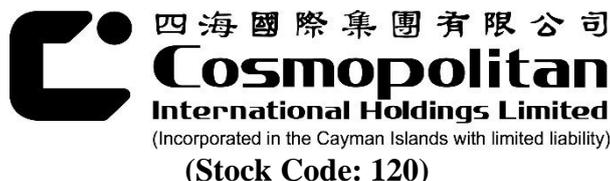


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ANNOUNCEMENT OF 2020 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2020	Year 2019	% Change
	HK\$'M	HK\$'M	
Revenue	69.6	119.6	-41.8%
Gross profit	25.7	32.3	-20.4%
Operating loss before depreciation and amortisation, finance costs and tax	(7.0)	(13.8)	-49.3%
Loss for the year attributable to equity holders of the parent	(123.5)	(170.3)	-27.5%
Basic loss per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	HK(1.65) cents	HK (2.52) cents	-34.5%
	As at 31st December,		
	2020	2019	
	(Unaudited)	(Unaudited)	
Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	HK\$0.18	HK\$0.18	—

- **The Group recorded a loss attributable to shareholders of HK\$123.5 million for the year under review, while for the preceding year, a loss of HK\$170.3 million was incurred.**
- **Up till now, substantially all the 1,555 residential units comprised in the ten residential towers in the third stage of the Regal Cosmopolitan City in Chengdu, China have been presold, at prices which are significantly higher than those achieved in the first and second stages of the development.**
- **The Regal Cosmopolitan City has other components under development, including a 325-room hotel, a six-storey commercial complex and five towers of office accommodations. The office towers are now scheduled to be launched for presale in phases beginning from the second quarter of this year.**
- **Due to the changes in the market environment, the presale programme for one of the office towers in the Regal Renaissance in Tianjin has also been deferred to commence in the second quarter of 2021.**
- **The Group has successfully presold virtually all the residential units in the third stage of the development in Chengdu at satisfactory prices and the profits to be derived will be accounted for in the financial year ending 31st December, 2021 after the third stage development is completed.**
- **When the other components in the Regal Cosmopolitan City and the Regal Renaissance are gradually sold and their development works completed, they will generate to the Group further substantial cashflow and profits in the ensuing years.**
- **The Group believes in the prospects of the economy in China and will continue to look for appropriate investment opportunities in China to strengthen and broaden its assets base.**

FINANCIAL RESULTS

For the year ended 31st December, 2020, the Company recorded a loss attributable to shareholders of HK\$123.5 million, while for the preceding year, a loss of HK\$170.3 million was incurred.

BUSINESS OVERVIEW

Although faced with a very difficult and challenging environment from the beginning of 2020, both locally and internationally, the central government of China took prompt measures to control the spread of the COVID-19 pandemic and implemented different policies to stabilise employment, foreign trade and domestic demand. These initiatives have enabled the economy in China to recover steadily since the second quarter of 2020. Overall for the year of 2020, China attained a year-on-year growth of 2.3% in its Gross Domestic Product, which is the only major economy in the world that managed to achieve positive economic growth in 2020.

Likewise, the property market in China also revived gradually after a sharp decline in the first two months of 2020. For the year as a whole, the overall transacted volume and average unit price of primary property commodity units were both maintained at steady levels as compared with the prior years. It is expected that the central government of China will continue its policy measures to restrain speculative activities on residential commodity units and to reduce the financial leverage levels of property developers as well as property purchasers, with an objective to ensuring that the real estate market in the Mainland will grow healthily under a steady environment.

Up till now, substantially all the 1,555 residential units comprised in the ten residential towers in the third stage of the Regal Cosmopolitan City in Chengdu, China have been presold, at prices which are significantly higher than those achieved in the first and second stages of the development. The third stage development also contains commercial accommodations and car parking spaces and the presales of the shops and car parks have commenced in the second half of 2020. The entire third stage development is targeted to be completed in mid-2021. The remaining components of this composite development also include a 325-room hotel, a six-

storey commercial complex and five towers of office accommodations, the development works for which are all progressing steadily. One of the office towers is now scheduled to be launched for presale in the second quarter of this year, with the other four office towers to follow in phases.

As regards the other composite development project in China, the Regal Renaissance in Tianjin, the superstructure works of the two office towers and commercial podium are progressing smoothly as planned, which are targeted to be completed in the fourth quarter of 2022. Due to the changes in the market environment, the presale programme for one of the office towers has also been deferred to commence in the second quarter of 2021.

Further detailed information on the Group's two major development projects in Chengdu and Tianjin, the reforestation and land grant project in Urumqi, Xinjiang as well as the Group's other investments is contained in the section headed "Management Discussion and Analysis" in this announcement.

OUTLOOK

The outlook for 2021 is still overshadowed with many uncertainties, particularly in the international political arena. While many countries have already started to rollout vaccination programmes for their citizens to combat the COVID-19 pandemic, it is hoped that the global economy would recover gradually from the second half of this year.

The Group has successfully presold virtually all the residential units in the third stage of the development in Chengdu at satisfactory prices and the profits to be derived will be accounted for in the financial year ending 31st December, 2021 after the third stage development is completed. Apart from the residential portion, there are other major components comprised within the two major development projects in Chengdu and Tianjin. The presale programmes for the office towers in these two developments are now planned to be launched in stages within this year. When these other components are gradually sold and their development works completed, they will generate to the Group further substantial cashflow and profits in the ensuing years.

The Group believes in the prospects of the economy in China and will continue to look for appropriate investment opportunities in China to strengthen and broaden its assets base.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in property development and investment, which are mainly focused in the PRC, and other investments including financial assets investments.

The operating performance of the Group's property and other investment businesses during the year under review and future prospects are contained in the sections headed "Business Overview" and "Outlook" above as well as in this sub-section.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the above section headed "Business Overview" and this sub-section.

A brief review on the property projects currently undertaken by the Group in the PRC and the Group's other investments is set out below.

Property Development

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in steady progress and targeted to be completed around mid-2021. Substantially all the residential units in the third stage have

been presold, at prices which are significantly higher than those attained in the first and second stages of the development. Total sales proceeds amount to approximately RMB2,029.2 million (HK\$2,423.1 million), of which approximately RMB1,951.8 million (HK\$2,330.6 million) have already been received by the Group as deposits under the presale contracts.

Presale of the shops in the third stage of about 2,350 square metres (25,300 square feet) has been launched in July 2020. Up to date, a total of 1,377 square meters (14,822 square feet) of shops have been presold under contracts, at aggregate sale considerations of approximately RMB48.5 million (HK\$57.9 million). Presale of 1,389 car parking spaces has also been launched in the third quarter of 2020. Up to date, a total of 235 car parking spaces have been presold under contracts, for aggregate sales proceeds of approximately RMB27.3 million (HK\$32.6 million).

The interior design works with a revised scheme for the 325-room hotel are progressing in full swing. The interior fitting-out works are scheduled to commence in the third quarter of 2021 and the hotel is anticipated to open in phases from the third quarter of 2022.

The construction works of the remaining commercial components within the development, comprising a six-storey commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet) are in steady progress. The substructure and superstructure works are targeted to be completed in June 2021 and mid-2023, respectively. The market repositioning works of the six-storey commercial complex are in progress. Presale of one office tower consisting of 434 units with a total of about 20,000 square metres (215,200 square feet) is expected to be launched in the second quarter of 2021. The presale of the remaining four office towers consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet) will follow in phases.

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and sale contracts have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

The superstructure works of the two office towers and their commercial podium are progressing and planned to be completed in the fourth quarter of 2022. Presale of one office tower consisting of 137 units with a total of about 17,530 square metres (188,700 square feet) is planned to be launched in the second quarter of 2021. The presale of the other office tower, consisting of 247 units with a total of about 39,210 square metres (422,000 square feet), will be launched in phases thereafter. The market positioning works for the commercial podium are in progress.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu undertaken in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (1,228,700 square metres) would be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

The Group continues to maintain the re-forested area and communicate with the relevant government authority to initiate appropriate measures to settle the disputes over certain portions of the land in the project site that have been illegally occupied. Based on the legal advice obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective.

Other Investments

Investment in shares of AMTD International Inc.

As previously disclosed, the Group, through its wholly owned subsidiary incorporated in the PRC, entered into certain deposit agreements and loan agreements for the possible investment

in a logistics services provider in the PRC, pursuant to which the Group has paid deposits and granted loans to the vendor and the target investee group, which amounted to RMB372.1 million (including interest receivable and net of tax provision) in the books of the Group as at 31st December, 2019.

On 31st December, 2019, the Group entered into an agreement with an independent purchaser for the disposal of its entire interests in those companies directly and indirectly owning such deposits and loans for a consideration of HK\$400 million. The transaction was duly completed on 31st March, 2020 and the sale consideration received by the Group was applied to purchase 6,069,000 Class A ordinary shares of AMTD International Inc..

AMTD is a reputable financial services provider in the Asia Pacific, with dual listings on the New York Stock Exchange and the Singapore Stock Exchange. The Group expects to be able to leverage on the strategic co-operative relationship with AMTD to explore and capture new business and investment opportunities through its intensive business network. The AMTD shares are being held by the Group as equity investments at fair value through other comprehensive income.

PRC Real Estate Company

In July 2019, the Group acquired an 80% equity interest in and also provided pro rata shareholder's loan to an investee company incorporated in the PRC. The investee company has purchased 10% equity interest in another PRC-incorporated real estate company that partners with various reputable real estate developers and undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. The Group anticipates that, through its participation in the investee company, the Group could have access to more business opportunities for property development in the PRC, either to be undertaken on its own or on a joint basis.

Carbon Assets

The Group entered into a memorandum of understanding (MOU) with certain independent third parties in June 2019 for the possible investment by the Group in an operating company principally engaged in the management and trading of tradable or transferable China Certified Emissions Reduction (Carbon Assets) in China.

Up to 31st July, 2020, the last extended date of the MOU, no formal agreement had been entered into among the parties. The MOU had accordingly lapsed and was terminated.

FINANCIAL REVIEW

ASSETS VALUE

As at 31st December, 2020, the Group's net assets attributable to equity holders of the parent amounted to HK\$1,494.3 million, representing approximately HK\$0.18 per share (including ordinary share and convertible preference share).

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

The acquisition of the two ongoing development projects in the PRC in 2013 had been financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. With an objective to align the due dates of the considerations payable with the latest progress and completion schedules of the two development projects, by virtue of the agreements entered into between the Group and the vendors and completed in 2016, (i) the consideration payables owing to one of the vendors were refinanced by new 5-year loan facilities, and (ii) the consideration payable owing to the other vendor was repaid through its subscription of the optional convertible bonds issued by the Group.

Construction and related costs for the property projects for the time being are principally financed by internal resources and proceeds from the presale of the units. Project financing may be arranged on appropriate terms to cover a portion of the land cost and/or the construction cost, with the loan maturity matching with the estimated project completion date.

Cash Flows

Net cash flows generated from operating activities during the year under review amounted to HK\$773.1 million (2019 – HK\$2.6 million). Net interest payment for the year amounted to HK\$86.8 million (2019 – HK\$91.0 million).

Borrowings and Gearing

As at 31st December, 2020, the Group had cash and bank balances and deposits of HK\$269.9 million (2019 – HK\$692.6 million) and the Group’s borrowings including convertible bonds, net of cash and bank balances and deposits, amounted to HK\$771.5 million (2019 – HK\$1,638.7 million).

As at 31st December, 2020, the gearing ratio of the Group was 13.4% (2019 – 30.6%), representing the Group’s borrowings including convertible bonds, net of cash and bank balances and deposits, of HK\$771.5 million (2019 – HK\$1,638.7 million), as compared to the total assets of the Group of HK\$5,769.0 million (2019 – HK\$5,347.6 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2020 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2020 (the “2020 Annual Report”) to be published on or before 30th April, 2021.

Lease Liabilities

As at 31st December, 2020, the Group had lease liabilities of HK\$1.2 million (2019 – HK\$1.1 million).

Pledge of Assets

As at 31st December, 2020, certain of the Group’s bank deposits and financial assets at fair value through profit or loss in the amount of HK\$24.7 million (2019 – HK\$28.9 million) were pledged to secure general banking facilities granted to the Group.

In addition, the Group’s equity interests in the relevant holding companies of the Group’s property development projects were pledged to secure the other borrowings and the related interest payable in respect of a loan facility from a fellow subsidiary.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2020 are shown in the Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2020 are shown in the Financial Statements.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2020 (2019 – Nil). No interim dividend was paid for the year ended 31st December, 2020 (2019 – Nil).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Tuesday, 8th June, 2021. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2020 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2021 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Thursday, 3rd June, 2021 to Tuesday, 8th June, 2021, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2021 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 2nd June, 2021.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2020	Year ended 31st December, 2019
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	69.6	119.6
Cost of sales	(43.9)	(87.3)
Gross profit	25.7	32.3
Other income (Note 3)	18.3	69.2
Fair value gains on investment properties, net	2.3	3.1
Fair value losses on financial assets at fair value through profit or loss, net	(48.9)	(24.6)
Gain on disposal of subsidiaries	68.9	–
Gain/(Loss) on disposal of investment properties, net	(0.7)	3.9
Property selling and marketing expenses	(9.1)	(18.8)
Administrative expenses	(63.5)	(78.9)
OPERATING LOSS BEFORE DEPRECIATION AND AMORTISATION	(7.0)	(13.8)
Depreciation and amortisation	(3.2)	(2.8)
OPERATING LOSS (Note 4)	(10.2)	(16.6)
Finance costs (Note 5)	(104.3)	(127.6)
LOSS BEFORE TAX	(114.5)	(144.2)
Income tax (Note 6)	(9.0)	(26.1)
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(123.5)	(170.3)

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2020	Year ended 31st December, 2019
	HK\$'M	HK\$'M
Attributable to:		
Equity holders of the parent	(123.5)	(170.3)
Non-controlling interests	–	–
	<u>(123.5)</u>	<u>(170.3)</u>
LOSS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<u>HK(1.65) cents</u>	<u>HK(2.52) cents</u>

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2020	Year ended 31st December, 2019
	HK\$'M	HK\$'M
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(123.5)	(170.3)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	81.7	(42.9)
Reclassification adjustment on disposal of foreign operation	71.1	–
	<u>152.8</u>	<u>(42.9)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Fair value loss on equity investments designated at fair value through other comprehensive income	(217.2)	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(64.4)</u>	<u>(42.9)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(187.9)</u>	<u>(213.2)</u>
Attributable to:		
Equity holders of the parent	(187.9)	(213.2)
Non-controlling interests	–	–
	<u>(187.9)</u>	<u>(213.2)</u>

Consolidated Statement of Financial Position

	31st December, 2020	31st December, 2019
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	11.5	11.8
Investment properties	94.5	89.9
Right-of-use assets	1.2	1.1
Properties under development	–	907.2
Investment in a joint venture	2.4	2.4
Deposits and prepayments (Note 9)	114.3	139.1
Equity investments designated at fair value through other comprehensive income	356.0	–
Goodwill	235.1	235.1
Intangible asset	0.7	2.0
Total non-current assets	<u>815.7</u>	<u>1,388.6</u>
CURRENT ASSETS		
Properties under development	3,854.2	2,067.1
Properties held for sale	538.4	551.1
Loans receivable (Note 10)	–	167.3
Deposits, prepayments and other assets (Note 9)	186.6	327.8
Financial assets at fair value through profit or loss	104.2	153.1
Restricted cash	27.3	356.8
Pledged bank balances	1.0	0.5
Time deposits	149.1	64.7
Cash and bank balances	92.5	270.6
Total current assets	<u>4,953.3</u>	<u>3,959.0</u>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2020	31st December, 2019
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals	(380.7)	(292.1)
Contract liabilities	(2,377.0)	(1,093.8)
Deposits received	(116.2)	(58.3)
Interest bearing bank borrowing	(12.5)	(15.5)
Other borrowings (Note 11)	(535.9)	(301.5)
Convertible bonds	(493.0)	–
Lease liabilities	(0.5)	(0.8)
Tax payable	(6.1)	(20.3)
Total current liabilities	<u>(3,921.9)</u>	<u>(1,782.3)</u>
NET CURRENT ASSETS	<u>1,031.4</u>	<u>2,176.7</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,847.1</u>	<u>3,565.3</u>
NON-CURRENT LIABILITIES		
Creditors and accruals	(32.8)	(32.6)
Deposits received	(2.7)	(3.0)
Other borrowings (Note 11)	–	(1,062.0)
Convertible bonds	–	(952.3)
Lease liabilities	(0.7)	(0.3)
Deferred tax liabilities	(316.6)	(315.2)
Total non-current liabilities	<u>(352.8)</u>	<u>(2,365.4)</u>
Net assets	<u>1,494.3</u>	<u>1,199.9</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	16.4	13.5
Reserves	1,477.9	1,186.4
	<u>1,494.3</u>	<u>1,199.9</u>
Non-controlling interests	<u>–</u>	<u>–</u>
Total equity	<u>1,494.3</u>	<u>1,199.9</u>

Notes:

1. Basis of Preparation and Accounting Policies

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except when otherwise indicated.

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in

financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1st January, 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any impact on the financial position and performance of the Group.

2. Operating Segment Information

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

- (a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and
- (b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

Segment assets exclude loans receivable, investment deposits, restricted cash, pledged bank balances, time deposits, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible bonds, interest bearing bank borrowing, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2020 and 2019:

	Property development and investment		Financial assets investments		Consolidated	
	2020	2019	2020	2019	2020	2019
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue (Note 3):						
Sales to external customers	66.2	112.5	3.4	7.1	69.6	119.6
Segment results before depreciation and amortisation	(14.1)	(23.1)	(45.5)	(17.5)	(59.6)	(40.6)
Depreciation and amortisation	(3.1)	(2.4)	–	–	(3.1)	(2.4)
Segment results	(17.2)	(25.5)	(45.5)	(17.5)	(62.7)	(43.0)
Unallocated interest income and unallocated non-operating and corporate gains					81.5	68.7
Unallocated non-operating and corporate expenses					(29.1)	(42.4)
Finance costs (other than interest on lease liabilities)	(57.1)	(66.3)	–	–	(57.1)	(66.3)
Unallocated finance costs					(47.1)	(61.2)
Loss before tax					(114.5)	(144.2)
Income tax					(9.0)	(26.1)
Loss for the year before allocation between equity holders of the parent and non-controlling interests					(123.5)	(170.3)
Attributable to:						
Equity holders of the parent					(123.5)	(170.3)
Non-controlling interests					–	–
					(123.5)	(170.3)

	Property development and investment		Financial assets investments		Consolidated	
	2020	2019	2020	2019	2020	2019
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment assets	5,080.6	4,078.6	415.1	153.4	5,495.7	4,232.0
Investment in a joint venture	2.4	2.4	–	–	2.4	2.4
Cash and unallocated assets					270.9	1,113.2
Total assets					5,769.0	5,347.6
Segment liabilities	(3,443.6)	(2,831.1)	–	–	(3,443.6)	(2,831.1)
Unallocated liabilities					(831.1)	(1,316.6)
Total liabilities					(4,274.7)	(4,147.7)
Other segment information:						
Capital expenditure	738.6	418.6	–	–		
Fair value losses on financial assets at fair value through profit or loss, net	–	–	48.9	24.6		
(Gain)/Loss on disposal of investment properties, net	0.7	(3.9)	–	–		
Fair value gains on investment properties, net	(2.3)	(3.1)	–	–		

Geographical information

(a) Revenue from external customers

	2020	2019
	HK\$'M	HK\$'M
Hong Kong	3.4	7.1
Mainland China	66.2	112.5
	<hr/> 69.6 <hr/>	<hr/> 119.6 <hr/>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2020	2019
	HK\$'M	HK\$'M
Hong Kong	–	0.1
Mainland China	459.7	1,388.4
	<hr/> 459.7 <hr/>	<hr/> 1,388.5 <hr/>

The non-current assets information above is based on the locations of assets and excludes financial instruments.

Information about a major customer

No further information about a major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer.

3. Revenue and other income are analysed as follows:

	2020	2019
	HK\$'M	HK\$'M
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	64.5	108.8
<i>Revenue from other sources</i>		
Rental income	1.7	3.7
Dividend income from listed investments	3.4	7.1
	69.6	119.6
<u>Other income</u>		
Bank interest income	12.6	4.2
Other interest income	–	64.5
Others	5.7	0.5
	18.3	69.2

4. An analysis of profit on sale of properties and depreciation and amortisation of the Group is as follows:

	2020	2019
	HK\$'M	HK\$'M
Profit on disposal of properties, net	19.9	26.5
Depreciation of property, plant and equipment	1.1	1.3
Depreciation of right-of-use assets	0.7	0.8
Amortisation of intangible asset	1.4	0.7
	3.2	2.8

5. Finance costs of the Group are as follows:

	2020	2019
	HK\$'M	HK\$'M
Interest on a bank loan	0.3	0.2
Interest on convertible bonds	46.8	61.0
Interest on other borrowings	66.0	65.1
Interest expenses arising from revenue contracts	82.2	27.0
Interest on lease liabilities	0.1	0.1
	195.4	153.4
Less: Finance costs capitalised	(91.1)	(25.8)
	104.3	127.6

6. The income tax charge for the year arose as follows:

	2020	2019
	HK\$'M	HK\$'M
Current – PRC		
Corporate income tax	7.6	17.3
Land appreciation tax	0.7	1.1
Deferred	0.7	7.7
Total tax charge for the year	9.0	26.1

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2019 – Nil).

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates

ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the year (2019 – Nil).

7. Dividend

No dividend was paid or proposed during the year ended 31st December, 2020, nor has any dividend been proposed since the end of the reporting period (2019 – Nil).

8. (a) Basic loss per share

The calculation of the basic loss per share for the year ended 31st December, 2020 is based on the loss for the year attributable to equity holders of the parent of HK\$123.5 million (2019 – HK\$170.3 million) and on the weighted average of 7,497.1 million (2019 – 6,759.4 million) shares of the Company in issue (including ordinary shares and convertible preference shares) during the year ended 31st December, 2020.

(b) Diluted loss per share

No adjustment has been made to the loss per share amount presented for the years ended 31st December, 2020 and 2019 in respect of a dilution, as the impact of the convertible bonds outstanding during the years had an anti-dilutive effect on the loss per share amount presented.

9. Deposits, prepayments and other assets are analysed as follows:

	2020	2019
	HK\$'M	HK\$'M
Non-current		
Prepayments (Note (a))	114.3	96.5
Investment deposits (Note (b))	–	42.5
Deposits	–	0.1
	114.3	139.1
Current		
Trade debtors (Note (c))	1.8	–
Contract costs	24.3	8.5
Prepayments	150.9	55.3
Investment deposits (Note (d))	–	189.6
Deposits	0.2	0.2
Other receivables	9.4	88.8
	186.6	342.4
Impairment	–	(14.6)
	186.6	327.8

Notes:

- (a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In accordance with the prevailing relevant policies and regulations, upon the agreed completion (which has to be certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be entitled to monetary compensation with reference to the valuation of the land use right in respect of 30% of the overall

project area for development purposes and to participate in the tender of such land use right.

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant policies and regulations. Despite the delay in the progress of the re-forestation works, based on the latest legal opinion obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective and the Directors of the Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with the applicable policies and regulations.

- (b) In July 2019, the Group acquired an 80% equity interest in a PRC-incorporated company at a consideration of RMB21.6 million (HK\$24.1 million). The investee company has contributed RMB16.5 million (HK\$18.4 million) for a 10% equity interest in another PRC-incorporated real estate company that partners with various reputable real estate developers and undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. The amounts were reclassified from investment deposits to equity investments designated at fair value through other comprehensive income upon completion of the relevant registration of the equity interest with the local authority in July 2020.
- (c) Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over certain of these balances.

The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	0.8	–
Between 4 to 6 months	0.3	–
Between 6 to 12 months	0.3	–
Over 12 months	0.4	–
	<u>1.8</u>	<u>–</u>

- (d) The amount was related to the deposits in an aggregate amount of RMB170 million (HK\$189.6 million) paid in relation to a possible investment by the Group in a sizeable logistics services provider in the PRC. As further explained in Note 10 below, the Group completed the disposal of its entire interests in the wholly owned subsidiaries that directly and indirectly own the investment deposits on 31st March, 2020.

10. Loans receivable are analysed as follows:

	2020	2019
	HK\$'M	HK\$'M
Short term secured loans	–	167.3

On 16th August, 2018, the Group entered into a deposit agreement (the “Deposit Agreement”) in relation to the possible investment by the Group in a sizeable logistics services provider that is principally operating logistics and express delivery services and the development and operation of logistics parks in the PRC. Pursuant to the Deposit Agreement, the Group paid a deposit of RMB70 million (HK\$78.1 million) to the vendor and was granted an exclusivity period of 18 months to conduct bona fide negotiations to settle the terms of the possible investment. Following further negotiations with the vendor, the Group agreed to increase the deposit under the Deposit

Agreement from RMB70 million (HK\$78.1 million) to RMB170 million (HK\$189.6 million) and to grant loan facilities to the target investee group in an aggregate loan amount of RMB150 million (HK\$167.3 million) which were fully utilised as at 31st December, 2019.

The short term secured loans bore interest at 18% to 24% per annum. The deposits and the loan amounts outstanding under the loan facilities were primarily secured by equity pledges over certain PRC companies associated with the vendor, guarantees provided by the vendor and certain of his associates, and pledges over the receivables of the target investee group and certain associates of the vendor. The short term secured loans were overdue as at 31st December, 2019.

On 31st December, 2019, the Group entered into an agreement with another independent purchaser for the disposal of its entire interests in certain wholly owned subsidiaries that directly and indirectly own the investment deposits and loans for a consideration of HK\$400 million, which was determined with reference to the total outstanding amount of those deposits and loans, together with the interest accrued on the loans up to 31st December, 2019. The disposal was completed on 31st March, 2020 and a disposal gain of HK\$68.9 million was recognised for the year ended 31st December, 2020.

11. Other borrowings are analysed as follows:

	2020	2019
	HK\$'M	HK\$'M
Non-current		
Other borrowings	–	1,062.0
	<u> </u>	<u> </u>
Current		
Other borrowings	535.9	301.5
	<u> </u>	<u> </u>

Other borrowings, comprising a term loan of HK\$535.9 million (2019 – term loan of HK\$1,062 million and revolving loan of HK\$301.5 million) from a fellow subsidiary,

are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and bear interest at 5% per annum. The term loan is repayable on 12th October, 2021 and was accordingly classified as a current other borrowing as at 31st December, 2020.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2020.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2020, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2020, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Non-Executive Director and Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Articles of Association of the Company, all Directors (including the Non-

Executive Director and the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Jimmy LO Chun To

(Vice Chairman and Managing Director)

Miss LO Po Man

(Vice Chairman)

Mr. Kenneth WONG Po Man

(Chief Operating Officer)

Mr. Kelvin LEUNG So Po

(Chief Financial Officer)

Mr. Kenneth NG Kwai Kai

Non-Executive Director:

Mr. Francis BONG Shu Ying

Independent Non-Executive Directors:

Ms. Alice KAN Lai Kuen

Mr. LEE Choy Sang

Mr. David LI Ka Fai

Hon Abraham SHEK Lai Him, GBS, JP

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 23rd March, 2021