



**KADER**

*Manufacturing Trust*

**KADER HOLDINGS COMPANY LIMITED**

(Incorporated in Bermuda with limited liability)

---

**INTERIM REPORT 2022**

(Stock Code : 180)

## Interim Results For the Six Months Ended 30 June 2022

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2022 – unaudited*

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Revenue</b>	5 & 6	<b>161,136</b>	157,881
Other revenue and other net (loss)/income		<b>(6,366)</b>	12,614
Changes in inventories of finished goods and work in progress		<b>27,389</b>	13,407
Cost of purchase of finished goods		<b>(20,106)</b>	(22,528)
Raw materials and consumables used		<b>(17,217)</b>	(9,577)
Staff costs		<b>(83,660)</b>	(78,432)
Depreciation		<b>(19,912)</b>	(18,544)
Other operating expenses		<b>(54,284)</b>	(51,888)
<b>(Loss)/profit from operations</b>		<b>(13,020)</b>	2,933
Finance costs	7(a)	<b>(4,034)</b>	(3,440)
Share of profits less losses of associates		<b>(6,357)</b>	(9,744)
(Deficit)/surplus on revaluation of investment properties	10(d)	<b>(3,550)</b>	23,995
<b>(Loss)/profit before taxation</b>	7	<b>(26,961)</b>	13,744
Income tax (expense)/credit	8	<b>(2,656)</b>	681
<b>(Loss)/profit for the period</b>		<b>(29,617)</b>	14,425
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(30,502)</b>	13,740
Non-controlling interests		<b>885</b>	685
<b>(Loss)/profit for the period</b>		<b>(29,617)</b>	14,425
<b>(Loss)/earnings per share</b>	9		
Basic		<b>(3.21¢)</b>	1.45¢
Diluted		<b>(3.21¢)</b>	1.45¢

The notes on pages 7 to 23 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022 – unaudited*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>(Loss)/profit for the period</b>	<b>(29,617)</b>	14,425
<b>Other comprehensive income for the period: (after tax and reclassification adjustments)</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$Nil tax	(6,125)	2,546
Item that will not be reclassified to profit or loss:		
Surplus on revaluation of land and buildings held for own use upon change of use to investment properties, net of HK\$Nil tax	—	18,891
<b>Total comprehensive income for the period</b>	<b>(35,742)</b>	35,862
<b>Attributable to:</b>		
Equity shareholders of the Company	(36,396)	35,117
Non-controlling interests	654	745
<b>Total comprehensive income for the period</b>	<b>(35,742)</b>	35,862

The notes on pages 7 to 23 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022 – unaudited*

		At <b>30 June 2022</b>	At 31 December 2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties	10	<b>2,058,025</b>	2,059,744
Other property, plant and equipment	10	<b>215,284</b>	230,106
		<b>2,273,309</b>	2,289,850
Intangible assets		<b>368</b>	385
Interests in associates		<b>64,208</b>	65,044
Other financial assets	16(a)	<b>47,636</b>	45,545
Deposits and prepayments		<b>56,979</b>	22,447
Deferred tax assets		<b>7,168</b>	8,039
		<b>2,449,668</b>	2,431,310
<b>Current assets</b>			
Trading securities	16(a)	<b>13,147</b>	13,224
Inventories	11	<b>238,519</b>	221,269
Current tax recoverable		<b>128</b>	358
Loans to an associate		<b>42,547</b>	41,306
Trade and other receivables	12	<b>77,054</b>	103,739
Cash and cash equivalents	13	<b>84,170</b>	88,050
		<b>455,565</b>	467,946
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	14	<b>141,196</b>	140,913
Bank loans		<b>409,537</b>	361,722
Lease liabilities		<b>7,758</b>	8,748
Current tax payable		<b>40,441</b>	39,538
		<b>598,932</b>	550,921
<b>Net current liabilities</b>		<b>(143,367)</b>	(82,975)
<b>Total assets less current liabilities carried forward</b>		<b>2,306,301</b>	2,348,335

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

*As at 30 June 2022 – unaudited*

	<b>At 30 June 2022</b>	At 31 December 2021
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total assets less current liabilities brought forward</b>	<b>2,306,301</b>	2,348,335
<b>Non-current liabilities</b>		
Bank loan	<b>12,580</b>	14,068
Lease liabilities	<b>31,161</b>	35,710
Rental deposits	<b>3,623</b>	3,623
Deferred tax liabilities	<b>25,089</b>	25,402
Accrued employee benefits	<b>58</b>	–
	<b>72,511</b>	78,803
<b>NET ASSETS</b>	<b>2,233,790</b>	2,269,532
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>95,059</b>	95,059
Reserves	<b>2,133,131</b>	2,169,527
<b>Total equity attributable to equity shareholders of the Company</b>	<b>2,228,190</b>	2,264,586
<b>Non-controlling interests</b>	<b>5,600</b>	4,946
<b>TOTAL EQUITY</b>	<b>2,233,790</b>	2,269,532

The notes on pages 7 to 23 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2022 – unaudited*

	Attributable to equity shareholders of the Company									
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Land and buildings revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2021	95,059	185,138	10,815	173,397	(22,744)	62,667	1,697,401	2,201,733	3,822	2,205,555
<b>Changes in equity for the six months ended 30 June 2021:</b>										
Total comprehensive income for the period	-	-	-	-	2,486	18,891	13,740	35,117	745	35,862
Balances at 30 June 2021 and 1 July 2021	95,059	185,138	10,815	173,397	(20,258)	81,558	1,711,141	2,236,850	4,567	2,241,417
<b>Changes in equity for the six months ended 31 December 2021:</b>										
Total comprehensive income for the period	-	-	-	-	(4,963)	497	32,202	27,736	379	28,115
Balances at 31 December 2021 and 1 January 2022	95,059	185,138	10,815	173,397	(25,221)	82,055	1,743,343	2,264,586	4,946	2,269,532
<b>Changes in equity for the six months ended 30 June 2022:</b>										
Total comprehensive income for the period	-	-	-	-	(5,894)	-	(30,502)	(36,396)	654	(35,742)
Balance at 30 June 2022	<u>95,059</u>	<u>185,138</u>	<u>10,815</u>	<u>173,397</u>	<u>(31,115)</u>	<u>82,055</u>	<u>1,712,841</u>	<u>2,228,190</u>	<u>5,600</u>	<u>2,233,790</u>

The notes on pages 7 to 23 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 – unaudited

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Operating activities</b>			
Cash generated from operations		17,441	64,087
Tax refunded/(paid)		281	(141)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>17,722</b>	<b>63,946</b>
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(14,524)	(27,991)
Proceeds from sale of property, plant and equipment		–	332
Payment for the purchase of trading securities		(4,238)	(14,444)
Payment for the purchase of other financial assets		(2,899)	(1,560)
Proceeds from sales of trading securities		1,630	11,335
Proceeds from sales of other financial assets		–	1,180
Increase in non-current deposits and prepayments		(34,532)	(3,065)
Increase in amounts due from associates		(457)	(4,022)
Loans advanced to an associate		(1,241)	(5,298)
Interest received		1,591	1,526
Capital injection to an associate		(2,438)	–
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(57,108)</b>	<b>(42,007)</b>
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Financing activities</b>			
Capital element of lease rentals paid		(4,032)	(4,610)
Interest element of lease rentals paid		(868)	(1,037)
Proceeds from new bank loans		346,000	260,000
Repayment of bank loans		(298,487)	(260,520)
Interest paid		(3,166)	(2,403)
		<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>		<b>39,447</b>	<b>(8,570)</b>
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net increase in cash and cash equivalents</b>		<b>61</b>	<b>13,369</b>
<b>Cash and cash equivalents at 1 January</b>	<i>13</i>	<b>88,050</b>	<b>88,964</b>
<b>Effect of foreign exchanges rates changes</b>		<b>(3,941)</b>	<b>1,035</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June</b>	<i>13</i>	<b>84,170</b>	<b>103,368</b>
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

The notes on pages 7 to 23 form part of this interim financial report.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1. Reporting entity

Kader Holdings Company Limited is a company domiciled in Bermuda. The interim financial report of the Company as at and for the six months ended 30 June 2022 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

The financial report of the Group as at and for the year ended 31 December 2021 are available upon request from the Company’s principal office at 11/F, 22 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong or at <http://www.kaderholdings.com>.

### 2. Basis of preparation

The interim financial report for the six months ended 30 June 2022 comprises the Group and the Group’s interests in associates.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report was approved by the Board of Directors and authorised for issue on 30 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

As at 30 June 2022, the Group recorded net current liabilities of HK\$143,367,000 (31 December 2021: HK\$82,975,000). Despite the net current liabilities as at 30 June 2022, the Group’s cash and cash equivalents amounted to HK\$84,170,000 (31 December 2021: HK\$88,050,000) on the same day and the Group recorded net cash generated from operating activities of HK\$17,722,000 during the six months ended 30 June 2022 (during the year ended 31 December 2021: HK\$55,736,000). Furthermore, based on the unutilised banking facilities of HK\$424,664,000 (31 December 2021: HK\$414,949,000), the directors are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due for at least twelve months from 30 June 2022. Accordingly, the Group’s interim financial report has been prepared on a going concern basis.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

### 3. Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. Estimates

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

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

### 5. Revenue and segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Toys and model trains:	The manufacture and sale of plastic, electronic and stuffed toys and model trains. These products are manufactured in the Group's manufacturing facilities located in Mainland China.
Property investment:	The leasing of office premises and industrial building to generate rental income and to gain from the appreciation in the properties' value in the long term.
Investment holding:	The investment in securities.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

### 5. Revenue and segment reporting (Continued)

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by significant category of revenue is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
– Sales of goods	136,450	133,175
<b>Revenue from other sources</b>		
– Gross rentals from investment properties	24,686	24,706
	<u>161,136</u>	<u>157,881</u>

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue in both 2021 and 2022.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

### 5. Revenue and segment reporting *(Continued)*

#### (b) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of intangible assets, interests in associates, deferred tax assets, current tax recoverable, cash and cash equivalents, loans to an associate and other corporate assets. Segment liabilities include all liabilities with the exception of amount due to an associate, current tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

### 5. Revenue and segment reporting (Continued)

#### (b) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Toys and model trains		Property investment		Investment holding		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
For the six months ended 30 June	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Revenue from external customers	136,450	133,175	24,686	24,706	-	-	161,136	157,881
Inter-segment revenue	-	-	848	762	-	-	848	762
<b>Reportable segment revenue</b>	<b>136,450</b>	<b>133,175</b>	<b>25,534</b>	<b>25,468</b>	<b>-</b>	<b>-</b>	<b>161,984</b>	<b>158,643</b>
<b>Reportable segment(loss)/profit (adjusted EBITDA)</b>	<b>(3,291)</b>	<b>(8,208)</b>	<b>19,405</b>	<b>19,779</b>	<b>(2,839)</b>	<b>(2,691)</b>	<b>13,275</b>	<b>8,880</b>
Additions to non-current segment assets during the period	14,567	17,510	35,145	11,339	2,899	1,560	52,611	30,409
	Toys and model trains		Property investment		Investment holding		Total	
	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Reportable segment assets</b>	<b>514,849</b>	<b>546,774</b>	<b>2,141,650</b>	<b>2,098,735</b>	<b>437,895</b>	<b>443,374</b>	<b>3,094,394</b>	<b>3,088,883</b>
<b>Reportable segment liabilities</b>	<b>873,160</b>	<b>861,500</b>	<b>75,339</b>	<b>53,498</b>	<b>5,442</b>	<b>5,499</b>	<b>953,941</b>	<b>920,497</b>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT** *(Continued)*

**5. Revenue and segment reporting** *(Continued)*

**(c) Reconciliations of reportable segment revenue, profit, assets and liabilities**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Reportable segment revenue	<b>161,984</b>	158,643
Elimination of inter-segment revenue	<b>(848)</b>	(762)
	<u>161,136</u>	<u>157,881</u>
<b>Profit</b>		
Reportable segment profit	<b>13,275</b>	8,880
Elimination of inter-segment profit	<b>—</b>	—
	<u>13,275</u>	<u>8,880</u>
Reportable segment profit derived from Group's external customers	<b>13,275</b>	8,880
Other revenue and other net (loss)/income	<b>(6,366)</b>	12,614
Depreciation and amortisation	<b>(19,929)</b>	(18,561)
Finance costs	<b>(4,034)</b>	(3,440)
Share of profits less losses of associates	<b>(6,357)</b>	(9,744)
(Deficit)/surplus on revaluation of investment properties	<b>(3,550)</b>	23,995
	<u>(3,550)</u>	<u>23,995</u>
Consolidated (loss)/profit before taxation	<b>(26,961)</b>	13,744
	<u>(26,961)</u>	<u>13,744</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT** *(Continued)*

**5. Revenue and segment reporting** *(Continued)*

**(c) Reconciliations of reportable segment revenue, profit, assets and liabilities**  
*(Continued)*

	At <b>30 June</b> <b>2022</b> <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	<b>3,094,394</b>	3,088,883
Elimination of inter-segment receivables	<b>(387,750)</b>	(392,809)
	<b>2,706,644</b>	2,696,074
Intangible assets	<b>368</b>	385
Interests in associates	<b>64,208</b>	65,044
Loans to an associate	<b>42,547</b>	41,306
Current tax recoverable	<b>128</b>	358
Deferred tax assets	<b>7,168</b>	8,039
Cash and cash equivalents	<b>84,170</b>	88,050
Consolidated total assets	<b>2,905,233</b>	2,899,256
<b>Liabilities</b>		
Reportable segment liabilities	<b>953,941</b>	920,497
Elimination of inter-segment payables	<b>(387,750)</b>	(392,808)
	<b>566,191</b>	527,689
Amount due to an associate	<b>39,722</b>	37,095
Current tax payable	<b>40,441</b>	39,538
Deferred tax liabilities	<b>25,089</b>	25,402
Consolidated total liabilities	<b>671,443</b>	629,724

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

### 6. Seasonality of operations

The Group's toys and model trains division, a separate business segment (see note 5), on average experiences higher sales in the second half of the year, compared to the first half of the year, due to increased demand for its products during the holiday season. As such, the first half of the year generally reports lower revenue and segment results for this segment than the second half.

### 7. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
<b>(a) Finance costs</b>		
Interest on bank loans	3,166	2,403
Interest on lease liabilities	868	1,037
	4,034	3,440
<b>(b) Other items</b>		
Cost of inventories (note 11)	78,182	83,456
Amortisation of intangible assets	17	17
Depreciation charge		
– owned property, plant and equipment	16,332	14,286
– right-of-use assets	3,580	4,258
Net gain on disposal of property, plant and equipment (note 10(c))	–	(327)
Net realised and unrealised loss/(gain) on trading securities	2,129	(157)
Net realised and unrealised loss/(gain) on investments not held for trading	712	(1,565)
Dividend and interest income	(1,825)	(1,825)
	2,113	1,711
<b>(c) Other operating expenses</b>		
Other operating expenses for the period included:		
Advertising and promotion	4,776	3,549
Auditors' remuneration	2,465	2,374
Building management office and security service fees	2,370	2,111
Entertainment	1,127	1,153
Fuel, electricity and water	4,389	4,501
Government rent and rates	1,073	1,127
Insurance	1,858	2,210
Legal and professional fee	4,038	2,909
Postage, telephone and fax	1,097	1,161
Repair and maintenance	1,348	2,435
Royalties, commission and sales service fee	3,174	2,572
Subcontracting fee	11,973	13,108
Tools and consumables	951	925
Transportation and travelling	6,375	4,765
	47,451	47,451

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

### 8. Income tax expense/(credit)

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	1,138	594
Current tax – Outside Hong Kong	745	251
Deferred tax	773	(1,526)
	<u>2,656</u>	<u>(681)</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the six months ended 30 June 2022. Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

### 9. (Loss)/earnings per share

#### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$30,502,000 (six months ended 30 June 2021: profit of HK\$13,740,000) and the weighted average of 950,588,000 ordinary shares (six months ended 30 June 2021: 950,588,000 ordinary shares) in issue during the interim period.

#### (b) Diluted (loss)/earnings per share

The Company did not have any dilutive potential ordinary shares outstanding during both the current and prior periods. Accordingly, diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for both the current and prior periods.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

### 10. Investment properties and other property, plant and equipment

#### (a) Right-of-use assets

During the six months ended 30 June 2022, additions to right-of-use assets were HK\$2,220,000 (six months ended 30 June 2021: HK\$Nil). This amount included the additions of a leasehold property of HK\$1,293,000 (six months ended 30 June 2021: HK\$Nil) and the remainder of HK\$927,000 (six months ended 30 June 2021: HK\$Nil) related to the capitalised lease payments payable under new lease agreements of other items of plant and equipment.

#### (b) Acquisitions

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with an aggregate cost of HK\$12,889,000 (six months ended 30 June 2021: HK\$17,016,000).

#### (c) Disposals

Items of other property, plant and equipment with cost and net book value of HK\$Nil and HK\$Nil respectively were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$2,347,000 and HK\$5,000), resulting in a gain on disposal of HK\$Nil (six months ended 30 June 2021: HK\$327,000).

#### (d) Valuation

The valuation of investment properties carried at fair value was updated at 30 June 2022 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2021 valuations.

As a result of the update, a deficit of HK\$3,550,000 (six months ended 30 June 2021: a surplus of HK\$23,995,000) has been recognised in profit or loss for the period in respect of investment properties.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

### 11. Inventories

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Carrying amount of inventories sold	78,015	82,972
Write-down of inventories	254	675
Reversal of write-down of inventories	(87)	(191)
	<u>78,182</u>	<u>83,456</u>

The reversal of write-down of inventories made in current and prior periods arose upon sale of these inventories.

### 12. Trade and other receivables

Included in trade and other receivables are trade debtors, based on the invoice date and net of loss allowance, with the following ageing analysis as at end of the reporting period:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
	Within 1 month	34,856
Over 1 month but within 3 months	3,585	34,594
Over 3 months but within 12 months	130	17,093
Over 12 months	6,332	1,738
	<u>44,903</u>	<u>78,152</u>
Total trade debtors, net of loss allowance	44,903	78,152
Amounts due from related companies	2,091	2,090
Other debtors and prepayments	30,060	23,497
	<u>77,054</u>	<u>103,739</u>

Credit evaluations are performed on all customers requiring credit over a certain amount. Most of the trade debtors are due within ninety days from the date of billing.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT** (Continued)

**13. Cash and cash equivalents**

	At 30 June 2022 <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
Deposits with other financial institution	650	465
Cash at bank and on hand	<u>83,520</u>	<u>87,585</u>
Cash and cash equivalents in the condensed consolidated cash flow statement	<u><u>84,170</u></u>	<u><u>88,050</u></u>

**14. Trade and other payables and contract liabilities**

Included in trade and other payables and contract liabilities are trade creditors with the following ageing analysis as at the end of the reporting period:

	At 30 June 2022 <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
Within 1 month	16,259	10,053
Over 1 month but within 3 months	11,280	8,617
Over 3 months but within 6 months	4,857	3,661
Over 6 months	<u>910</u>	<u>–</u>
Total trade creditors	33,306	22,331
Other creditors and accrued charges	55,247	66,078
Contract liabilities	788	1,786
Rental deposits	11,326	12,784
Amounts due to related companies	807	839
Amount due to an associate	<u>39,722</u>	<u>37,095</u>
	<u><u>141,196</u></u>	<u><u>140,913</u></u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT** *(Continued)*

**15. Capital, reserves and dividends**

**(a) Dividends**

The Board of Directors has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (2021: HK\$Nil).

**(b) Share capital**

	2022		2021	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.10 each	<b>1,000,000</b>	<b>100,000</b>	1,000,000	100,000
	<u><u>1,000,000</u></u>	<u><u>100,000</u></u>	<u><u>1,000,000</u></u>	<u><u>100,000</u></u>
<b>Ordinary shares, issued and fully paid</b>				
At 1 January and 30 June	<b>950,588</b>	<b>95,059</b>	950,588	95,059
	<u><u>950,588</u></u>	<u><u>95,059</u></u>	<u><u>950,588</u></u>	<u><u>95,059</u></u>

**(c) Share premium**

The application of the share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

### 16. Fair value measurement of financial instruments

#### (a) Financial assets measured at fair value

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 30 June 2022	Fair value measurements as at 30 June 2022 categorised into		
	<i>HK\$'000</i>	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
<b>Recurring fair value measurements</b>				
Other financial assets:				
– Listed equity securities	4,791	4,791	–	–
– Unlisted equity securities	17,145	–	15,585	1,560
– Listed debt securities	361	361	–	–
– Unlisted debt securities	25,339	–	–	25,339
	<u>47,636</u>	<u>5,152</u>	<u>15,585</u>	<u>26,899</u>
Trading securities:				
– Listed equity securities	13,147	13,147	–	–
	<u>60,783</u>	<u>18,299</u>	<u>15,585</u>	<u>26,899</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT** (Continued)

**16. Fair value measurement of financial instruments** (Continued)

**(a) Financial assets measured at fair value** (Continued)

	Fair value as at 31 December 2021	Fair value measurements as at 31 December 2021 categorised into		
	<i>HK\$'000</i>	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
<b>Recurring fair value measurements</b>				
Other financial assets:				
– Listed equity securities	5,390	5,390	–	–
– Unlisted equity securities	17,139	–	15,579	1,560
– Listed debt securities	548	548	–	–
– Unlisted debt securities	22,468	–	–	22,468
	<u>45,545</u>	<u>5,938</u>	<u>15,579</u>	<u>24,028</u>
Trading securities:				
– Listed equity securities	13,224	13,224	–	–
	<u>58,769</u>	<u>19,162</u>	<u>15,579</u>	<u>24,028</u>

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, nor transfers into or out of Level 3 (2021: HK\$Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

**Information about Level 2 fair value measurements**

The fair value is based on price quoted by financial institutions.

**Information about Level 3 fair value measurements**

The Group's Level 3 financial instruments represent unlisted equity and debt securities which their fair values are based on unobservable inputs. The directors perform the valuation on Level 3 financial instruments for financial reporting purposes. Their fair values have been determined with reference to the pricing of the recent transactions.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

### 16. Fair value measurement of financial instruments (Continued)

#### (a) Financial assets measured at fair value (Continued)

##### Information about Level 3 fair value measurements (Continued)

The movement during the period in the balance of these Level 3 fair value measurements is as follows:

	Unlisted equity securities HK\$'000	Unlisted debt securities HK\$'000
Balance as at 1 January 2022	1,560	22,468
Payment for purchases	–	2,899
Exchange alignment	–	(28)
	<hr/>	<hr/>
Balance as at 30 June 2022	<u>1,560</u>	<u>25,339</u>

#### (b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021 and 30 June 2022.

### 17. Commitments

#### Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Contracted for the purchase of investment properties and other property, plant and equipment	<u>47,344</u>	<u>76,537</u>

### 18. Contingent liabilities

As at 30 June 2022, the Group did not have any significant contingent liabilities.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

### **19. Material related party transactions**

- (a) As at 30 June 2022, the Group advanced funds totalling HK\$46,513,000 (31 December 2021: HK\$46,055,000) to certain associates in which some of the directors of the Company have beneficial interests.
- (b) During the six months ended 30 June 2022, the Group received rental and other income amounted to HK\$354,000 (six months ended 30 June 2021: HK\$368,000) from related parties in which certain directors of the Company have beneficial interests.



## **INTERIM DIVIDEND**

The Board of Directors (the “Board”) has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (2021: HK\$Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

During the period under review, the Group recorded a consolidated revenue of approximately HK\$161.14 million, which increased by approximately 2.06% as compared to approximately HK\$157.88 million reported for the corresponding period last year. The loss attributable to equity shareholders amounted to approximately HK\$30.50 million while the profit attributable to equity shareholders amounted to approximately HK\$13.74 million for the corresponding period last year. The loss for the first half year of 2022 is mainly attributable to the exchange loss of approximately HK\$10.67 million due to the depreciation of foreign currencies and the deficit on revaluation of its investment properties of approximately HK\$3.55 million as compared with its surplus on revaluation of approximately HK\$24.00 million for the same corresponding period last year.

### **BUSINESS REVIEW**

#### **Toys and Model Trains**

During the first half year of 2022, the revenue was approximately HK\$136.45 million, representing an increase of approximately 2.46% as compared to the corresponding period last year.

The Group will continue to explore new sales opportunities and manufacture high quality products with competitive prices to sustain its business.

#### **Property Investment**

During the period under review, the Group’s rental income amounted to approximately HK\$24.69 million, representing a decrease of approximately 0.08% as compared to the corresponding period last year and the occupancy rate of its investment properties was approximately 76% (30 June 2021: approximately 71%).

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 June 2022, the Group's net asset value per share was approximately HK\$2.35 (31 December 2021: approximately HK\$2.39). The Group had net current liabilities of approximately HK\$143.37 million (31 December 2021: net current liabilities of approximately HK\$82.98 million). Total bank borrowings were approximately HK\$422.12 million (31 December 2021: approximately HK\$375.79 million) while the secured total banking facilities were approximately HK\$846.78 million (31 December 2021: approximately HK\$790.74 million). Included in total bank borrowings were revolving loans of approximately HK\$401.00 million (31 December 2021: approximately HK\$348.00 million) which are intended to be rolled over upon maturity. The Group's financial gearing, based on the total bank borrowings compared to the total equity, was approximately 18.90% (31 December 2021: approximately 16.56%). The majority of borrowings are on floating interest rate terms. The Group will negotiate with banks for banking facilities, if necessary.

### **Capital Structure**

During the period under review, there were no changes in the Company's share capital.

### **Charges on Group Assets**

As at 30 June 2022, investment properties and certain leasehold land and buildings of the Group with a net book value of approximately HK\$1,951.36 million (31 December 2021: approximately HK\$1,967.57 million) were mortgaged to various banks to secure the banking facilities granted to the Group.

### **Material Acquisitions and Disposals**

There were no material acquisitions and disposals during the six months ended 30 June 2022.

## **RISKS AND UNCERTAINTIES**

The Group's financial position and results of operations may be affected by a number of risks and uncertainties pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group:

## **Business Risk**

Performance of the Group's core business will be affected by various factors, including but not limited to economic conditions which would not be completely mitigated even with strict operational procedures.

## **Interest Rate Risk**

The Group's interest rate risk arises primarily from bank borrowings. The Group analyses its interest rate exposure on a dynamic basis and manages this risk in a cost-effective manner.

## **Liquidity risk**

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding. In managing the liquidity risk, the Group monitors the cash flows and will negotiate with banks for banking facilities, if necessary.

## **Customer risk**

The Group has endeavoured to diversify its customer base and provided quality products and services to the customers to maintain good relationship with them so as to mitigate the customer risk. As at 30 June 2022, there is no customer with whom transactions have exceeded 10% of the Group's revenue.

## **Foreign Exchange Rate Risk**

Major assets, liabilities and transactions of the Group are denominated in Hong Kong dollars, United States dollars, Sterling Pounds ("GBP"), Renminbi Yuan ("RMB"), Japanese Yen ("JPY"), Euro ("EUR") and Australian dollar ("AUD"). As such, the Group faces a certain degree of exchange rate risk mainly arising from GBP, RMB, JPY, EUR and AUD denominated transactions for which the exchange rate volatility is relatively high.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2022, the Group employed 1,090 (30 June 2021: 941) full time management, administrative and production staff in Hong Kong Special Administrative Region (“HKSAR”), Mainland China, the United States and Europe. The Group has seasonal fluctuations in the number of workers employed in its production plants while the number of management and administrative staff remains stable. The staff costs for the six months ended 30 June 2022 amounted to approximately HK\$83.66 million (six months ended 30 June 2021: approximately HK\$78.43 million). The Group remunerates its employees based on their performance, experience and prevailing industry practices. In the area of staff training, the Group encourages staff to participate in courses on technical skills improvement and personal development.

## **PROSPECTS**

The economic outlook for the period ahead will continue to be challenging due to the keen competition, the potential emerging COVID-19 variants and the United States and China tension. Faced with the challenging economy, the Group will diversify its businesses, explore sales opportunities, raise production efficiency and strengthen the cost control measures in order to sustain its businesses. In addition, the Group has obtained the approval from the Government of the HKSAR for revitalization of Kader Building. The whole process is expected to be completed by the end of 2022. The revitalization of Kader Building will enhance the Group’s source of revenue and profitability.

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares of the Company and the Associated Corporations

As at 30 June 2022, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### (1) Interests in the Company

Name of directors	Number of ordinary shares of HK\$0.10 each				% of total issued share capital
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Kenneth Ting Woo-shou	288,929,941	2,075,183 <sup>(i)</sup>	258,963,571 <sup>(ii)</sup>	549,968,695	57.86%
Mrs. Nancy Ting Wang Wan-sun	2,075,183	–	–	2,075,183	0.22%
Mr. Ivan Ting Tien-li	21,530,432	–	–	21,530,432	2.26%
Mr. Lao Wai-keung	–	–	–	–	–
Mr. Bernie Ting Wai-cheung	–	–	–	–	–
Mr. Floyd Chan Tsoi-yin	–	–	–	–	–
Mr. Andrew Yao Cho-fai	–	–	–	–	–
Mr. Desmond Chum Kwan-yue	–	–	–	–	–
Ms. Sabrina Chao Sih-ming	–	–	–	–	–

Notes:

- (i) The spouse of Mr. Kenneth Ting Woo-shou is the beneficial shareholder.
- (ii) Included in the "Corporate Interests" above were 209,671,000 shares of the Company held by the Company's substantial shareholder, H.C. Ting's Holdings Limited, in which Mr. Kenneth Ting Woo-shou has a controlling interest through Border Shipping Limited; and 49,292,571 shares of the Company held by Glory Town Limited, in which Mr. Kenneth Ting Woo-shou has a controlling interest through Tyrol Investments Limited.

(2) **Interests in Associated Corporations**

Name of associated corporations	Beneficial interests	Class of shares	Number of shares held			% of interests in associated corporations
			Personal interests	Family interests	Corporate interests	
Allman Holdings Limited ("Allman")	Mr. Ivan Ting Tien-li ("Ivan Ting")	Ordinary shares of US\$1.00 each	920 <sup>(i)</sup>	-	-	63.89%
Pacific Squaw Creek, Inc. ("PSC")	Mr. Ivan Ting	Ordinary shares of US\$1.00 each	-	-	1,000 <sup>(ii)</sup>	100.00%
Squaw Creek Associates, LLC ("SCA")	Mr. Ivan Ting	Not applicable <sup>(iii)</sup>	-	-	-	62.00% <sup>(iv)</sup>
SCA	Mr. Kenneth Ting Woo-shou ("Kenneth Ting")	Not applicable <sup>(iii)</sup>	-	-	-	13.00% <sup>(iv)</sup>
Snow King Properties, LLC ("SKP")	Mr. Ivan Ting	Not applicable <sup>(iv)</sup>	-	-	-	62.00% <sup>(iv)</sup>
SKP	Mr. Kenneth Ting	Not applicable <sup>(iv)</sup>	-	-	-	13.00% <sup>(iv)</sup>

*Notes:*

- (i) These interests are held by Mr. Ivan Ting.
- (ii) These interests are held by Allman. Mr. Ivan Ting's beneficial interests in Allman are disclosed in note (i) above.
- (iii) SCA does not have issued share capital, the percentage of interest in SCA represents the interest in capital account balance.
- (iv) SKP does not have issued share capital, the percentage of interest in SKP represents the interest in capital account balance.
- (v) These interests are held by PSC. Mr. Ivan Ting's beneficial interests in PSC are disclosed in note (ii) above.
- (vi) These interests are held by Ting Corporation which is wholly owned by Mr. Kenneth Ting.

All the interests stated above represent long positions. As at 30 June 2022, no short positions were recorded in the register required to be kept under section 352 of the SFO.

Save as disclosed above, as at 30 June 2022, none of the directors and chief executives of the Company nor their spouses or children under 18 years of age has interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Substantial Shareholders' and Other Person's Interests

As at 30 June 2022, substantial shareholders and other persons (other than directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which were recorded in the register kept by the Company under section 336 of the SFO were as follows:

Substantial shareholders and other persons	Number of ordinary shares of HK\$0.10 each				% of total issued share capital
	Personal interests	Family interests	Corporate interests	Total interests	
Forest Crimson Limited	–	–	209,671,000 <sup>(i)</sup>	209,671,000	22.06%
Mr. Ting Hok-shou	13,800,238	571,429 <sup>(ii)</sup>	39,098,281 <sup>(iii)</sup>	53,469,948	5.62%
Ms. Emily Tsang Wing-hin	571,429	13,800,238 <sup>(iv)</sup>	39,098,281 <sup>(iii)</sup>	53,469,948	5.62%

Notes:

- (i) The 209,671,000 shares of the Company were held by the Company's substantial shareholder, H.C. Ting's Holdings Limited, in which Forest Crimson Limited has a controlling interest through Border Shipping Limited.
- (ii) The spouse of Mr. Ting Hok-shou, Ms. Emily Tsang Wing-hin, is the beneficial shareholder.
- (iii) Included in the "Corporate Interests" above were 3,913,997 shares of the Company held by Golden Tree Investment Company Limited, in which Mr. Ting Hok-shou and Ms. Emily Tsang Wing-hin together have controlling interest; and 35,184,284 shares of the Company held by Kimpont Limited, in which Mr. Ting Hok-shou and Ms. Emily Tsang Wing-hin together have controlling interest through Golden Tree Investment Company Limited and Yale Investment Corporation.
- (iv) The spouse of Ms. Emily Tsang Win-hin is the beneficial shareholder.

Save as disclosed above, as at 30 June 2022, the Company was not notified by any persons (other than directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which were recorded in the register kept by the Company under section 336 of the SFO.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

## **CORPORATE GOVERNANCE**

The Board of Directors regularly reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules. Throughout the period under review, the Group has complied with all code provisions in CG Code, except for the deviation from CG Code A.2.1 as described below:

Under CG Code A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Kenneth Ting Woo-shou has the combined role of Chairman and Managing Director. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group as non-executive director and independent non-executive directors ("INEDs") form the majority of the Board, with five out of nine of the directors of the Company being non-executive director and INEDs as at 30 June 2022. The Board believes the appointment of Mr. Kenneth Ting Woo-shou to the posts of Chairman and Managing Director is beneficial to the Group as he has extensive industry experience.

## **AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed with management the key accounting policies and discussed auditing, internal controls and financial reporting matters, including a review of the interim results for the six months ended 30 June 2022.



## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Company's directors and relevant employees who are or may be in possession of unpublished inside information. Based on specific enquiries made, all directors have confirmed that they have complied with the Model Code throughout the period under review.

By order of the Board  
**Kenneth Ting Woo-shou**  
*Chairman*

Hong Kong, 30 August 2022

*As at the date hereof, the executive directors of the Company are Mr. Kenneth Ting Woo-shou, SBS, JP (Chairman and Managing Director), Mrs. Nancy Ting Wang Wan-sun, Mr. Ivan Ting Tien-li and Mr. Lao Wai-keung; the non-executive director of the Company is Mr. Bernie Ting Wai-cheung; and the independent non-executive directors of the Company are Mr. Floyd Chan Tsoi-yin, Mr. Andrew Yao Cho-fai, JP, Mr. Desmond Chum Kwan-yue and Ms. Sabrina Chao Sih-ming, BBS.*