

Zhongchang International Holdings Group Limited 中昌國際控股集團有限公司

(Incorporated in Bermuda with limited liability)

Stock code : 859



2024 INTERIM REPORT

Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Chen Zhiwei (*Chairman*)
Ms. Ku Ka Lee (*Chief executive officer*)
Mr. Tang Lunfei

Non-executive directors

Dr. Huang Qiang
Mr. Wong Chi Keung, Kenjie
Ms. Yu Dan

Independent non-executive directors

Mr. Liew Fui Kiang
Mr. Liu Xin
Mr. Yip Tai Him

COMMITTEES

Audit Committee

Mr. Yip Tai Him (*Chairman*)
Mr. Liu Xin
Ms. Yu Dan

Nomination Committee

Mr. Chen Zhiwei (*Chairman*)
Mr. Liew Fui Kiang
Mr. Liu Xin

Remuneration Committee

Mr. Liu Xin (*Chairman*)
Mr. Wong Chi Keung, Kenjie
Mr. Yip Tai Him

AUTHORISED REPRESENTATIVES

Mr. Chen Zhiwei
Mr. Chow Hok Lim

COMPANY SECRETARY

Mr. Chow Hok Lim

AUDITOR

Ernst & Young
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1711
Tower 2 Times Square
1 Matheson Street
Causeway Bay
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

(*In Alphabetical order*)

Bank of Shanghai Co., Limited
China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
Nanyang Commercial Bank (China), Limited
Shanghai Pudong Development Bank Co, Limited
Hong Kong Branch

LEGAL ADVISERS

As to Hong Kong law:
Morgan, Lewis & Bockius
King & Wood Mallesons

As to Bermuda law:
Conyers Dill & Pearman

As to PRC law:
King & Wood Mallesons

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor
Cedar House
41 Cedar Avenue
Hamilton, HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CORPORATE WEBSITE

<http://www.zhongchangintl.hk>

STOCK CODE

859

Management Discussion and Analysis

For the six months ended 30 June 2024

Overview

During the six months ended 30 June 2024 (the “Interim Period”), the Group’s revenue was primarily derived from rental income generated from its investment properties in Hong Kong, which are mainly situated at prime retail and shopping locations in Causeway Bay, Hong Kong Island.

The first half of 2024 has been another challenging period in Hong Kong. The retail market was heavily impacted by the persistent drop in consumer sentiment, the stiff competition from mega malls in neighboring regions, and the changing tourism spending patterns. Provisional figures released by the Hong Kong Census and Statistics Department showed Hong Kong’s retail sales dropped 6.6 per cent in the first half of 2024 compared with the same period in 2023. The persistent high-interest rate environment continued to weigh on economic activities.

Property leasing business

During the Interim Period, the Group recorded rental income from investment properties of approximately HK\$16.9 million (six months ended 30 June 2023: approximately HK\$16.4 million). Uncertainties in the geopolitical and economic environment led to negative rental reversion of some tenants in Jardine Center, but more than offset by increase in rental income from the property at G/F, No.38 Jardine’s Bazaar.

As at 30 June 2024, the investment property portfolio of the Group achieved an occupancy rate (as measured by the percentage of total lettable area leased over the total lettable area of the Group’s portfolio) of approximately 82.3% (31 December 2023: approximately 84.6%). Jardine Center remained as the Group’s core and steady income generator, accounted for approximately 77.0% of the total revenue of the Group during the Interim Period.

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

Management Discussion and Analysis

For the six months ended 30 June 2024

The table below sets out a summary of the valuation of the investment properties portfolio of the Group in Hong Kong as at the end of the Interim Period and 31 December 2023 and revenue contribution of the investment properties portfolio of the Group in Hong Kong for the Interim Period as compared to that for the six months ended 30 June 2023:

	Valuation of investment properties as at 30 June 2024 HK\$'000	Valuation of investment properties as at 31 December 2023 HK\$'000	Decrease in fair value of investment properties HK\$'000	Revenue for the six months ended 30 June 2024 HK\$'000	Revenue for the six months ended 30 June 2023 HK\$'000	Increase/(decrease) in revenue %
Causeway Bay						
Jardine Center, No.50 Jardine's Bazaar ⁽¹⁾ Ground Floor and Cockloft Floor, No.38 Jardine's Bazaar ⁽²⁾	1,365,800	1,372,000	(6,200)	12,978	13,541	(4.2)
First Floor, Nos.38 and 40 Jardine's Bazaar ⁽²⁾ Ground Floor including Cockloft, No.41 Jardine's Bazaar ⁽²⁾	79,400	81,500	(2,100)	961	61	1,475.4
Ground Floor, No.57 Jardine's Bazaar ⁽²⁾	11,800	12,100	(300)	235	267	(12.0)
	107,400	110,000	(2,916)	1,071	984	8.8
	107,700	108,000	(300)	1,092	1,005	8.7
Mid-Levels						
Shop No.1 on Ground Floor of K.K. Mansion, Nos.119, 121 & 125 Caine Road ⁽²⁾	47,300	47,500	(200)	526	524	0.4
Total	1,719,400	1,731,100	(12,016)	16,863	16,382	2.9

⁽¹⁾ Ginza-style building

⁽²⁾ Street-shop

As at 30 June 2024, the investment properties of the Group were revalued at HK\$1,719.4 million (31 December 2023: HK\$1,731.1 million) by an independent professional valuer. During the Interim Period, the loss in fair value of investment properties of approximately HK\$12.0 million (six months ended 30 June 2023: HK\$13.0 million) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income. The loss in fair value of investment properties was mainly due to challenging macro environment.

The Jinhua Project

The Company is interested in 49% of the issued share capital of Yitai International (BVI) Holdings Limited ("Yitai"), together with its subsidiaries (the "Yitai Group"), a company which holds 99% indirect equity interest in Jinhua Mingrui Real Estate Development Co., Ltd.* (金華銘瑞房地產開發有限公司) ("Jinhua Mingrui"). The Jinhua Project comprises a mixed-use residential and commercial complex in two phases with a total GFA of approximately 337,530 sq.m., including residential area of approximately 195,100 sq.m., commercial area of approximately 50,200 sq.m. and basement (inclusive of car parking spaces) of approximately 88,600 sq.m. Both phases of the Jinhua Project were completed in 2020.

On 10 January 2023, Ningbo Xinbu Metal Storage Equipment Co., Limited* (寧波信步金屬倉儲設備有限公司) made an application to wind-up Jinhua Mingrui. On 9 February 2023, Jinhua City Middle People's Court (金華市中級人民法院) announced the acceptance of the said application. On 16 February 2023, Zhejiang Province Jinhua City Jindong District People's Court (浙江省金華市金東區人民法院) appointed an administrator to Jinhua Mingrui.

Management Discussion and Analysis

For the six months ended 30 June 2024

The share of net loss of associates is restricted to the Group's entire interest in an associate. The carrying amount of the investment in Yitai was reduced to nil since the financial year ended 31 December 2019. Hence, the Group has no obligation to take up further losses.

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

Breach of financial covenant of HSB loans

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

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

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

On 18 March 2021, the Borrowers have respectively received replies from HSB (through its solicitors) on their respective requests to waive the Breach. HSB informed the Borrowers that subject to, among other things, the Borrowers (i) satisfying the Waiver Conditions; and (ii) providing HSB with satisfactory evidence on or before 30 June 2021, HSB is minded to waive the Breach.

On 23 August 2021, the Borrowers have respectively received replies from HSB (through its solicitors) on their respective request to extend the deadline for making the Partial Repayment to HSB. HSB informed the Borrowers that an extension was granted to the Borrowers until 30 September 2021 for making the Partial Repayment.

On 4 October 2021, the Borrowers respectively received replies from HSB (through its solicitors) that (i) given the Borrowers did not make any repayment of the Partial Repayment on or before 30 September 2021 as per the extension given pursuant to their letters dated 23 August 2021, the failure of making such repayment was considered an event of default under the respective facility letter and the facility agreement; and (ii) HSB made the final demand for repayment in writing, and the Partial Repayment must be repaid immediately and in any event by 8 October 2021, failing of which HSB will take appropriate actions, including but not limited to enforcing the securities maintained by HSB and commencing legal proceedings against the Borrowers.

Management Discussion and Analysis

For the six months ended 30 June 2024

On 8 October 2021, the Borrowers respectively received further replies from HSB (through its solicitors) that (i) the Partial Repayment that the Borrowers are to be repaid will reduce from HK\$164.0 million to HK\$100.0 million (the “**Reduced Partial Repayment**”); (ii) the Reduced Partial Repayment must be repaid by 29 October 2021; and (iii) the Borrowers shall bear the legal fees incurred by HSB in connection with the recovery of outstanding loans owed by the Borrowers.

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

- (i) any of the Borrowers to make the Reduced Partial Repayment to HSB by 29 October 2021;
- (ii) any of the Borrowers to make the payment of legal fees in the amount of HK\$50,000 to HSB for dealing with the Breach and their waiver applications;
- (iii) written acknowledgements of the waiver of the Breach by HSB under the letter (including the New Waiver Conditions) shall be signed respectively by, among others, the Borrowers and the Company (as the guarantor under the Facility Letter and Facility Agreement) (the “**Written Acknowledgments**”); and
- (iv) notwithstanding the Breach and the waiver by HSB, the terms of the Facility Letter, the Facility Agreement, the finance documents and the security documents (including the guarantee and security provided therein) shall remain in full force and effect. The waiver is without prejudice to and shall not affect other rights and benefits which HSB may have under the Facility Letter, the Facility Agreement, the finance documents and the security documents. Nothing in the letter shall be deemed to be a waiver by HSB of, or consent by HSB to, any breach or potential breach (present or future) of any provision of the Facility Letter, the Facility Agreement, the finance documents and the security documents, except the specific waiver expressly given in the letter.

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

Management Discussion and Analysis

For the six months ended 30 June 2024

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

1. Make partial principal repayment of HK\$35 million on 15 August 2022;
2. For loan principal amount of approximately HK\$78.4 million, the Borrowers are obliged to pay monthly loan interests for the period from 15 August 2022 to 15 February 2023; and
3. For remaining HSB bank borrowings in aggregate principal amount of approximately HK\$722.0 million, the Borrowers are obliged to make monthly repayment of loan principal and loan interests as scheduled.

The Borrowers have performed in accordance with the above conditions.

On 8 March 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$78.4 million from 15 February 2023 to 15 August 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$2.0 million on or before 13 March 2023; and
- (b) From 15 February 2023 to 15 August 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 21 March 2023, HSB approved the application by Top Bright under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$468.8 million from 23 March 2023 to 23 September 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$5.5 million on or before 31 March 2023; and
- (b) From 23 March 2023 to 23 September 2023, Top Bright is obliged to pay loan interests charged on the remaining loan principal amount.

Top Bright has performed in accordance with the above conditions.

Management Discussion and Analysis

For the six months ended 30 June 2024

On 26 June 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$236.0 million from 27 June 2023 to 27 December 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$3.0 million on or before 7 July 2023; and
- (b) From 27 June 2023 to 27 December 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 11 August 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of HK\$71.0 million from 15 August 2023 to 31 October 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$2.0 million on or before 8 September 2023; and
- (b) From 16 August 2023 to 31 October 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 31 October 2023, HSB approved the application by the Borrowers for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$770.8 million to 31 December 2024 by satisfying the following conditions:

- (a) Make principal repayment in aggregate of HK\$100.0 million on or before 29 December 2023; and
- (b) From 31 October 2023 to 31 December 2024, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

Management Discussion and Analysis

For the six months ended 30 June 2024

Please refer to the announcements of the Company dated 5 February 2021, 18 March 2021, 23 August 2021, 4 October 2021, 8 October 2021, 29 October 2021, the 2023 Interim Report and the 2023 Annual Report for further details, including the waiver conditions from HSB.

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

OUTLOOK

Looking ahead, the difficult economic environment will continue to put pressure on Hong Kong economy in the second half of 2024. Nonetheless, the central government's various measures benefiting Hong Kong, as well as Hong Kong government's strenuous efforts to promote a mega-event economy and support the development of the local retail sector, should benefit economic recovery. We will continue enhancing our operational flexibility to ensure agility during the current economic situation.

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

FINANCIAL REVIEW

Revenue

For the Interim Period, the revenue of the Group amounted to approximately HK\$16.9 million, representing an increase of approximately 3.0% from approximately HK\$16.4 million recorded in the corresponding period of last year. Uncertainties in the geopolitical and economic environment led to negative rental reversion of some tenants in Jardine Center, but more than offset by increase in rental income from the property at G/F, No.38 Jardine's Bazaar.

Other income

Other income for the Interim Period was approximately HK\$1.1 million, (six months ended 30 June 2023: approximately HK\$0.9 million). The increase was mainly due to refund of Jardine Center building management fee during the Interim Period.

Management Discussion and Analysis

For the six months ended 30 June 2024

Staff costs

For the Interim Period, the Group's staff costs amounted to approximately HK\$1.5 million, representing a decrease of approximately 28.6% from approximately HK\$2.1 million recorded in the corresponding period of last year. The decrease in staff costs was mainly due to departures of certain staff during the year ended 31 December 2023.

Other operating expenses

Other operating expenses amounted to approximately HK\$2.2 million for the Interim Period, representing a decrease of approximately 40.5% from approximately HK\$3.7 million recorded in the same period of last year. The composition of other operating expenses by nature mainly classified as follows:

	Unaudited	
	Six months ended	Six months ended
	30 June 2024	30 June 2023
	HK\$'000	HK\$'000
Investment properties operating costs	1,234	1,292
Professional fees	175	547
General administrative costs	778	835
Exchange loss, net	–	1,003
Total	<u>2,187</u>	<u>3,677</u>

Investment properties operating costs mainly composed of repair and maintenance costs, commission incurred for new lettings and statutory property-related costs. There were no significant changes compared to the corresponding period of last year.

Professional fees decreased by approximately HK\$0.3 million in the Interim Period as compared to the same period last year. This is primarily due to reduction of legal and professional fees during the Interim Period.

General administrative cost decreased by approximately HK\$0.1 million in the Interim Period as compared to the same period last year. This is primarily due to reduction of bank charges and financial printing service costs during the Interim Period.

Management Discussion and Analysis

For the six months ended 30 June 2024

Net loss in fair value of investment properties

As at 30 June 2024, the investment properties of the Group were revalued at HK\$1,719.4 million (31 December 2023: HK\$1,731.1 million) by an independent professional valuer. During the Interim Period, a fair value loss on investment properties of approximately HK\$12.0 million was recognised in the condensed consolidated statement of profit or loss and other comprehensive income. The fair value loss on the investment properties was primarily due to challenging macro environment.

Finance costs

For the Interim Period, finance costs of the Group amounted to approximately HK\$25.8 million, representing an increase of approximately 38.0% from approximately HK\$18.7 million recorded in the corresponding period of last year. Such increase was mainly attributable to the interest arising from shareholder's loan and bank borrowings during the Interim period.

Loss for the period attributable to the owners of the Company

Loss for the period attributable to the owners of the Company for the Interim Period amounted to approximately HK\$26.3 million (six months ended 30 June 2023: approximately HK\$22.1 million). As a result of the reasons mention above, the loss for the Interim Period was primarily due to loss in fair value of investment properties of approximately HK\$12.0 million and finance costs of approximately HK\$25.8 million incurred.

Liquidity and financial resources

The Group's business operations were generally funded by its internal resources and bank and other borrowings. As at 30 June 2024, the Group's outstanding bank and other amounted to approximately HK\$776.9 million (31 December 2023: approximately HK\$870.9 million), of which all outstanding bank and other borrowings are repayable within one year. The decrease in bank and other borrowings during the Interim Period was mainly attributable to repayment of bank borrowings during the Interim Period.

As at 30 June 2024, the Group maintained cash and cash equivalents of approximately HK\$15.1 million (31 December 2023: approximately HK\$123.0 million). The decrease in cash and cash equivalents was mainly attributable to: (i) repayment of bank borrowings and (ii) payment of interest on bank borrowings during the Interim Period.

The Group's gearing ratio as at 30 June 2024, which is calculated on the basis of total liabilities over total assets, was approximately 46.7% (31 December 2023: approximately 48.7%). The current ratio of the Group, which is calculated by dividing current assets over current liabilities as at 30 June 2024, was approximately 0.02 (31 December 2023: approximately 0.14). The decrease in current ratio as at 30 June 2024 as compared to 31 December 2023 was mainly due to the significant decrease in cash and bank balances of the Group.

Management Discussion and Analysis

For the six months ended 30 June 2024

As at 30 June 2024, the Group recorded net current liabilities of approximately HK\$775.2 million (31 December 2023: approximately HK\$760.6 million). The net current liabilities were mainly due to maturity of the Group's bank and other borrowings which were repayable within one year. The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors are of the view that, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within one year.

Capital structure

As at 30 June 2024, the issued share capital of the Company was 1,125,027,072 ordinary shares. During the Interim Period, there was no movement of the issued share capital of the Company.

As at 30 June 2024, the unaudited net assets of the Group amounted to approximately HK\$927.2 million, representing a decrease of approximately 2.8% from the net assets of approximately HK\$953.5 million as at 31 December 2023. With the total number of 1,125,027,072 ordinary shares in issue as at 30 June 2024, the net assets value per share was approximately HK\$0.82 (31 December 2023: approximately HK\$0.85).

Treasury Policy

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

INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the Interim Period (six months ended 30 June 2023: Nil).

CORPORATE GUARANTEE

As at 30 June 2024, the Company provided corporate guarantee to a bank for securing banking facilities granted to its subsidiaries which amounted to HK\$1,127.0 million (31 December 2023: HK\$1,127 million).

Management Discussion and Analysis

For the six months ended 30 June 2024

CHARGES ON GROUP ASSETS

As at 30 June 2024, the Group has pledged the following assets:

- (a) Investment properties in Hong Kong with an aggregate carrying amount of HK\$1,719.4 million for securing the Group's bank borrowings;
- (b) Share mortgage of certain subsidiaries for securing their respective bank borrowings; and
- (c) Rent assignments in respect of the investment properties held by the Group.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 5 employees (31 December 2023: 5 employees). The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job responsibilities. The Group also provides other benefits including but not limited to medical insurance, discretionary bonus and mandatory provident fund schemes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

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

EVENT AFTER THE REPORTING PERIOD

No significant events have been taken place subsequent since 30 June 2024 and up to the date of this report.

Additional Information Required under the Listing Rules

SHARE OPTION SCHEME

The share option scheme adopted on 3 September 2013 has been expired on 2 September 2023.

During the Interim Period, the Group did not have any share option scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required and pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 30 June 2024, persons, other than a director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO (the "Register") or had otherwise notified to the Company and the Stock Exchange were as follows:

Name of substantial shareholder	Capacity and nature of interest	As at 30 June 2024	
		Number of Shares and underlying Shares interested L (long position) S (short position)	Approximate percentage of issued share capital of the Company (Note 1)
China Cinda (HK) Asset Management Co., Limited ("China Cinda (HK)") ⁽²⁾⁽³⁾	Beneficial owner	L – 843,585,747	74.98%
Bonds & Sons Holdings Limited ⁽⁴⁾	Beneficial owner	L – 111,642,295	9.93%
Bonds & Sons International Limited ⁽⁴⁾	Interest in controlled corporation	L – 111,642,295	9.93%
Bonds Chan Family Holdings (PTC) Ltd. ⁽⁴⁾	Interest in controlled corporation	L – 111,642,295	9.93%
China Cinda Asset Management Co., Ltd. ⁽²⁾⁽³⁾	Interest in controlled corporation	L – 843,585,747	74.98%

Additional Information Required under the Listing Rules

Notes:

- (1) Based on 1,125,027,072 ordinary shares of the Company in issue at 30 June 2024.
- (2) China Cinda (HK) is the beneficial owner of 843,585,747 shares.
- (3) China Cinda Asset Management Co., Ltd. controlled 100% of China Cinda (HK) Holdings Company Limited, which is the sole shareholder of China Cinda (HK) and is deemed under the SFO to be interested in the 843,585,747 Shares held by China Cinda (HK).
- (4) To the best knowledge, information and belief of the Directors, Bonds & Sons Holdings Limited is 100% controlled by Bonds & Sons International Limited, which is in turn 100% controlled by Bonds Chan Family Holdings (PTC) Ltd. Accordingly, Bonds Chan Family Holdings (PTC) Ltd. and Bonds & Sons International Limited are deemed under the SFO to be interested in the 111,642,295 Shares held by Bonds & Sons Holdings Limited.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

Additional Information Required under the Listing Rules

CHANGE OF DIRECTORS' INFORMATION

During the Interim Period, there is no change in the information of the director of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted a corporate governance code prepared based on the code provisions (the “**Code Provisions**”) of the latest code on corporate governance (the “**CG Code**”) as set out in Appendix C1 to Listing Rules from time to time as the guidelines for corporate governance of the Company. The Company has complied with the CG Code throughout Interim Period save for the following deviation:

Code Provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend the general meetings of the Company.

Mr. Liew Fui Kiang, an independent non-executive Director, did not attend one annual general meeting of the Company held on 21 June 2024 due to other business engagement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all the Directors have confirmed that they have fully complied with the required standard as set out in the Model Code throughout the Interim Period.

REVIEW BY AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (“**Audit Committee**”) comprises two independent non-executive Directors, namely, Mr. Yip Tai Him (Chairman) and Mr. Liu Xin, and one non-executive Director, namely, Ms. Yu Dan. This interim report of the Group for the six months ended 30 June 2024 and the unaudited interim financial statements have been reviewed by the Audit Committee.

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

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

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

Hong Kong, 28 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Unaudited	
		Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Revenue	4	16,863	16,382
Other income, net	5	1,115	915
Net loss in fair value of investment properties	11	(12,016)	(13,000)
Staff costs	6	(1,498)	(2,099)
Depreciation of property, plant and equipment	6	(17)	(75)
Depreciation of right-of-use assets	6	(428)	(428)
Other operating expenses		(2,187)	(3,677)
Profit/(loss) from operations	6	1,832	(1,982)
Finance costs	7	(25,795)	(18,666)
Loss before tax		(23,963)	(20,648)
Income tax expense	8	(2,366)	(1,488)
Loss for the period		(26,329)	(22,136)
Other comprehensive (loss)/income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operations		(36)	1,098
Other comprehensive (loss)/income for the period, net of tax		(36)	1,098
Total comprehensive loss for the period		(26,365)	(21,038)
Loss for the period attributable to the owners of the Company		(26,329)	(22,136)
Total comprehensive loss for the period attributable to the owners of the Company		(26,365)	(21,038)
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted			
– For loss for the period (in HK cents)	10	(2.34)	(1.97)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		–	17
Right-of-use assets		1,071	1,499
Investment properties	11	1,719,400	1,731,100
		1,720,471	1,732,616
Current assets			
Trade and other receivables, deposits and prepayments	12	2,947	2,974
Cash and cash equivalents		15,135	123,047
		18,082	126,021
Current liabilities			
Other payables, deposits and accrued expenses	13	9,928	11,046
Lease liabilities		908	872
Interest-bearing bank and other borrowings	14	776,884	870,857
Tax payables		5,551	3,858
		793,271	886,633
Net current liabilities		(775,189)	(760,612)
Total assets less current liabilities		945,282	972,004
Non-current liabilities			
Other payables and deposits	13	3,951	4,518
Lease liabilities		239	702
Deferred tax liabilities		13,923	13,250
		18,113	18,470
Net assets		927,169	953,534
CAPITAL AND RESERVES			
Share capital	15	112,502	112,502
Reserves	16	814,667	841,032
Total equity		927,169	953,534

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 (Unaudited)

	Attributable to the owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note 16)	Exchange reserve HK\$'000 (Note 16)	Contributions from shareholders HK\$'000 (Note 16)	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	112,502	168,300	9,628	(12,388)	233,606	5,619	436,267	953,534
Loss for the period	-	-	-	-	-	-	(26,329)	(26,329)
Other comprehensive loss, net of tax: Items that may be reclassified subsequently to profit or loss: Exchange difference on translating foreign operations	-	-	-	(36)	-	-	-	(36)
Total comprehensive loss for the period	-	-	-	(36)	-	-	(26,329)	(26,365)
At 30 June 2024 (Unaudited)	112,502	168,300*	9,628*	(12,424)*	233,606*	5,619*	409,938*	927,169

* These reserve accounts comprise the consolidated reserves of HK\$814,667,000 in the condensed consolidated statement of financial position.

	Attributable to the owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note 16)	Exchange reserve HK\$'000 (Note 16)	Contributions from shareholders HK\$'000 (Note 16)	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023 (Restated)	112,502	168,300	9,628	(12,513)	233,606	5,619	508,998	1,026,140
Loss for the period	-	-	-	-	-	-	(22,136)	(22,136)
Other comprehensive income, net of tax: Items that may be reclassified subsequently to profit or loss: Exchange difference on translating foreign operations	-	-	-	1,098	-	-	-	1,098
Total comprehensive loss for the period	-	-	-	1,098	-	-	(22,136)	(21,038)
At 30 June 2023 (Unaudited)	112,502	168,300	9,628	(11,415)	233,606	5,619	486,862	1,005,102

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Net cash generated from operating activities	12,370	9,465
Cash flows from investing activities		
Additions to investment properties	(316)	–
Interest received	265	578
Net cash (used in)/from investing activities	(51)	578
Cash flows from financing activities		
Repayment of bank borrowings	(100,000)	(13,938)
Repayment of lease liabilities	(484)	(485)
Interests paid	(19,711)	(17,318)
Net cash used in financing activities	(120,195)	(31,741)
Net decrease in cash and cash equivalents	(107,876)	(21,698)
Cash and cash equivalents at the beginning of the period	123,047	63,268
Effect of foreign exchange rate changes	(36)	(164)
Cash and cash equivalents at the end of the period	15,135	41,406
Analysis of balances of cash and cash equivalents		
Cash and bank balances	7,626	10,406
Non-pledged time deposits with original maturity of less than three months	7,509	31,000
	15,135	41,406

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1. GENERAL INFORMATION

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

The Company acts as an investment holding company and the principal activities of the Group are leasing of investment properties in Hong Kong.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited. The registered office and the principal place of business of the Company are disclosed in the corporate information section of this interim report.

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

2. BASIS OF PREPARATION

Statement of compliance

The interim condensed consolidated financial statements for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

Going concern

As at 30 June 2024, the Group's total current liabilities exceeded its total current assets by approximately HK\$775,189,000 (31 December 2023: approximately HK\$760,612,000). The Directors considered that the controlling shareholder has intention to provide continuing financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due. Accordingly, the Directors believe that the Group has adequate resources to continue its operations in the foreseeable future of not less than 12 months from the end of the reporting period. Therefore, they are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Agreements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. REVENUE AND SEGMENT INFORMATION

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

The Group's operating and reportable segment under HKFRS 8 Operating Segments is property investment – leasing of investment properties in Hong Kong. Accordingly, no operating segment is presented.

5. OTHER INCOME, NET

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Bank interest income	265	578
Exchange gain, net	20	–
Sundry income	830	337
	<hr/>	<hr/>
	1,115	915

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6. LOSS FROM OPERATIONS

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
The Group's loss from operations is arrived at after charging/(crediting):		
Directors' emoluments	270	270
Other staff costs	1,228	1,829
Total staff costs	1,498	2,099
Depreciation of property, plant and equipment	17	75
Depreciation of right-of-use assets	428	428
Gross rental income from investment properties	(16,863)	(16,382)
Less: Direct operating expenses from investment properties that generated rental income during the period	1,234	1,292
	(15,629)	(15,090)

7. FINANCE COSTS

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Interest on bank and other borrowings	25,738	18,576
Interest on lease liabilities	57	90
	25,795	18,666

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Current tax		
Hong Kong profits tax		
– Provision for the period	1,693	1,640
The PRC		
– Over-provision in prior years	–	(156)
	<hr/>	<hr/>
	1,693	1,484
Deferred taxation		
– Charged to the condensed consolidated statement of profit or loss and other comprehensive income	673	4
	<hr/>	<hr/>
	2,366	1,488

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2023: 16.5%).

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the Interim Period (six months ended 30 June 2023: Nil).

10. LOSS PER SHARE

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

	Unaudited	
	Six months ended 30 June 2024	Six months ended 30 June 2023
	HK\$'000	HK\$'000

Loss

Loss attributable to ordinary equity holders of the Company used in the basic and diluted loss per share

(26,329)

(22,136)

	Six months ended 30 June 2024	Six months ended 30 June 2023
	'000	'000

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share

1,125,027

1,125,027

For the six months ended 30 June 2024 and 2023, the diluted loss per share is the same as the basic loss per share. The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11. INVESTMENT PROPERTIES

	Completed investment properties, in Hong Kong HK\$'000
FAIR VALUE:	
At 1 January 2024	1,731,100
Additions	316
Net loss in fair value recognised in the condensed consolidated statement of profit or loss and other comprehensive income	<u>(12,016)</u>
At 30 June 2024 (Unaudited)	<u>1,719,400</u>

The fair value of the Group's investment properties as at 30 June 2024 was determined by valuations carried out by Ravia Global Appraisal Advisory Limited (31 December 2023: Vincorn Consulting and Appraisal Limited), an independent qualified professional valuer not connected to the Group.

The responsible valuers of Ravia Global Appraisal Advisory Limited are members of the Hong Kong Institute of Surveyors, and it has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on (i) the sales comparison approach, which involves an analysis of sales transactions of comparable properties within the neighbourhood area of the properties; and (ii) the income capitalisation approach, which involves estimating the rental incomes of the properties and capitalising them all on an appropriate rate to produce a capital value.

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

The resulting decrease in fair value of investment properties of approximately HK\$12,016,000 (six months ended 30 June 2023: HK\$13,000,000) has been recognised directly in the condensed consolidated statement of profit or loss and other comprehensive income for the Interim Period.

As at 30 June 2024, investment properties with a carrying amount in aggregate of HK\$1,719,400,000 (31 December 2023: HK\$1,731,100,000) were pledged as collateral for the Group's bank borrowings.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Rental receivables, net of allowance for credit losses (Note (i))	339	61
Other receivables, deposits and prepayments, net of allowance for credit losses (Note (ii))	2,608	2,913
	2,947	2,974

Notes:

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

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

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
0 to 30 days	96	10
31 to 60 days	95	11
61 to 90 days	104	–
91 to 180 days	4	–
181 to 365 days	–	40
Over 365 days	40	–
	339	61

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes (Continued):

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Prepayments	186	24
Deposits and other receivables	276,611	279,033
Prepaid tax	14	14
	276,811	279,071
Less: Allowance for credit losses	(274,203)	(276,158)
	2,608	2,913

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
At 1 January	276,158	280,162
Exchange realignment	(1,955)	(4,004)
At 30 June/31 December	274,203	276,158

13. OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Rental deposits received	9,934	10,514
Other payables and accrued expenses	3,736	4,897
	13,670	15,411
Contract liabilities (Note)	209	153
	13,879	15,564
Analysed into:		
Non-current portion	3,951	4,518
Current portion	9,928	11,046
	13,879	15,564

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES (Continued)

Note:

Details of contract liabilities are as follows:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Short-term advance payments received from tenants	209	153

Contract liabilities include short-term advance payments received from tenants, which is related to advance rental payments from tenants at the end of the reporting period.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
Current	HIBOR plus	31 December		HIBOR plus		
Bank loans – secured	1.25%	2024	670,818	1.25%-2%	On demand	770,759
Other loans – unsecured	12%	31 December 2024	106,066	12%	31 December 2024	100,098
			776,884			870,857

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
On demand or within one year	776,884	870,857

As at 30 June 2024, interest payable of approximately HK\$7,075,000 (31 December 2023: approximately HK\$1,315,000) was included in bank and other borrowings.

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

Details of corporate guarantees of the Group were set out in the section "Corporate Guarantee" of this interim report.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15. SHARE CAPITAL

	Number of shares		Amount	
	30 June 2024 '000	31 December 2023 '000	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Authorised:				
Ordinary of shares of HK\$0.10 each	2,000,000	2,000,000	200,000	200,000
Issued and fully paid	1,125,027	1,125,027	112,502	112,502

16. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity on page 18 of this interim report.

Special reserve

The special reserve represents the offsetting of the share premium of the subsidiary acquired against the excess of the nominal value of that subsidiary's shares and the nominal value of the shares issued by the Company in exchange thereof under the Group reorganisation in April 2000.

Exchange reserve

Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy adopted for exchange reserve.

Contribution from shareholders

The contributions from shareholders represent the aggregation of discount on acquisitions of an indirect wholly-owned subsidiary, Uptodate Management Limited with the amount of approximately HK\$233,606,000 from the former controlling shareholder – Mr. Ng Chun For, Henry.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

17. FINANCIAL RISK MANAGEMENT

Fair values measurements of financial instruments

(i) **Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	Unaudited 30 June 2024	Audited 31 December 2023			
Financial assets	HK\$'000	HK\$'000			
Financial assets at fair value through profit or loss	–	–	Level 3	Net asset value	N/A (note)

Note:

The Group has determined that the net asset value represents fair value at the end of the reporting period.

Fair value hierarchy as at 30 June 2024

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial assets at fair value through profit or loss	–	–	–	–

Fair value hierarchy as at 31 December 2023

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial assets at fair value through profit or loss	–	–	–	–

There were no transfers between Level 1 and 2 during the Interim Period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

17. FINANCIAL RISK MANAGEMENT (Continued)

Fair values measurements of financial instruments (Continued)

(ii) **Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)**

The fair values of financial assets and financial liabilities are determined as follows:

- (a) the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- (b) the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate to their fair values.

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
Financial liabilities				
Interest-bearing bank borrowings	670,818	670,818	770,759	770,759
Interest-bearing other borrowings (other than lease liabilities)	106,066	106,066	100,098	100,098
	776,884	776,884	870,857	870,857

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

18. OPERATING LEASES

The Group as lessor

The Group leases its investment properties (Note 11) consisting of commercial properties in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

Rental income recognised by the Group for the Interim Period was approximately HK\$16,863,000 (six months ended 30 June 2023: approximately HK\$16,382,000), details of which are included in Note 4 to the financial statements.

At 30 June 2024 and 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Within one year	20,341	25,020
In the second to fifth year inclusive	15,748	14,541
	36,089	39,561

19. MATERIAL RELATED PARTY TRANSACTIONS

Pursuant to a loan agreement entered into between China Cinda (HK) and the Company on 28 December 2023 (the "**Loan Agreement**"), China Cinda (HK) agreed to grant an unsecured loan facility to the Company in the principal amount of up to HK\$130 million at simple interest rate of 12% per annum to 31 December 2024, which is renewable up to 31 December 2025.

Under the aforementioned Loan Agreement, as at 29 December 2023, China Cinda (HK) granted the Company a loan of HK\$100,000,000, with a simple interest rate of 12% per annum to 31 December 2024. As at 30 June 2024, the outstanding balance of the loan was approximately HK\$106,066,000 (31 December 2023: approximately HK\$100,098,000).

Save as disclosed above and those disclosed elsewhere in the consolidated financial statements, the Group had no material outstanding balances with related parties as at 30 June 2024 and 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

20. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following significant commitments:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Contracted, but not provided for:		
Capital contribution to a limited partnership	41,088	41,381