



TFG International Group Limited
富元國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 542

Interim Report
2020

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CORPORATE INFORMATION

EXECUTIVE DIRECTOR

YANG Lijun (*Chairman*)
(*re-designated on 1 June 2020*)

NON-EXECUTIVE DIRECTORS

YU Shunhui
(*re-designated on 1 June 2020*)

WONG Kui Shing, Danny

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Hoi Ling
SO Wai Lam
SUNG Yat Chun

COMPANY SECRETARY

WOO Chung Ping

PRINCIPAL BANKERS

China CITIC Bank International Limited
The Hongkong and Shanghai Banking
Corporation Limited

AUDITOR

CCTH CPA Limited
Unit 1510–1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road,
Kwai Chung, New Territories, Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

REGISTERED OFFICE

The Offices of Sterling Trust (Cayman) Limited
Whitehall House, 238 North Church Street,
George Town, Grand Cayman KY1-1102,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat 403 and 405, 4th Floor,
Kowloon City Plaza,
128 Carpenter Road,
Kowloon City, Kowloon,
Hong Kong

UNAUDITED INTERIM RESULTS

The Board of Directors (the “**Board**”) of TFG International Group Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	5	144,761	16,913
Cost of sales		(73,532)	(6,573)
		<hr/>	<hr/>
Gross profit		71,229	10,340
Other income and gains	6	2,020	2,632
Selling expenses		(2,573)	(1,256)
Administrative and other expenses		(50,675)	(35,131)
Impairment of trade receivables reversed		1,051	3,473
Finance costs	7	(30,353)	(32,062)
		<hr/>	<hr/>
LOSS BEFORE TAX	8	(9,301)	(52,004)
Income tax (expense)/credit	9	(8,857)	697
		<hr/>	<hr/>
LOSS FOR THE PERIOD		(18,158)	(51,307)

		For the six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
<i>Note</i>		HK\$'000	HK\$'000
	Loss for the period attributable to:		
	Owners of the Company	(24,276)	(49,652)
	Non-controlling interests	6,118	(1,655)
		<hr/>	<hr/>
		(18,158)	(51,307)
		<hr/>	<hr/>
		HK cents	HK cents
	LOSS PER SHARE		
	— Basic	(0.35)	(0.71)
		<hr/>	<hr/>
	— Diluted	N/A	N/A
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<u>(18,158)</u>	(51,307)
OTHER COMPREHENSIVE LOSS		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>(7,118)</u>	(874)
Total other comprehensive loss for the period, net of tax	<u>(7,118)</u>	(874)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(25,276)</u>	(52,181)
Total comprehensive (loss)/profit for the period attributable to:		
Owners of the Company	(30,813)	(50,479)
Non-controlling interests	<u>5,537</u>	(1,702)
	<u>(25,276)</u>	(52,181)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		255,249	268,256
Right-of-use assets		50,597	52,146
Investment properties		18,072	18,400
Properties under development	11	580,623	506,399
Licensing rights		14,594	15,842
Pledged bank balances		972	989
		920,107	862,032
TOTAL NON-CURRENT ASSETS			
CURRENT ASSETS			
Properties held for sale	12	833,346	691,382
Deposit for acquisition of land for development		87,560	89,152
Inventories		1,803	4
Trade receivables	13	7,295	3,586
Prepayments, deposits and other receivables		58,296	38,031
Investments in wealthy management products		2,736	–
Restricted bank balances		96,945	35,740
Cash and cash equivalents		106,319	56,129
		1,194,300	914,024
TOTAL CURRENT ASSETS			
		2,114,407	1,776,056
CURRENT LIABILITIES			
Trade payables, other payables and accruals	15	374,527	200,742
Amount due to non-controlling interest		164,217	164,217
Amounts due to directors	16	37,500	–
Loans and borrowings — due within one year		344,669	357,516
Contract liabilities	17	200,766	65,719
		1,121,679	788,194
TOTAL CURRENT LIABILITIES			
		72,621	125,830
NET CURRENT ASSETS			
		992,728	987,862
TOTAL ASSETS LESS CURRENT LIABILITIES			

		As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
	<i>Note</i>		
NON-CURRENT LIABILITIES			
Loans and borrowings — due after one year		575,603	562,400
Lease liabilities		467	822
Deferred tax liabilities		47,616	30,322
		<hr/>	
TOTAL NON-CURRENT LIABILITIES		623,686	593,544
		<hr/>	
NET ASSETS			
		369,042	394,318
		<hr/>	
Share capital	18	69,464	69,464
Reserves		242,146	272,959
		<hr/>	
Equity attributable to owners of the Company		311,610	342,423
Non-controlling interests		57,432	51,895
		<hr/>	
TOTAL EQUITY		369,042	394,318
		<hr/>	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Share capital	Share premium account	Property revaluation reserve	Foreign currency translation reserve	Capital reduction reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2020 (Audited)	69,464	778,892	6,600	(37,123)	191,925	19,154	(686,489)	342,423	51,895	394,318
Loss for the period	-	-	-	-	-	-	(24,276)	(24,276)	6,118	(18,158)
Other comprehensive loss for the period	-	-	-	(6,537)	-	-	-	(6,537)	(581)	(7,118)
Total comprehensive loss for the period	-	-	-	(6,537)	-	-	(24,276)	(30,813)	5,537	(25,276)
At 30 June 2020 (Unaudited)	69,464	778,892	6,600	(43,660)	191,925	19,154	(710,765)	311,610	57,432	369,042
At 1 January 2019 (Audited)	69,464	778,892	6,600	(28,199)	191,925	19,154	(484,113)	553,723	71,991	625,714
Loss for the period	-	-	-	-	-	-	(49,652)	(49,652)	(1,655)	(51,307)
Other comprehensive loss for the period	-	-	-	(827)	-	-	-	(827)	(47)	(874)
Total comprehensive loss for the period	-	-	-	(827)	-	-	(49,652)	(50,479)	(1,702)	(52,181)
At 30 June 2019 (Unaudited)	69,464	778,892	6,600	(29,026)	191,925	19,154	(533,765)	503,244	70,289	573,533

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	167,679	(49,850)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(121,477)	(129,727)
NET CASH GENERATED FROM FINANCING ACTIVITIES	5,664	193,978
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,866	14,401
Cash and cash equivalents at beginning of the period	56,129	54,273
Effect of foreign exchange rate changes, net	(1,676)	396
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	106,319	69,070
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	106,319	69,070

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

TFG International Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office and principal place of business of the Company are located at Whitehall House, 238 North Church Street, George Town, Grand Cayman KY1-1102, Cayman Islands and Flat 403 and 405, 4th Floor, Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the period, the Group’s activities mainly comprised properties development and hotel business in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The accounting policies and the basis of preparation adopted in the preparation of these condensed consolidated financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2019, except for the adoption of the revised HKFRSs as disclosed in Note 3 below.

The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The condensed consolidated financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

<i>Amendments to HKFRS 3</i>	<i>Definition of a Business</i>
<i>Amendments to HKAS 1 and HKAS 8</i>	<i>Definition of Material</i>
<i>Amendments to HKFRS 9, HKAS 39 and HKFRS 7</i>	<i>Interest Rate Benchmark Reform</i>
<i>Amendment to HKFRS 16</i>	<i>COVID-19 Related Rent Concessions</i>

The application of new and amended standards effective in respect of the current period had not resulted in any significant impact on the Group’s condensed consolidated financial statements. The Group has also not applied any new or amended standards that are not effective in respect of the current period.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group identifies reportable segments, on the basis of the products and services, for internal reports about components of the Group that are regularly reviewed by the chief operation decision makers for the purpose of allocating resources to segments and assessing their performances. There are two reportable operating segments identified as follows:

- (a) Property Development Business: Development and sales of properties and provision of ancillary services including agency and clubhouse operating service;*
- (b) Hotel Business: Sub-licensing rights to hotel operators and related hotel management activities.*

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results represent the profit or loss earned before tax before taking into account interest income from bank deposits, unallocated other income, unallocated corporate expenses (including central administration costs and directors’ remuneration) and finance costs. This is the measure reported to the chief operation decision makers and the board of directors for the purposes of resource allocation and performance assessment. To achieve a better presentation of segment information for management purposes, the other business in respect of the comparative six months ended 30 June 2019 is not regarded as a business segment of the Group in current period. The segment revenue and segment loss of the other business amounted to HK\$849,000 and HK\$757,000 respectively for the comparative six months ended 30 June 2019 has been reclassified and included in other income and other unallocated expenses for that period to conform with the current period’s presentation.

For the six months ended 30 June

	Property Development		Hotel Business		Others		Total	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue from contracts with customers								
— recognised at a point of time	-	1,141	-	-	3,305	-	3,305	1,141
— recognised over time	134,872	8,849	6,584	6,923	-	-	141,456	15,772
Segment revenue	134,872	9,990	6,584	6,923	3,305	-	144,761	16,913
Segment profit/(loss)	34,351	(5,980)	(5,513)	(5,385)	(842)	-	27,996	(11,365)
Reconciliation:								
Other income							399	849
Bank and other interest income							522	529
Gain on disposal of right-of- use assets							-	59
Other unallocated expenses							(7,865)	(10,014)
Finance costs							(30,353)	(32,062)
Loss before tax							(9,301)	(52,004)

Geographical information

The Group operates in two main geographical areas — Hong Kong and the People's Republic of China (the "PRC") (excluding Hong Kong).

For the six months ended 30 June

	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
REVENUE		
— Hong Kong	-	-
— PRC	144,761	16,913
	144,761	16,913

Revenue from customers contributing over 10% of the total revenue of the Group

Revenue from individual customers contributing over 10% of the total revenue of the Group is as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A	N/A	7,612
Customer B	N/A	6,598

The customer A and customer B contributed less than 10% to the Group's revenue for the six months ended 30 June 2020. No other customer contributed 10% or more to the Group's revenue during the period.

5. **REVENUE**

Revenue represents the aggregate of income from sales of properties held for sale, sub-licensing of operating rights, clubhouse operation services rendered and property agency income and is analysed as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of properties held for sale	133,032	286
Sales of healthcare products	3,305	–
Licensing income	6,584	6,923
Clubhouse operating services income	–	855
Property agency income	1,840	8,849
	144,761	16,913

Disaggregated by timing of revenue recognition

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Point in time	3,305	1,141
Over time	141,456	15,772
	144,761	16,913

6. *OTHER INCOME AND GAINS*

	<i>For the six months ended 30 June</i>	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Bank interest income</i>	522	529
<i>Loan interest income</i>	–	849
<i>Rental income</i>	996	739
<i>Others</i>	502	515
	<hr/>	<hr/>
	2,020	2,632
	<hr/>	<hr/>

7. *FINANCE COSTS*

	<i>For the six months ended 30 June</i>	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Interests on</i>		
<i>Loans and borrowings</i>	52,914	48,040
<i>Amounts due to directors</i>	846	–
<i>Lease liabilities</i>	51	52
	<hr/>	<hr/>
	53,811	48,092
<i>Less: Amount capitalised on properties under development</i>	(23,458)	(16,030)
	<hr/>	<hr/>
	30,353	32,062
	<hr/>	<hr/>

8. *LOSS BEFORE TAX*

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

	<i>For the six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Cost of sales</i>		
<i>Cost of properties sold</i>	69,202	163
<i>Cost of goods sold</i>	2,052	–
<i>Amortisation of licensing rights</i>	1,234	1,452
<i>Cost of clubhouse inventories sold</i>	–	472
<i>Property agency service charges</i>	1,044	4,486
	73,532	6,573
<i>Depreciation of property, plant and equipment</i>	12,516	15,220
<i>Depreciation of right-of-use assets</i>	436	1,456
<i>Loss on disposal of property, plant and equipment</i>	170	–
<i>Rental expenses for short-term leases</i>	1,881	2,508
<i>Auditors' remuneration</i>	140	143
<i>Employee benefit expenses (including directors' remuneration)</i>		
— <i>Wages and salaries</i>	10,030	9,933
— <i>Retirement benefits scheme contributions</i>	345	295
<i>Exchange losses/(gains), net</i>	3,062	(807)

9. *INCOME TAX (EXPENSE)/CREDIT*

	<i>For the six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Current tax</i>	–	–
<i>Deferred tax (charge)/credit</i>	(8,857)	697
	<hr/>	<hr/>
<i>Income tax (expense)/credit</i>	(8,857)	697

Hong Kong profits tax has been provided at the rate of 16.5% (six months end 30 June 2019: 16.5%) on the estimated assessable profits arising in Hong Kong for the current period under review. Subsidiaries in the PRC are subject to PRC Enterprise Income Tax at 25% (six months end 30 June 2019: 25%). No provision for current tax has been made in the condensed consolidated financial statements as the Group does not have any profits for both of the periods presented which are assessable to tax.

10. *LOSS PER SHARE*

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company amounted to HK\$24,276,000 (six months ended 30 June 2019: HK\$49,652,000), and 6,946,350,040 (six months ended 30 June 2019: 6,946,350,040) ordinary shares in issue during the period.

No diluted loss per share for both of the current and prior periods was presented as there were no potential ordinary shares in issue during the periods.

11. *PROPERTIES UNDER DEVELOPMENT*

	<i>30 June</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Properties under development, at cost</i>	580,623	506,399
	<hr/>	<hr/>

The properties are located in Hengqin, Zhuhai City, the PRC.

12. *PROPERTIES HELD FOR SALE*

	<i>30 June</i> <i>2020</i> <i>(Unaudited)</i> <i>HK\$'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>HK\$'000</i>
<i>Properties held for sale</i>		
— <i>Completed</i>	2,583	2,630
— <i>Under development</i>	830,763	688,752
	<hr/>	<hr/>
	833,346	691,382

13. *TRADE RECEIVABLES*

	<i>30 June</i> <i>2020</i> <i>(Unaudited)</i> <i>HK\$'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>HK\$'000</i>
<i>Trade receivables, gross</i>	91,653	90,547
<i>Impairment loss recognised</i>	(84,358)	(86,961)
	<hr/>	<hr/>
	7,295	3,586

Credit period normally granted to customers of the Group is 30 days.

An aged analysis of the trade receivables after impairment loss recognised, based on invoice date, is as follows:

	<i>30 June</i> <i>2020</i> <i>(Unaudited)</i> <i>HK\$'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>HK\$'000</i>
<i>Within 1 month</i>	1,288	3,586
<i>1–3 months</i>	3,927	–
<i>4–12 months</i>	2,080	–
	<hr/>	<hr/>
	7,295	3,586

Movements in impairment loss recognised on trade receivables are as follows:

	<i>Six months ended 2020 (Unaudited) HK\$'000</i>	<i>Year ended 2019 (Audited) HK\$'000</i>
<i>At the beginning of the period/year</i>	86,961	79,666
<i>Impairment loss (reversed)/recognised, net</i>	(1,051)	8,882
<i>Exchange realignment</i>	(1,552)	(1,587)
	<hr/>	
<i>At the end of the period/year</i>	84,358	86,961
	<hr/>	

14. *LOAN RECEIVABLES*

	<i>30 June 2020 (Unaudited) HK\$'000</i>	<i>31 December 2019 (Audited) HK\$'000</i>
<i>Loan receivables</i>	19,000	19,000
<i>Less: Impairment loss recognised</i>	(19,000)	(19,000)
	<hr/>	
	—	—
	<hr/>	

15. *TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS*

	<i>30 June 2020 (Unaudited) HK\$'000</i>	<i>31 December 2019 (Audited) HK\$'000</i>
<i>Trade payable for property development expenditure (Note a)</i>	262,294	117,022
<i>Interest payable</i>	44,096	32,145
<i>Lease liabilities</i>	823	907
<i>Short-term advances (Note b)</i>	38,982	25,074
<i>Other payables and accruals</i>	28,332	25,594
	<hr/>	
	374,527	200,742
	<hr/>	

Notes:

- (a) *The following is an ageing analysis of trade payable for property development expenditure presented based on the invoice date.*

	30 June 2020 (Unaudited) HK\$'000	<i>31 December 2019 (Audited) HK\$'000</i>
<i>Within 1 month</i>	207,834	95,783
<i>1–3 months</i>	54,460	21,239
	262,294	117,022

- (b) *Short term advances included amount due to a brother of a director and other parties of HK\$29,989,000 (31 December 2019: HK\$19,502,000) and HK\$8,993,000 (31 December 2019: HK\$5,572,000), respectively. Such advances were unsecured, interest free and with no fixed repayment terms.*

16. **AMOUNTS DUE TO DIRECTORS**

The amounts due to directors are unsecured, interest-bearing at 13% per annum and repayable on demand.

17. **CONTRACT LIABILITIES**

	30 June 2020 (Unaudited) HK\$'000	<i>31 December 2019 (Audited) HK\$'000</i>
<i>Contract liabilities related to sales of properties</i>	200,766	65,719

The Group received payments from customers based on billing schedules as stipulated in the property sale contracts. Payments are usually received in advance of the performance under the contracts for property development and sales.

Out of the contract liabilities of HK\$200,766,000 (31 December 2019: HK\$65,719,000), an amount of HK\$150,138,000 (31 December 2019: HK\$51,398,000) is expected to be recognised as revenue within one year. The remaining balance of HK\$50,628,000 (31 December 2019: HK\$14,321,000) is expected to be recognised as revenue after one year.

The following table shows unsatisfied performance obligations resulting from property sale contracts with customers:

	30 June	<i>31 December</i>
	2020	<i>2019</i>
	(Unaudited)	<i>(Audited)</i>
	HK\$'000	<i>HK\$'000</i>
<i>Transaction price for performance obligation not satisfied or partially satisfied expected to be recognised as revenue</i>		
— within one year	301,301	<i>145,594</i>
— after one year	95,991	<i>37,870</i>
	397,292	<i>183,464</i>

Income from sub-licensing of operating rights and property agency arose from contracts with an original expected duration of one year or less. The transaction prices for such services so allocated to the unsatisfied contracts were not disclosed.

18. SHARE CAPITAL

	30 June	<i>31 December</i>
	2020	<i>2019</i>
	(Unaudited)	<i>(Audited)</i>
	HK\$'000	<i>HK\$'000</i>
<i>Authorised:</i>		
100,000,000,000 (31 December 2019: 100,000,000,000)		
ordinary shares of HK\$0.01 each	1,000,000	<i>1,000,000</i>
<i>Issued and fully paid:</i>		
6,946,350,040 (31 December 2019: 6,946,350,040)		
ordinary shares of HK\$0.01 each	69,464	<i>69,464</i>

19. DIVIDEND

No dividend was paid or proposed for the six months ended 30 June 2020, nor had any dividend been proposed since the end of the reporting period (30 June 2019: Nil).

20. *PROJECT COMMITMENTS*

As at 30 June 2020, the Group had outstanding commitments for property development expenditure and acquisition of land for development contracted but not provided for amounted to approximately HK\$597,736,000 (31 December 2019: HK\$705,590,000).

21. *CAPITAL COMMITMENTS*

*On 29 June 2020, the Company entered into an agreement with Mr. Yang Lijun (“**Mr. Yang**”), a director of the Company, under which the Company has conditionally agreed to acquire 100% equity interest in an entity, Eway International Investment Limited (“**Eway**”), an entity indirectly held by Mr. Yang, for a consideration of HK\$108,600,000. The consideration for the acquisition of Eway will be satisfied by the issue of promissory note payable by the Company with principal amount of HK\$108,600,000 at interest rate of 9% per annum. Eway, through its PRC subsidiaries, is engaged in development, leasing and management of properties in the PRC.*

Completion of the acquisition of Eway by the Company has not been taken place up to the end of the reporting period and at the date of approval of these condensed consolidated financial statements.

22. *EVENTS AFTER REPORTING DATE*

*On 16 July 2020, the Group and a third party, Quan Feng Developments Limited (the “**Purchaser**”), entered into a memorandum of understanding (the “**MOU**”, the terms of which are substantially not legally binding) in relation to the proposed disposal (the “**Proposed Disposal**”) of a subsidiary of the Group. The principal asset of the subsidiary is 70% interest in certain land in Hengqin, Zhuhai City, the PRC, which is currently under development.*

*Pursuant to the MOU, the Group has granted the Purchaser an exclusivity period of three months from 16 July 2020 (the “**Exclusivity Period**”) for the finalisation of a formal agreement. In consideration of the Group entering into the MOU and the grant of the Exclusivity Period, the Purchaser paid an earnest money in the amount of HK\$250,000,000 (the “**Earnest Money**”) to the Group.*

In the event that no formal agreement in relation to the Proposed Disposal is signed before expiry of the Exclusivity Period, the MOU shall lapse, and the Earnest Money will be refunded to the Purchaser (without interest). Up to the date of approval of these condensed consolidated financial statements, the Exclusivity Period has not expired and no formal agreement in relation to the Proposed Disposal is executed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2020, the Group's revenue amounted to HK\$144.8 million, compared to HK\$16.9 million for the corresponding period 2019. The Group recorded a loss before tax of HK\$9.3 million, compared to the loss of HK\$52.0 million for the corresponding period 2019. Such loss is amongst other things, mainly attributable to the increase in (i) loss on foreign exchange due to the depreciation of Renminbi ("RMB"); (ii) provision of land appreciation tax due to increase in property sales; and (iii) selling expense for promotional and marketing activities of the Group's properties projects.

The decline in loss before tax was mainly attributed to a growth in revenue recognized from sales of properties for the six months ended 30 June 2020. Such increase in revenue resulted in a noticeable improvement in the gross profit generated for the same period under review. The gross profit for the six months ended 30 June 2020 amounted to approximately HK\$71.2 million, representing an increase of approximately sevenfold of approximately HK\$10.3 million for the same period of 2019.

The Group's consolidated loss attributable to the owners of the Company for the six months ended 30 June 2020 amounted to HK\$24.3 million, compared to the loss of HK\$49.7 million for the corresponding period 2019.

PROPERTY DEVELOPMENT SEGMENT

Revenue of the property development segment for the six months ended 30 June 2020 amounted to HK\$134.9 million, compared to HK\$10.0 million for the corresponding period 2019. Profit of the property development segment for the six months ended 30 June 2020 was HK\$34.4 million, compared to the loss of HK\$6.0 million for the corresponding period 2019. The improvement in the performance of the segment is mainly attributable to the commencement of recognising revenue from sales of properties of 2 new property projects, namely German City located in Zhuhai and Fuyuan Juntong located in Chengdu for the period under review. The gross floor area (the "GFA") of these 2 new property projects sold and recognised as revenue during the period were approximately 15,585 sq.m. In the corresponding period of last year, there was only one unit (approximately 62 sq.m.) of Morning Star Villa sold and recognised as revenue.

As at 30 June 2020, contracted sales of German City and Fuyuan Juntong shared approximately 21.4% and 31.6% of their saleable units, respectively.

HOTEL BUSINESS

For the six months ended 30 June 2020, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK\$6.6 million, compared to HK\$6.9 million for the corresponding period 2019. Loss of the segment amounted to HK\$5.5 million for the six months ended 30 June 2020, compared to a loss of HK\$5.4 million for the corresponding period 2019. The loss is mainly attributable to the depreciation of property, plant and equipment.

GEOGRAPHICAL SEGMENT

During the period, the Group's revenue was mainly generated from hotel business and property development from elsewhere in the PRC, and there was no revenue generated in Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSALS

ACQUISITION OF SUBSIDIARIES

On 29 June 2020, the Company entered into a Sale and Purchase Agreement with Mr. Yang Lijun (“**Mr. Yang**”), a director of the Company, to acquire conditionally the entire issued share capital of Eway International Investment Limited (“**Eway**”) together with its subsidiaries (the “**Target Group**”) (the “**Acquisition**”) for a consideration of HK\$108,600,000, which will be satisfied by the issue of promissory note payable by the Company with principal amount of HK\$108,600,000 at interest rate of 9% per annum. The Target Group are indirectly held by Mr. Yang. The principal asset of the Target Group comprises a land parcel of site area of approximately 48,653.2 sq.m. which is located in Doumen District, Zhuhai City, the PRC. The land parcel is designated to be developed into a commercial complex comprising office towers, a 5-star standard hotel and a shopping center with basement car parks. The Group is principally engaged in property development and hotel business in the PRC. The Acquisition is in line with the principal businesses of the Group. The Board is of the opinion that the Acquisition will broaden the Group's income stream, strengthen the Group's profitability, enhance its competitiveness and is in the interests of the Company and the Shareholders as a whole. At the date of this report, the Acquisition is not completed and subject to independent shareholders' approval at an extraordinary general meeting (“**EGM**”). Details of the Acquisition are available to the public at the Company's website www.tfginternationalgroup.com and the website of Hong Kong Exchanges and Clearing Limited.

REVIEW OF FINANCIAL POSITION

OVERVIEW

Non-current assets of the Group as at 30 June 2020, consisting mainly of investment properties, property under development, property, plant and equipment, right-of-use assets, and licensing rights amounted to HK\$920.1 million, compared to HK\$862.0 million as at 31 December 2019. Current assets as at 30 June 2020 amounted to HK\$1,194.3 million, compared to HK\$914.0 million as at 31 December 2019. Current liabilities as at 30 June 2020 amounted to HK\$1,121.7 million, compared to HK\$788.2 million as at 31 December 2019. Non-current liabilities as at 30 June 2020 amounted to HK\$623.7 million, compared to HK\$593.5 million as at 31 December 2019.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group's total interest bearing borrowings amounted to HK\$920.3 million (31 December 2019: HK\$919.9 million) which comprised borrowings from a financial institution of HK\$144.3 million (31 December 2019: HK\$143.9 million) and from independent third parties of HK\$776.0 million (31 December 2019: HK\$776.0 million).

The Group's total equity as at 30 June 2020 was HK\$369.0 million (31 December 2019: HK\$394.3 million).

The Group's gearing ratio as at 30 June 2020 was 249.4% (31 December 2019: 233.3%). The gearing ratio was calculated on the basis of total interest bearing borrowings over the total equity of the Group. The significant increase in gearing ratio was mainly due to substantial amount of interest bearing borrowings raised to finance the costs of development of project in Zhuhai and the payment of land fees in respect of the land in Chengdu which the Group successfully bid on 29 August 2018.

As part of treasury management, the Group centralises funding for all of its operations at the Group level. The Group's foreign currency exposure related mainly to Renminbi, which arose from its hotel business, the sales of property units in Zhongshan, and certain property development projects in the PRC.

CAPITAL COMMITMENTS

As at 30 June 2020, the Group's capital commitment amounted to HK\$108,600,000 (30 June 2019: nil).

PROJECT COMMITMENTS

As at 30 June 2020, the Group had outstanding commitments in respect of the property development expenditure and acquisition of land for development, which were contracted but not provided for approximately of HK\$597.7 million (31 December 2019: HK\$705.6 million).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had contingent liabilities amounting to HK\$0.1 million (31 December 2019: HK\$0.1 million). The contingent liabilities were mainly in respect of buy-back guarantees in favour of banks to secure mortgage loans granted to the purchasers of the properties developed by Morning Star Villa (“MSV”) and Morning Star Plaza (“MSP”). The Board considered that the fair value of such guarantees were insignificant.

CHARGES ON GROUP ASSETS

As at 30 June 2020, part of the Group’s leasehold land and buildings with a carrying value of HK\$302.2 million (31 December 2019: HK\$316.0 million) had been pledged to a financial institution to secure mortgage loans. In addition, non-current bank balances of HK\$1.0 million (31 December 2019: HK\$1.0 million) were pledged to banks to secure mortgage loan facilities granted to purchasers of the Group’s properties held for sale and the issuance of a performance letter of guarantee in favour of a government department in honour of the sale and purchase agreement relating to the Group’s purchase of land in Hengqin, Zhuhai.

STAFF ANALYSIS

The total number of staff employed by the Group as at 30 June 2020 was 109, compared to 135 as at 31 December 2019. As part of the Group’s human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus scale. Currently, the Group continues to implement its overall human resource training and development programme and to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

OUTLOOK

OUTLOOK AND PLANNING

The rapid spread of the novel coronavirus (“**COVID-19**”) worldwide caused unprecedented impact on the global economy since the beginning of 2020. Although many major economies have made concerted efforts to rescue the markets, the pace of economic recovery is affected in various countries, given uncertainties such as the pandemic and geopolitics.

In China, the pandemic has been gradually under control since the second quarter of 2020, and all sectors have resumed operation. To support the macro-economy and local employment, local governments have implemented a series of relief measures to ease the operational pressure on real estate enterprises. In terms of austerity, the central government continued to set the target of “stable land prices, housing prices and market expectations”. The austerity measures of local governments were partially loosened. Austerity measures of some cities were implemented through adjustment to talent structure policy. The overall environment for industry policy was stable.

The Group is optimistic about China’s economic future. Thus, the Company entered into a sale and purchase agreement with Mr. Yang Lijun, a director of the Company, on 29 June 2020, under which the Company has conditionally agreed to acquire 100% equity interest in an entity, Eway International Investment Limited (“**Eway**”), for a consideration of HK\$108,600,000. Eway, through its PRC subsidiaries, was the beneficial owner of a land parcel of site area of approximately 48,653.2 sq.m. located in Doumen District, Zhuhai City, Guangdong, the PRC. Eway plans to develop the land parcel into commercial properties and retail shops for sale, a shopping center with GFA of approximately 60,000 sq.m. for leasing and a 5-star standard hotel. Completion of the acquisition of Eway is subject to independent shareholders’ approval on 11 September 2020. The Group consider that, with favourable government policy and unique location and optimistic economic prospect, the acquisition will broaden the Group’s income stream, strengthen the Group’s profitability and enhance its competitiveness.

Besides, the Group will keep monitoring the development of COVID-19 and assessing the impact of the pandemic on the Group’s finance and operation. The Group will adjust its marketing plans and development strategies in a timely manner, with an aim to ensure the Group is working in the interest of the Company and the shareholders as a whole.

The Group remains confident about the future development of its business segments, and will continue to deliver steady growth by enhancing internal management capabilities, optimising operational management model and continuously upgrading product.

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was adopted pursuant to an ordinary resolution passed by the shareholders of the Company at a general meeting on 8 June 2011. The purpose of the Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participant who is any person whom the Board in its sole discretion considers eligible for the Scheme on the basis of his or her contribution to the Group (the “**Participant(s)**”).

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any options to be granted under any other scheme must not in aggregate exceed 10% of the aggregate of the Shares in issue as at 10 June 2011 (the “**Adoption Date**”).

With the approval of the Shareholders in general meeting, the total number of shares available for issue upon the exercise of all options to be granted under the Scheme and any other scheme under the limit as “refreshed” shall not exceed 10% of the shares in issue of the Company as at the date on which the shareholders approve the “refreshed” limit.

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and all outstanding options granted and yet to be exercised under any other scheme shall not exceed 30% of the shares in issue from time to time. No options may be granted under the Scheme and no options may be granted under any other schemes if this will result in the limit being exceeded.

The Board may grant options to any Participant in excess of the individual limit of 1% in any 12-month period subject to the approval of the Shareholders in general meeting (with such Participant and his associates abstaining from voting). The Board shall not grant any options to any Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including those options exercised or outstanding) in any 12-month period exceed 1% of the Shares in issue at such date.

Under the Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto.

The Scheme became effective on the Adoption Date, subject to earlier termination at any time decided by the Board of Directors and approved in advance by shareholders of the Company by ordinary resolution in a general meeting. The Scheme shall be valid and effective for an exclusivity period of 10 years commencing on the Adoption Date, after which period no further options under the Scheme will be granted. As of the date of this report, the remaining life of the Scheme is approximately 9 months.

The exercise price will be determined by the Board at its absolute discretion and notified to an option holder. The minimum exercise price shall not be less than the highest of: (A) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (B) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and (C) the nominal value of the Shares. A Participant shall pay the Company HK\$1.00 for the grant of an option on acceptance of an option offer within 21 days after the offer date.

During the six months ended 30 June 2020 and the year ended 31 December 2019 and as of the date of this report, no options were granted, exercised, forfeited, cancelled or lapsed nor were there any option outstanding under the Scheme.

As of the date of this report, the total number of shares available for issue under the Scheme may not exceed 193,164,814 shares, which represents 10% of the shares in issue of the Company at the Adoption Date or 2.78% of the shares in issue of the Company as at 30 June 2020.

DIRECTORS' INTERESTS IN THE SECURITIES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June, 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were set out below:

Long position in shares of the Company and its associated corporations:

Name of directors	Name of company	Capacity	Number of ordinary shares	Percentage of issued share capital
YANG Lijun (Note 1)	The Company	Held by controlled corporations	2,955,939,152	42.55%
	The Company	Beneficial owner	11,608,000	0.17%
YU Shunhui (Note 2)	The Company	Held by controlled corporation	164,712,000	2.37%

Note 1: As at 30 June 2020, All Great International Holdings Limited (“All Great”) was owned as to 51% by Jade Leader International Investment Limited (“Jade Leader”), 35% by Honor Huge Investment Holdings Limited (“Honor Huge”) and 14% by Ever Star International Investment Limited (“Ever Star”, which in turn was wholly-owned by Honor Huge). YANG Lijun, an Executive Director and Chairman of Board of Directors of the Company, was the sole ultimate beneficial owner of the entire issued share capital of Jade Leader, Honor Huge and Ever Star. Accordingly, YANG Lijun was deemed to be interested in the 2,955,939,152 shares of the Company held by All Great pursuant to the SFO. YANG Lijun is a director of All Great, Jade Leader, Honor Huge and Ever Star.

Note 2: As at 30 June 2020, YU Shunhui, a Non-executive Director of the Company, was the sole ultimate beneficial owner of Rising Giant Investments Limited (“Rising Giant”). Accordingly, YU Shunhui was deemed to be interested in the 164,712,000 shares of the Company held by Rising Giant pursuant to the SFO.

Save as disclosed above, as at 30 June 2020, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

PERSONS HOLDING 5% OR MORE INTERESTS

As at 30 June 2020, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the shares of the Company:

Name of shareholders	Capacity	Notes	Number of ordinary shares	Percentage of issued share capital
All Great International Holdings Limited (“All Great”)	Beneficial Owner	3	2,955,939,152	42.55%
Honor Huge Investment Holdings Limited (“Honor Huge”)	Held by controlled corporation	3	2,955,939,152	42.55%
Jade Leader International Investment Limited (“Jade Leader”)	Held by controlled corporation	3	2,955,939,152	42.55%
LIN Ruijie	Interest of Spouse	4	2,967,547,152	42.72%
YANG Xiang Bo	Held by controlled corporations	5	1,320,000,000	19.00%

Name of shareholders	Capacity	Notes	Number of ordinary shares	Percentage of issued share capital
Shirble Department Store Holdings (China) Limited	Held by controlled corporations	5	1,320,000,000	19.00%
HUANG Xue Rong	Interest of Spouse	6	1,320,000,000	19.00%

Notes:

3. *As at 30 June 2020, All Great was owned as to 51% by Jade Leader, 35% by Honor Huge and 14% by Ever Star. YANG Lijun, an Executive Director and Chairman of the Board, was the sole ultimate beneficial owner of Jade Leader, Honor Huge and Ever Star. Accordingly, Jade Leader and Honor Huge were deemed to be interested in the 2,955,939,152 shares of the Company held by All Great pursuant to the SFO, and such number of shares had duplicated with equivalent number of shares as disclosed in note 1 to the section headed "Directors' interests in the securities and debentures of the Company and its associated corporations" above.*
4. *As at 30 June 2020, LIN Ruijie, spouse of YANG Lijun whom is an Executive Director and Chairman of the Board, was deemed to be interested in 2,955,939,152 shares of the Company deemed to be interested in by YANG Lijun.*
5. *As at 30 June 2020, pursuant to the disclosure of interest forms filed, (i) YANG Xiang Bo had 100% control of Xiang Rong Investment Limited, (ii) which had 100% control of Shirble Department Store Limited, (iii) which had 53.9% control of Shirble Department Store Holdings (China) Limited, the issued shares of which were listed on the Stock Exchange (stock code: 312), and (iv) which in turn had 100% control of Baoke Trading (BVI) Company Limited. Accordingly, YANG Xiang Bo and Shirble Department Store Holdings (China) Limited were deemed to be interested in such 1,320,000,000 shares of the Company pursuant to the SFO.*
6. *As at 30 June 2020, HUANG Xue Rong, spouse of YANG Xiang Bo, was deemed to be interested in the shares of the Company deemed to be interested in by YANG Xiang Bo.*

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high corporate governance standards and uphold accountability and transparency.

During the six months ended 30 June 2020, the Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

CODE PROVISIONS A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Two (2) Executive Directors and one (1) Independent Non-executive Directors could not attend the annual general meeting (the “AGM”) of the Company held on 28 May 2020 due to COVID-19 pandemic. However, there were some Non-executive Director and Independent Non-Executive Directors present to enable the Board to develop a balanced understand of the views of the Shareholders.

CODE PROVISION E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate to attend. These persons should be available to answer questions at the annual general meeting.

Due to COVID-19 pandemic, Mr. Yang Lijun (“**Mr. Yang**”) and Mr. Yu Shunhui (“**Mr. Yu**”), both being Co-chairmen of the Board could not attend the AGM held on 28 May 2020. However, Ms. Chan Hoi Ling, an Independent Non-executive Director and chairman of Audit Committee of the Company took the chair of the AGM. Chairman of Remuneration Committee was present to be available to answer any question to ensure effective communication with the Shareholders.

Further information on the Company’s corporate governance practices during the period under review will be set out in the Corporate Governance Report to be contained in the Company’s 2020 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry to the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2020.

CHANGE IN DIRECTORS' INFORMATION

The changes in Director's information, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- The remuneration that Mr. Yang Lijun (“**Mr. Yang**”) entitled had been revised to a year-ended discretionary bonus with effect from 1 May 2020, which is determined with reference to Mr. Yang's performance, responsibilities with the Company and the Company's remuneration policy.
- Mr. Yu Shunhui (“**Mr. Yu**”) was re-designated as a non-executive Director the Company and stepped down as Co-Chairman of the Board and a member of the executive committee with effect from 1 June 2020. Mr. Yu is entitled to a year-ended discretionary bonus which is determined with reference to Mr. Yu's performance, responsibilities with the Company and the Company's remuneration policy.
- Mr. Yang became the sole chairman of the Board with effect from 1 June 2020.
- Mr. Wong Kui Shing, Danny (“**Mr. Wong**”) resigned from the position of executive director of Greater Bay Area Dynamic Growth Holding Limited (stock code: 1189) with effect from 25 August 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Board has established the audit committee of the Company (the “**Audit Committee**”) which comprises three independent non-executive Directors.

The Audit Committee has reviewed the Group's interim report and the unaudited consolidated interim results for the six months ended 30 June 2020 in conjunction with the Company's management.

By order of the Board
TFG International Group Limited
Yang Lijun
Chairman

Hong Kong, 28 August 2020