interest rate, which was entirely denominated in Renminbi ("RMB").

The Group's gearing ratio as at 30 June 2019 was 0.02 (31 December 2018: 0.02), calculated based on the Group's interest-bearing bank and other borrowings and loan from a director of HK\$78,742,000 (31 December 2018: HK\$80,714,000) over total assets of HK\$4,462,186,000 (31 December 2018: HK\$4,495,261,000). The Group's gearing was maintained at a relatively low level during the Period.

財務回顧

流動資金及財務資源

於期間內，本集團一般以內部產生之現金流及銀行信貸作為其運作所需資金。於二零一九年六月三十日，本集團之現金及銀行結存達82,400,000港元(二零一八年十二月三十一日：91,511,000港元)。於二零一九年六月三十日及二零一八年十二月三十一日，本集團並沒有已抵押存款。

於二零一九年六月三十日，本集團有未償還借貸約78,742,000港元(二零一八年十二月三十一日：80,714,000港元)，包括計息銀行貸款3,666,000港元(二零一八年十二月三十一日：7,137,000港元)、租賃負債2,139,000港元(二零一八年十二月三十一日：無)及董事貸款72,937,000港元(二零一八年十二月三十一日：73,577,000港元)。本集團的計息銀行貸款須於一年內或按要求償還。

於二零一九年六月三十日，本集團3,666,000港元(二零一八年十二月三十一日：7,137,000港元)有抵押銀行貸款以浮息計算利息及全數以人民幣(「人民幣」)定值。

本集團於二零一九年六月三十日之資本負債比率為0.02(二零一八年十二月三十一日：0.02)，乃按本集團計息銀行貸款及其他借款及董事貸款78,742,000港元(二零一八年十二月三十一日：80,714,000港元)除以資產總值4,462,186,000港元(二零一八年十二月三十一日：4,495,261,000港元)計算。於期間，本集團之資產負債比率維持在相對較低之水平。

FINANCIAL REVIEW (Cont'd)

Currency structure

The Company's consolidated financial statements are presented in Hong Kong dollars notwithstanding the financial statements of all its operating subsidiaries are presented in RMB. Exchange exposure may arise when the revenue, expenses, non-monetary items, assets and liabilities of these operating subsidiaries booked in Renminbi are converted into Hong Kong dollars on consolidations at the Company's group account level. Given the exchange rates between RMB and Hong Kong dollars were relatively stable during the year, the Group had limited exposure to foreign exchange fluctuations throughout the period.

Pledge of assets

The Group had utilized bank loan facilities amounting to approximately HK\$3,666,000 (31 December 2018: HK\$7,137,000) as at 30 June 2019. Certain investment properties and trade receivables of the Group were pledged to secure banking facilities utilised by the Group and an independent third party. In addition, the Company and one of its substantial shareholders also granted guarantees to these banking facilities.

Contingent liabilities

As at 30 June 2019, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$139,000 (31 December 2018: HK\$139,000).

財務回顧(續)

貨幣結構

儘管所有營運附屬公司的財務報表以人民幣呈列，但本公司的綜合財務報表則以港元呈列。當該等營運附屬公司以人民幣記賬的收益、開支、非貨幣項目、資產及負債按本集團綜合會計層面入賬轉換為港元時，可能會產生匯兌風險。鑒於年內人民幣與港元之間的匯率相對穩定，本集團於整段期間的外匯波動風險有限。

資產抵押

於二零一九年六月三十日，本集團已動用之銀行信貸額約為3,666,000港元(二零一八年十二月三十一日：7,137,000港元)。本集團若干投資物業及貿易應收款項已作抵押以獲得本集團及一名獨立第三方動用的銀行融資。此外，本公司及其中一名主要股東亦就該等銀行融資提供擔保。

或然負債

於二零一九年六月三十日，就銀行向本集團物業若干買家批出之按揭貸款而作出之擔保達139,000港元(二零一八年十二月三十一日：139,000港元)。

FINANCIAL REVIEW (Cont'd)

Material acquisition

On 26 October 2007, it was announced that the Group entered into a conditional sale and purchase agreement on 9 October 2007 (as amended on 26 October 2007) (the "Agreement") with the private companies wholly owned by Messrs. Ho Pak Hung, Ho Tsam Hung and Ho Kam Hung (collectively the "Vendors"), pursuant to which, amongst other things, the Vendors agreed to sell and an indirectly wholly-owned subsidiary of the Company (the "Purchaser") agreed to acquire 100% equity interest in Zheng Da Real Estate Development Company Limited ("Zheng Da") at a consideration of RMB1,814,800,000 (the "Acquisition"). The principal asset held by Zheng Da is the indirect entire interest in a property interest situated in Guangzhou. Details of the Acquisition had been set out in a circular of the Company dated 26 November 2007 (the "Circular").

Pursuant to the terms and conditions of the Agreement, the Purchaser may at its sole discretion elect to defer completion of one or more tranches (except the First Tranche) to a date later than the expected completion date of the relevant tranche but in any event not later than 31 March 2009. If the Purchaser does not complete any of the tranches on or before the relevant expected completion date, the Purchaser is obliged to pay to the Vendors a deferred interest payment (the "Deferred Interest") calculated at the rate of 4% p.a. on the consideration for such tranche for the period commencing from the relevant original expected completion date and ending on and excluding the day when the relevant consideration is settled by the Purchaser or 31 March 2009, whichever the earlier. In the event that the entire Agreement does not complete by 31 March 2009 (the "Long Stop Date"), the Agreement shall lapse (save for any part of completed tranches) and the Purchaser shall have no liabilities save for the Deferred Interest obligations.

財務回顧 (續)

重大收購

於二零零七年十月二十六日，本集團宣佈與由何伯雄先生、何湛雄先生及何鑑雄先生（統稱「賣方」）全資擁有之私人公司於二零零七年十月九日訂立有條件買賣協議（於二零零七年十月二十六日修訂）（「協議」）。據此，其中包括，賣方同意出售及本公司間接全資附屬公司（「買方」）同意收購正大房地產開發有限公司（「正大」）100%股權，代價為人民幣1,814,800,000元（「收購事項」）。正大持有之主要資產為擁有位於廣州市之物業權益之間接全部權益。收購事項之詳情載於本公司於二零零七年十一月二十六日刊發之通函（「該通函」）。

根據該協議之條款及條件，買方可按其全權酌情決定選擇將一個或多個部分（第一部分除外）之完成日期遞延至相關部分之預期完成日期後之日期，惟於任何情況下不遲於二零零九年三月三十一日。倘買方未能於相關預期完成日期或之前完成相關部分之任何一部分，買方須向賣方支付遞延利息（「遞延利息」）。遞延利息乃就有關部分之相關原預期完成日期至買方支付相關代價或二零零九年三月三十一日（以較早者為準）（不包括該日）止期間之相關代價按年利率4厘計算。倘整體協議於二零零九年三月三十一日（「最後截止日期」）尚未完成，則該協議將告失效（已完成部分之任何部分除外），買方將不承擔任何責任，惟其須支付遞延利息之責任除外。

FINANCIAL REVIEW (Cont'd)

Material acquisition (Cont'd)

Completion of the First Tranche took place on 17 December 2007. As at 31 March 2009, the Second Tranche, the Third Tranche and the Fourth Tranche had not been completed. As such, the Purchaser was obliged to pay to Vendors the Deferred Interest of the Second Tranche and the Third Tranche, which was RMB22,927,000 (approximately HK\$25,837,000) in total. No Deferred Interest was required to be paid by the Purchaser in respect of the Fourth Tranche as the original expected completion date for the Fourth Tranche was on 31 March 2009. The Purchaser and the Vendors then executed supplementary agreements and extension agreement to the effect that the Long Stop Date was deferred to 30 June 2019.

In June 2019, the Purchaser and the Vendors, entered into the Third Extension Agreement on 26 May 2017 to further extend the Long Stop Date to 30 June 2020 in order to give additional time for the parties to the Agreement to explore any opportunity to arrive at any revised terms for settlement of the consideration for, and completion timetable in relation to the uncompleted tranches, under the Agreement. For the avoidance of doubt, despite the extension of the Long Stop Date, no additional Deferred Interest shall be chargeable for the period from 1 April 2009 to 30 June 2020, both days inclusive.

財務回顧(續)

重大收購(續)

第一部分已經於二零零七年十二月十七日完成。於二零零九年三月三十一日，第二部分、第三部分及第四部分尚未完成。因此，買方須向賣方支付第二部分及第三部分之遞延利息，總額估計為數人民幣22,927,000元（約25,837,000港元）。買方無須就第四部分支付任何遞延利息，原因為第四部分之原預期完成日期為二零零九年三月三十一日。買賣雙方其後訂立補充協議及延期協議，使最後截止日期延遲至二零一九年六月三十日。

於二零一九年六月，買方與賣方於二零一七年五月二十六日訂立第三份延期協議，將最後截止日期進一步延遲至二零二零年六月三十日，給予該協議有關各方更多時間探討任何機會以達成有關該協議內未完成部份之支付代價及完成時間表之任何經修訂條款。為免生疑問，儘管延遲最後截止日期，惟二零零九年四月一日至二零二零年六月三十日止期間（首尾兩天包括在內）並不需要收取任何額外遞延利息。

EMPLOYEES AND REMUNERATION POLICY

The total staff cost for the Period was HK\$4,400,000. The Group employed about 30 full time staff in Hong Kong, Chongqing and Guangzhou as at 30 June 2019. Employees are remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Chongqing and Guangzhou, the Group provided staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits included medical schemes, Mandatory Provident Fund Scheme and employee share option scheme.

OUTLOOK

It is expected that the Sino-US trade talks will not draw to a fruitful consensus in the foreseeable future, and hence both the export and domestic economic growth in Mainland China are expected to remain stringent in latter half year. The market therefore perceives that the Chinese Central Government will further ease the money liquidity and launch new measures to boost up both the domestic consumption and investment sentiment. The Directors cautiously foresee that the benchmark interest rates in Mainland China will be further reduced marginally as well as Renminbi will remain soft in latter half year and this may help to reduce the Group's borrowing costs.

僱員及薪酬政策

本期間之員工成本總額為4,400,000港元。於二零一九年六月三十日，本集團在香港、重慶及廣州共僱用約30名全職僱員。本集團根據員工之工作性質及市場趨勢釐定酬金，每年加薪亦考慮個別員工之優異表現，以獎勵及激勵員工爭取表現。就重慶及廣州而言，本集團按現行勞動法為員工提供福利及花紅，而在香港則提供醫療計劃、強制性公積金計劃及僱員購股權計劃等其他員工福利。

展望

預期中美貿易談判於可預見將來未會達成美滿共識，所以預料下半年中國大陸的出口及內部經濟增長將繼續嚴峻。因此市場認為中國中央政府會進一步放寬銀根，並推出新措施刺激內需及投資氛圍。董事會審慎預測下半年中國大陸基準利率將會進一步輕微下調，以及人民幣會繼續走弱；這有助減少本集團的借貸成本。

OUTLOOK (Cont'd)

The “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area” promulgated by the State Council of China in mid-February 2019 maps out the current and future co-operation and development of the Greater Bay Area for the period from now to 2022 in the immediate term and extending to 2035 in the long term. It is anticipated that both Guangzhou and Hong Kong will benefit and become world-class city cluster in coming years. The recent social unrest in Hong Kong will not impair the Directors’ confidence in Hong Kong’s future because it is generally believed that the uphold of the “One Country Two System” (捍衛一國兩制) is the best and only cornerstone (最佳及唯一基石) for safeguarding all stakeholders’ interest in Hong Kong. The Directors love China and Hong Kong (愛國愛港) and support the Government to administer Hong Kong in accordance with the Basic Law (支持香港特區政府依法施政).

China will celebrate its 70th national day this year and the Directors bless China having a prosper and harmonious future (國運昌隆，國泰民安). In order to support the Pan-Guangzhou Re-Development and Upgrade Programme of Aged Communities (廣州市老城區改造提升工程) promulgated by the Guangzhou Municipal Government, the Group accelerates the re-development schedule of the Guangzhou project this summer and expect that the re-development layout plan (報建規劃方案) will be granted by the Yixiu Regional Government next year. Meantime, the Directors will keep on an optimistic approach in diversifying the Group’s businesses to tap the opportunities and challenges in the Greater Bay Area and the Belt and Road Initiative.

展望(續)

二零一九年二月中旬中國國務院頒布「粵港澳大灣區發展規劃綱要」，指導大灣區當前和今後合作發展方向，規劃近期至二零二二年，遠期展望至二零三五年。預計未來幾年廣州和香港將受裨益並可望成為世界級城市群。近期香港的社會動盪不會動搖董事會對香港前途的信心，皆因各界人士一致相信捍衛「一國兩制」是保障香港所有持份者利益的最佳及唯一基石。董事會全人愛國愛港以及全力支持香港特區政府依法施政。

今年，中國將會慶祝70週年國慶，董事會謹祝中國國運昌隆，國泰民安。為了支持廣州市政府推行的「廣州市老城區改造提升工程」，本集團今年夏季加快了廣州項目的重建進度，且預計明年越秀區政府將會批准報建規劃方案。同時，董事將採取積極進取的思路繼續將本集團業務發展多元化，以把握和應對大灣區發展及「一帶一路」倡議帶來的機遇及挑戰。

OUTLOOK (Cont'd)

With strong assets backing and extremely low gearing ratio for the Group's financial position, the Group may take these advantages to explore new business opportunities in 2019 and 2020. The Directors will also strengthen its management expertise and redeploy the Group's resources for meeting these new challenges.

Looking ahead, the Directors are optimistic and confident about the economic prosperity in China (including Hong Kong) as well as the Group's future prospects in the long run.

DIRECTORS'/CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors and which were required to be entered into the register pursuant to Section 352 of the SFO, were as follows:

展望(續)

由於本集團財務穩健、資產豐厚和負債率極低，本集團可善用此優勢在二零一九年及二零二零年探索新商機。董事會將會致力壯大其管理團隊，重新調配資源，以應付新挑戰。

展望未來，董事會對中國（包括香港）經濟繁榮以及本集團前景長遠而言感到樂觀並充滿信心。

董事／主要行政人員於本公司及其相聯法團之股份中之權益

於二零一九年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第XV部第7及8分部規定及根據董事進行證券交易標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」），以及須根據證券及期貨條例第352條規定載入登記冊之本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中之權益及淡倉（包括根據該等證券及期貨條例規定被認為或被視為擁有之權益及淡倉）如下：

**DIRECTORS'/CHIEF EXECUTIVE'S
INTERESTS IN THE SHARES OF THE
COMPANY AND ITS ASSOCIATED
CORPORATIONS (Cont'd)**

董事／主要行政人員於本公司及其相聯
法團之股份中之權益(續)

Long position in shares of the Company

於本公司股份之好倉

| Name of Director 董事姓名 | Capacity and nature of interest 身份及權益性質 | Number of shares held 所持股份數目 | Percentage of the issued share capital 佔已發行 股本百分比 |
|--------------------------|---|------------------------------------|---|
| Ho Kam Hung 何鑑雄 | Through controlled corporation 透過受控法團持有 | 110,600,000 (Note 1) (附註1) | 18.26% |

Note:

附註：

- | | |
|---|---|
| <p>1. Ho Kam Hung is deemed (by virtue of the SFO) to be interested in these shares in the following capacities:</p> <p>(i) 10,800,000 shares are held by Morcambe Corporation, a company beneficially owned by him.</p> <p>(ii) 87,120,000 shares are held by EC Fair Limited, which he has 33$\frac{1}{3}$% interest.</p> <p>(iii) 12,680,000 shares are held by High Rank Enterprises Limited, which he has approximately 31.6% interest.</p> | <p>1. 根據證券及期貨條例，何鑑雄被視為以下列身份於該等股份中擁有權益：</p> <p>(i) Morcambe Corporation (一間由彼實益擁有之公司) 持有之10,800,000股股份。</p> <p>(ii) 易致富有限公司(彼擁有33$\frac{1}{3}$%權益)持有之87,120,000股股份。</p> <p>(iii) High Rank Enterprises Limited (彼持有約31.6%權益)持有之12,680,000股股份。</p> |
|---|---|

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY

本公司相聯法團股份

At 30 June 2019, the following Director of the Company had interests in the non-voting deferred shares in certain of the Company's subsidiaries:

於二零一九年六月三十日，下列本公司董事所擁有之本公司若干附屬公司無投票權遞延股之權益如下：

Long position in shares of the associated corporations

於相聯法團股份之好倉

| Name of director | Name of associated corporation | Relationship with the Company | Shares/equity derivatives | Numbers of shares/equity derivatives | Capacity and nature of interest | Percentage of the associated corporation's issued share capital | |
|------------------|---------------------------------|-------------------------------|----------------------------|--------------------------------------|---------------------------------|---|-------|
| 董事姓名 | 相聯法團名稱 | 與本公司關係 | 股份/ 股本衍生工具 | 股份/ 股本衍生 工具數目 | 身份及 權益性質 | 佔相聯法團 已發行股本 百分比 | |
| | | | | Long position 好倉 | Short position 淡倉 | | |
| Ho Kam Hung | Smart Hero (Holdings) Limited | Company's subsidiary | Non-voting deferred shares | 91 | - | Directly beneficially owned | 30.13 |
| 何鑑雄 | 超霸控股 有限公司 | 本公司之 附屬公司 | 無投票權 遞延股份 | 91 | - | 直接實益擁有 | 30.13 |
| | China Realty Investment Limited | Company's subsidiary | Non-voting deferred shares | 91 | - | Directly beneficially owned | 30.13 |
| | 中華置業地產 投資有限公司 | 本公司之 附屬公司 | 無投票權 遞延股份 | 91 | - | 直接實益擁有 | 30.13 |

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY (Cont'd)

Long position in shares of the associated corporations (Cont'd)

All the above mentioned non-voting deferred shares carry no rights to dividends, to receive notice of or to attend or vote at any general meeting of the relevant company, or to participate in any distribution on winding-up.

Save as disclosed above, as at 30 June 2019, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

本公司相聯法團股份(續)

於相聯法團股份之好倉(續)

上述所有無投票權遞延股份無權獲派股息、接收有關公司之股東大會通告或出席任何大會或於大會上投票，或參與任何清盤資產分派。

除上文所披露者外，據本公司所知，於二零一九年六月三十日，根據證券及期貨條例第352條規定設置之登記冊所記錄，概無任何本公司董事或主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有或被視為擁有任何權益或淡倉，或根據證券及期貨條例第XV部第7及8分部及標準守則須知會本公司及聯交所之任何權益或淡倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Directors'/chief executive's interests in the shares of the Company and its associated corporations" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company's share option scheme which was adopted on 11 June 2002 was expired on 10 June 2012 and a new share option scheme was adopted at the special general meeting held on 19 December 2012 (the "Scheme").

The purposes of the Scheme are to: (a) provide a way of recognition of the contributions or services or expected contributions or services of employees, executive and non-executive directors and others; (b) strengthen the relationships between the Group and its employees and directors and others; (c) attract and retain high quality employees and executives and providers of goods and services; and (d) motivate eligible participants to assist in development and expansion of the Group.

The detailed terms of the Scheme were disclosed in the Company's 2018 annual report. No share options were issued during the Period.

董事購買股份之權利

除上文「董事／主要行政人員於本公司及其相聯法團之股份中之權益」所披露者外，於本期間內任何時間，概無將可藉購入本公司或任何其他法人團體之股份或債券而獲得利益之權利授予任何董事、彼等各自之配偶或18歲以下子女，而彼等亦概無行使該等權利。本公司或其任何附屬公司亦無參與訂立任何安排，使董事、彼等各自之配偶或18歲以下子女可自任何其他法人團體獲得該等權利。

購股權計劃

本公司於二零零二年六月十一日採納之購股權計劃已於二零一二年六月十日屆滿，並於二零一二年十二月十九日舉行之股東特別大會上採納新購股權計劃（「計劃」）取代。

計劃之目的為(a)提供一種方法認同僱員、行政人員及非執行董事及其他人士之貢獻或服務或預期之貢獻或服務；(b)加強本集團與其僱員及董事以及其他人士之關係；(c)招攬並挽留優質僱員及行政人員以及商品及服務之供應商；及(d)鼓勵合資格參與者協助本集團日後之發展及擴充。

計劃之詳細條款於本公司二零一八年度年報內披露。本期間內並無發行購股權。

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, as far as is known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the shares and underlying share as recorded in the register required to be kept under section 336 of the SFO:

主要股東

於二零一九年六月三十日，據本公司任何董事或主要行政人員所知，以下人士（本公司之董事或主要行政人員除外）擁有登記於根據證券及期貨條例第336條之規定存置之登記冊之股份及相關股份中之權益或淡倉如下：

Long position in shares of the Company

於本公司股份之好倉

| Name 名稱 | Capacity and nature of interest 身份及權益性質 | Number of Shares held 所持股份數目 | Percentage of the issued share capital 佔已發行 股本百分比 |
|---|---|------------------------------------|---|
| Ye Jia Li (Note 1) 葉家禮(附註1) | Spouse 配偶 | 110,600,000 | 18.26 |
| Ho Tsam Hung (Note 2) 何湛雄(附註2) | Through controlled corporation 透過受控法團持有 | 105,600,000 | 17.44 |
| Ho Pak Hung (Note 3) 何伯雄(附註3) | Through controlled corporation 透過受控法團持有 | 99,800,000 | 16.48 |
| Liang Gui Fen (Note 4) 梁桂芬(附註4) | Spouse 配偶 | 99,800,000 | 16.48 |
| EC Fair Limited 易致富有限公司 | Directly beneficially owned 直接實益擁有 | 87,120,000 | 14.39 |
| Strong Hero Holdings Limited (Note 5)(附註5) | Directly beneficially owned 直接實益擁有 | 100,000,000 | 16.51 |
| Xie Xiaoxiang (Note 5) (附註5) | Through controlled corporation 透過受控法團持有 | 100,000,000 | 16.51 |
| Hero Grand Investments Limited (Note 6)(附註6) | Directly beneficially owned 直接實益擁有 | 30,800,000 | 5.09 |
| Leung Po Wa (Note 6) (附註6) | Through controlled corporation 透過受控法團持有 | 30,800,000 | 5.09 |

SUBSTANTIAL SHAREHOLDERS (Cont'd)

主要股東(續)

Long position in shares of the Company (Cont'd)

於本公司股份之好倉(續)

Notes:

附註：

- | | |
|--|---|
| <p>1. As Ye Jia Li is deemed (by virtue of the SFO) to be interested in these shares in the capacity as the spouse of Ho Kam Hung, a Director.</p> | <p>1. 根據證券及期貨條例，葉家禮作為董事何鑑雄之妻子，被視為於該等股份中擁有權益。</p> |
| <p>2. Ho Tsam Hung is deemed (by virtue of the SFO) to be interested in these shares in the following capacities:</p> <p>(i) 5,800,000 shares are held by Morgan Estate Assets Limited, which is beneficially owned by him.</p> <p>(ii) 87,120,000 shares are held by EC Fair Limited, a company which he has 33$\frac{1}{3}$% interest.</p> <p>(iii) 12,680,000 shares are held by High Rank Enterprises Limited, which he has approximately 31.6% interest.</p> | <p>2. 根據證券及期貨條例，何湛雄被視為以下列身份於該等股份中擁有權益：</p> <p>(i) Morgan Estate Assets Limited(一間由彼實益擁有之公司)持有之5,800,000股股份。</p> <p>(ii) 易致富有限公司(一間由彼擁有33$\frac{1}{3}$%權益之公司)持有之87,120,000股股份。</p> <p>(iii) High Rank Enterprises Limited(彼持有約31.6%權益)持有之12,680,000股股份。</p> |
| <p>3. Ho Pak Hung is deemed (by virtue of the SFO) to be interested in these shares in the following capacities:</p> <p>(i) 87,120,000 shares are held by EC Fair Limited, which he has 33$\frac{1}{3}$% interest.</p> <p>(ii) 12,680,000 shares are held by High Rank Enterprises Limited, which he has approximately 31.6% interest.</p> | <p>3. 根據證券及期貨條例，何伯雄被視為以下列身份於該等股份中擁有權益：</p> <p>(i) 易致富有限公司(彼擁有33$\frac{1}{3}$%權益)持有之87,120,000股股份。</p> <p>(ii) High Rank Enterprises Limited(彼持有約31.6%權益)持有之12,680,000股股份。</p> |
| <p>4. Liang Gui Fen is deemed (by virtue of the SFO) to be interested in these shares in the capacity as the spouse of Ho Pak Hung.</p> | <p>4. 根據證券及期貨條例，梁桂芬被視為以何伯雄之妻子之身份於該等股份中擁有權益。</p> |
| <p>5. Strong Hero Holdings Limited is wholly-owned by Xie Xiaoxiang.</p> | <p>5. Strong Hero Holdings Limited由Xie Xiaoxiang全資擁有。</p> |
| <p>6. Hero Grand Investments Limited is wholly-owned by Leung Po Wa.</p> | <p>6. Hero Grand Investments Limited由Leung Po Wa全資擁有。</p> |

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Save as disclosed above, as at 30 June 2019, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules from time to time throughout the Period, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Managing Director of the Company, though without a specific term, had retired and voluntarily offered himself for re-election at general meetings in the past years. The Directors consider that this practice, though is voluntary by nature, is in line with the spirit of the Code's practice.

主要股東(續)

除上文所披露者外，於二零一九年六月三十日，概無除本公司董事（其權益載於上文「董事於股份及相關股份之權益及淡倉」一節）外之任何人士擁有根據證券及期貨條例第336條規定須予登記之本公司股份及相關股份之權益或淡倉。

企業管治常規守則

董事會認為，除有下列偏離外，本公司於整段期間符合上市規則附錄十四所載不時之企業管治常規守則（「守則」）：

守則條文A.4.2條

守則A.4.2條第二部分訂明，每名董事（包括有指定任期之董事）應輪值退任，至少每三年一次。

儘管本公司董事總經理並無指定任期，彼於過往年度均在股東大會上辭任並自願重選。董事會認為儘管此慣例屬自願性質，其符合守則常規之精神。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry of the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the Company's interim report.

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

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

REVIEW BY AUDIT COMMITTEE

The Interim Results had been reviewed by the Audit Committee of the Company.

By order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 22 August 2019

證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則作為董事進行證券交易之操守守則。經向董事作出特定查詢後，本公司確認董事於本公司中期報告所涵蓋之會計期間一直遵守標準守則所規定之準則。

買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回任何本公司之上市證券。

由審核委員會審閱

中期業績已由本公司之審核委員會審閱。

承董事會命
 執行董事
何鑑雄

香港，二零一九年八月二十二日