



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)

2021
INTERIM REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

YANG Lijun
(Chairman & Chief Executive Officer)
(appointed as Chief Executive Officer on
5 February 2021)
GAO Jingyao *(appointed on 5 February 2021)*

NON-EXECUTIVE DIRECTORS

YU Shunhui
(resigned on 6 September 2021)
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 condensed consolidated interim financial information of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the six months ended 30 June	
		2021	2020
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE	5	8,160	144,761
Cost of sales		(1,542)	(73,532)
Gross profit		6,618	71,229
Other income and gains	6	3,027	2,020
Selling expenses		(4,475)	(2,573)
Administrative and other expenses		(49,943)	(50,675)
Impairment of trade receivables reversed		2,232	1,051
Finance costs	7	(67,230)	(30,353)
LOSS BEFORE TAX	8	(109,771)	(9,301)
Income tax expense	9	(504)	(8,857)
LOSS FOR THE PERIOD		(110,275)	(18,158)
Loss for the period attributable to:			
Owners of the Company		(107,121)	(24,276)
Non-controlling interests		(3,154)	6,118
		(110,275)	(18,158)
		HK cents	HK cents
LOSS PER SHARE	10		
— Basic		(1.54)	(0.35)
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2021	2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
LOSS FOR THE PERIOD	<u>(110,275)</u>	(18,158)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>2,813</u>	(7,118)
Other comprehensive income/(loss) for the period, net of tax	<u>2,813</u>	(7,118)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(107,462)</u>	(25,276)
Total comprehensive (loss)/profit for the period attributable to:		
Owners of the Company	(104,580)	(30,813)
Non-controlling interests	<u>(2,882)</u>	5,537
	<u>(107,462)</u>	(25,276)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		207,638	217,223
Right-of-use assets		48,396	49,076
Investment properties		24,299	24,127
Properties under development	<i>11</i>	1,570,595	1,499,271
Licensing rights		9,263	10,200
Goodwill	<i>12</i>	50,290	50,290
Pledged bank balances		1,067	1,056
		<hr/>	
TOTAL NON-CURRENT ASSETS		1,911,548	1,851,243
		<hr/>	
CURRENT ASSETS			
Properties held for sale	<i>13</i>	1,790,464	1,684,314
Inventories		–	1,224
Trade receivables	<i>14</i>	7,930	737
Prepayments, deposits and other receivables		258,493	134,761
Restricted bank balances		379,427	255,835
Cash and cash equivalents		70,589	82,839
		<hr/>	
TOTAL CURRENT ASSETS		2,506,903	2,159,710
		<hr/>	
TOTAL ASSETS		4,418,451	4,010,953
		<hr/>	

		As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables, other payables and accruals	15	884,919	904,595
Amount due to non-controlling interest	16	–	64,217
Amount due to a director	17	–	3,500
Loans and borrowings — due within one year		340,957	375,372
Contract liabilities	18	1,278,063	754,137
		<hr/> 2,503,939	2,101,821
TOTAL CURRENT LIABILITIES			
		<hr/> 2,964	57,889
NET CURRENT ASSETS			
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<hr/> 1,914,512	1,909,132
NON-CURRENT LIABILITIES			
Loans and borrowings — due after one year		1,520,452	1,411,902
Amount due to a director	17	36,147	31,910
Promissory note payable	19	107,625	107,427
Deferred tax liabilities		150,283	150,426
		<hr/> 1,814,507	1,701,665
TOTAL NON-CURRENT LIABILITIES			
		<hr/> 100,005	207,467
NET ASSETS			
Share capital	20	69,464	69,464
Reserves		(21,305)	83,275
		<hr/> 48,159	152,739
Equity attributable to owners of the Company		51,846	54,728
Non-controlling interests		<hr/> 100,005	207,467
TOTAL EQUITY			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company									
	Share capital	Share premium account	Property revaluation reserve	Foreign currency translation reserve	Capital reduction reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2021 (Audited)	69,464	778,892	6,600	(9,093)	191,925	19,154	(904,203)	152,739	54,728	207,467
Loss for the period	-	-	-	-	-	-	(107,121)	(107,121)	(3,154)	(110,275)
Other comprehensive income for the period	-	-	-	2,541	-	-	-	2,541	272	2,813
Total comprehensive income/ (loss) for the period	-	-	-	2,541	-	-	(107,121)	(104,580)	(2,882)	(107,462)
At 30 June 2021 (Unaudited)	69,464	778,892	6,600	(6,552)	191,925	19,154	(1,011,324)	48,159	51,846	100,005
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	83,873	167,679
Cash flow from investing activities		
Bank and other interest income received	642	522
Purchase of property, plant and equipment	(31)	(1,973)
Proceeds from disposal of property, plant and equipment	129	–
Additions to properties under development	(50,983)	(117,290)
Increase in investment in wealthy management products	–	(2,736)
NET CASH USED IN INVESTING ACTIVITIES	(50,243)	(121,477)
Cash flow from financing activities		
Payment of lease liabilities	(63)	(448)
Drawdown of other borrowings	6,643	85,950
Repayment of loan and borrowings	(10,806)	(76,029)
Drawdown of loans from directors	737	37,500
Interest paid	(43,094)	(41,309)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(46,583)	5,664
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,953)	51,866
Cash and cash equivalents at the beginning of the period	82,839	56,129
Effect of foreign exchange rate changes, net	703	(1,676)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	70,589	106,319
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	70,589	106,319

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 2021 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 2020, 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 2021 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.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated interim financial information have been prepared on the historical basis, with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 January 2021. The effect of the adoption of these standards, amendments and interpretation is not material on these condensed consolidated interim financial statements.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 annual financial statements.

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group:

- *Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2*
- *Amendments to HKFRS 16, Covid-19-Related Rent Concessions*

The adoption of these new or amendments to HKFRSs does not have any significant financial effect on the Group's condensed consolidated interim financial statements.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance. The directors anticipate that the adoption of these new or amendments to HKFRSs will have no material impact on the results and financial position of the Group.

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 three reportable operating segments identified as follows:

- (a) *Property Development Business: Property development 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; and*
- (c) *Other Business: Trading of hygiene products.*

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.

	For the six months ended 30 June							
	Property Development		Hotel Business		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Revenue from contracts with customers								
— recognised at a point in time	454	—	—	—	258	3,305	712	3,305
— recognised over time	259	134,872	7,189	6,584	—	—	7,448	141,456
Total segment revenue	713	134,872	7,189	6,584	258	3,305	8,160	144,761
Segment profit/(loss)	(33,929)	34,351	(1,743)	(5,513)	(1,608)	(842)	(37,280)	27,996
Reconciliation:								
Bank interest income							642	522
Other income							777	399
Other unallocated expenses							(6,680)	(7,865)
Finance costs							(67,230)	(30,353)
Loss before tax							(109,771)	(9,301)

Note: There were no inter-segment sales for both of the six months ended 30 June 2021 and 30 June 2020.

Geographical information

The Group operates in one main geographical area — the PRC.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
REVENUE		
— PRC	8,160	144,761

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	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A	6,829	N/A

5. **REVENUE**

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of properties held for sale	454	133,032
Sales of hygiene products	258	3,305
Licensing income	7,189	6,584
Property agency income	259	1,840
	8,160	144,761

Disaggregated by timing of revenue recognition

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue recognised:		
— Point in time	712	3,305
— Over time	7,448	141,456
	8,160	144,761

Note:

The Group's revenue and cost of sales for the six months ended 30 June 2021, 30 June 2020 and 31 December 2020 are set out below:

	<i>For the six months ended</i>		<i>For the</i>	<i>For the</i>
	<i>30 June</i>		<i>six months</i>	<i>year ended</i>
	<i>2021</i>	<i>2020</i>	<i>ended</i>	<i>31 December</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>31 December</i>	<i>31 December</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2020</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognised:				
— Sales of development properties	454	133,032	(133,032)	—
— Others	7,706	11,729	10,631	22,360
Total revenue recognised	8,160	144,761	(122,401)	22,360
Cost of sales recognised:				
— Sales of development properties	(143)	(69,202)	69,202	—
— Others	(1,399)	(4,330)	(2,862)	(7,192)
Total cost of sales	(1,542)	(73,532)	66,340	(7,192)
Gross profit	6,618	71,229	(56,061)	15,168

In the preparation of the Group's interim unaudited condensed consolidated financial statements for the six months ended 30 June 2020, management of the Group was of the view that, for contracted sale of properties under development in the PRC, the Group had enforceable right to payment received when such properties were under development, accordingly revenue from these property sales was recognised on over-time basis.

In the preparation of the consolidated financial statements of the Group for the year ended 31 December 2020, management conducted a review of the sale of properties in the PRC under development. Having considered the terms of the related sale agreements and the continuous adverse business circumstances, coupled with the significant impacts arising from the severe COVID-19, management has adopted the following accounting judgment for the revenue recognition of sale of properties:

"Revenue from sales of properties held for sale in the PRC in the ordinary course of business is recognised at point in time when control of completed property is transferred to the customer, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable."

Management considered that it is appropriate and reasonable to adopt the aforementioned revenue recognition on the Group's consolidated financial statements for the year ended 31 December 2020, accordingly the revenue and cost of sales recognised for the six months ended 30 June 2020 amounted to approximately HK\$133 million and HK\$69 million respectively, which were recognised on over-time basis, were reversed in the second half year ended 31 December 2020.

6. OTHER INCOME AND GAINS

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Bank interest income</i>	<i>642</i>	<i>522</i>
<i>Rental income</i>	<i>1,336</i>	<i>996</i>
<i>Others</i>	<i>1,049</i>	<i>502</i>
	<hr/>	<hr/>
	<i>3,027</i>	<i>2,020</i>
	<hr/>	<hr/>

7. FINANCE COSTS

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Interests on</i>		
<i>Loans and borrowings</i>	<i>76,251</i>	<i>52,914</i>
<i>Amounts due to directors</i>	<i>1,675</i>	<i>846</i>
<i>Promissory note</i>	<i>5,045</i>	<i>–</i>
<i>Lease liabilities</i>	<i>–</i>	<i>51</i>
	<hr/>	<hr/>
	<i>82,971</i>	<i>53,811</i>
<i>Less: Amount capitalised on properties under development</i>	<i>(15,741)</i>	<i>(23,458)</i>
	<hr/>	<hr/>
	<i>67,230</i>	<i>30,353</i>
	<hr/>	<hr/>

The borrowing costs have been capitalised at the rates ranged from 9% to 13% (six months ended 30 June 2020: from 9% to 13%) per annum.

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>2021</i>	<i>2020</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>	<i>143</i>	<i>69,202</i>
<i>Cost of goods sold</i>	<i>406</i>	<i>2,052</i>
<i>Amortisation of licensing rights</i>	<i>942</i>	<i>1,234</i>
<i>Property agency service charges</i>	<i>51</i>	<i>1,044</i>
	<i>1,542</i>	<i>73,532</i>
<i>Depreciation of property, plant and equipment</i>	<i>10,362</i>	<i>12,516</i>
<i>Depreciation of right-of-use assets</i>	<i>61</i>	<i>436</i>
<i>Loss on disposal of property, plant and equipment</i>	<i>123</i>	<i>170</i>
<i>Rental expenses for short-term leases</i>	<i>2,025</i>	<i>1,881</i>
<i>Auditors' remuneration</i>	<i>166</i>	<i>140</i>
<i>Employee benefit expenses (including directors' remuneration)</i>		
— <i>Wages and salaries</i>	<i>10,146</i>	<i>10,030</i>
— <i>Retirement benefits scheme contributions</i>	<i>675</i>	<i>345</i>
<i>Exchange (gains)/losses, net</i>	<i>(2,750)</i>	<i>3,062</i>

9. *INCOME TAX EXPENSE*

	<i>For the six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Current tax expense</i>	<i>(145)</i>	<i>—</i>
<i>PRC enterprise income tax</i>	<i>(559)</i>	<i>—</i>
<i>Deferred tax credit/(charge)</i>	<i>200</i>	<i>(8,857)</i>
	<i>(504)</i>	<i>(8,857)</i>

No provision for Hong Kong profits tax has been made in the condensed consolidated interim financial statements as the Group has no assessable profit arising in Hong Kong for both of the periods presented.

PRC enterprise income tax is calculated at 25% (six months ended 30 June 2020: 25%) of the profits of the group entities in the PRC.

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company amounted to HK\$107,121,000 (six months ended 30 June 2020: HK\$24,276,000), and 6,946,350,040 (six months ended 30 June 2020: 6,946,350,040) ordinary shares in issue during the period.

No diluted loss per share for both of the periods ended 30 June 2021 and 2020 was presented as there were no potential ordinary shares in issue for both of the periods.

11. PROPERTIES UNDER DEVELOPMENT

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Properties under development, at cost	1,570,595	1,499,271

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

12. GOODWILL

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Carrying amount		
At beginning of the period/year	50,290	–
Arising from acquisition of subsidiaries	–	50,290
At end of the period/year	50,290	50,290

Note: Goodwill arose from acquisition of subsidiaries which had been completed on 15 September 2020.

13. *PROPERTIES HELD FOR SALE*

	<i>30 June 2021 (Unaudited) HK\$'000</i>	<i>31 December 2020 (Audited) HK\$'000</i>
<i>Properties held for sale</i>		
— Completed	1,361	1,496
— Under development	1,789,103	1,682,818
	<hr/>	<hr/>
	1,790,464	1,684,314

14. *TRADE RECEIVABLES*

	<i>30 June 2021 (Unaudited) HK\$'000</i>	<i>31 December 2020 (Audited) HK\$'000</i>
<i>Trade receivables, gross</i>	108,197	92,610
<i>Impairment loss recognised</i>	(100,267)	(91,873)
	<hr/>	<hr/>
	7,930	737

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 2021 (Unaudited) HK\$'000</i>	<i>31 December 2020 (Audited) HK\$'000</i>
<i>Within 1 month</i>	1,635	222
<i>1–3 months</i>	3,698	63
<i>4–12 months</i>	2,597	452
	<hr/>	<hr/>
	7,930	737

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
At the beginning of the period/year	91,873	86,961
Impairment loss (reversed)/recognised, net	(2,232)	8,193
Exchange realignment	10,626	(3,281)
	<hr/>	<hr/>
At the end of the period/year	100,267	91,873

15. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade payables for property development expenditure (Note a)	509,311	643,012
Value-added tax payable	116,007	68,809
Interest payable	70,678	30,999
Lease liabilities	224	30
Short-term advances (Note b)	133,449	118,156
Other payables and accruals	55,250	43,589
	<hr/>	<hr/>
	884,919	904,595

Note:

- (a) The following is an aged analysis of trade payables for property development expenditure presented based on the invoice date:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 1 month	427,303	554,116
1–3 months	82,008	88,896
	<hr/>	<hr/>
	509,311	643,012

- (b) The short-term advances from a brother of a director and other parties amounted to HK\$43,466,000 (31 December 2020: HK\$48,966,000) and HK\$89,983,000 (31 December 2020: HK\$69,190,000), respectively at 30 June 2021, are unsecured, interest free and with no fixed repayment terms.

16. AMOUNT DUE TO NON-CONTROLLING INTEREST

The amount due to non-controlling interest is unsecured, interest free and has no fixed repayment terms.

17. AMOUNT DUE TO A DIRECTOR

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<i>Amount due to a director repayable:</i>		
— Within one year	—	3,500
— Within a period of more than one year but not exceeding two years	4,600	—
— Within a period of more than two years but not exceeding five years	31,547	31,910
	<hr/>	<hr/>
	36,147	35,410
	<hr/>	<hr/>
<i>Analysed for reporting purpose:</i>		
— Current liabilities	—	3,500
— Non-current liabilities	36,147	31,910
	<hr/>	<hr/>
	36,147	35,410
	<hr/>	<hr/>

The amount due to a director, Mr. Yang Lijun is unsecured, carry interest at interest rates ranged from 9% to 13% per annum (31 December 2020: 9% to 13% per annum) and is not repayable on or before 30 June 2022.

18. CONTRACT LIABILITIES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Advance payments received for sales of properties	1,278,063	754,137
	<hr/>	<hr/>

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 sale contracts.

19. *PROMISSORY NOTE PAYABLE*

	30 June 2021 (Unaudited) HK\$'000	<i>31 December 2020 (Audited) HK\$'000</i>
<i>Promissory note payable within a period of more than two years but not exceeding five years</i>	107,625	<i>107,427</i>

20. *SHARE CAPITAL*

	30 June 2021 (Unaudited) HK\$'000	<i>31 December 2020 (Audited) HK\$'000</i>
<i>Authorised:</i>		
<i>100,000,000,000 (31 December 2020: 100,000,000,000) ordinary shares of HK\$0.01 each</i>	1,000,000	<i>1,000,000</i>
<i>Issued and fully paid:</i>		
<i>6,946,350,040 (31 December 2020: 6,946,350,040) ordinary shares of HK\$0.01 each</i>	69,464	<i>69,464</i>

21. *DIVIDEND*

No dividend was paid or proposed for the six months ended 30 June 2021, nor had any dividend been proposed since the end of the reporting period (31 December 2020: Nil).

22. *PROJECT COMMITMENTS*

As at 30 June 2021, the Group had outstanding commitments for property development expenditure and acquisition of land for development contracted but not provided for amounted to approximately HK\$579,874,000 (31 December 2020: HK\$390,086,000).

23. *CAPITAL COMMITMENTS*

The Group did not have any significant capital commitments as at 30 June 2021 and 31 December 2020.

24. *CONTINGENT LIABILITIES*

As at 30 June 2021, the Group had contingent liabilities amounting to HK\$207,283,000 (31 December 2020: HK\$130,641,000) in respect of the buy-back guarantee in favour of banks to secure mortgage loan facilities granted to the purchasers of the Group's properties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2021, the Group's revenue was approximately of HK\$8.16 million, compared to HK\$144.76 million for 2020. The Group recorded a loss before tax of approximately HK\$109.77 million, compared to the loss of HK\$9.30 million for 2020. Such loss is amongst other things, due to (i) increase in finance costs which related to borrowings obtained for the finance of certain property development projects; and (ii) increase in selling, marketing and promotional expenses which related to the sale of properties held for sale under development.

Loss attributable to the owners of the Company for the six months ended 30 June 2021 was approximately of HK\$107.12 million, compared to the loss of HK\$24.28 million for the corresponding period in 2020.

PROPERTY DEVELOPMENT SEGMENT

Revenue of the property development segment for the six months ended 30 June 2021 was approximately of HK\$0.71 million, compared to HK\$134.87 million for the corresponding period 2020. Loss of the property development segment for the six months ended 30 June 2021 was HK\$33.93 million, compared to the profit of HK\$34.35 million for the corresponding period in 2020.

During the six months ended 30 June 2021, the Group had three projects under development on hand, namely German City project located in Hengqin, Fuyuan Junting project located in Chengdu, and Fuyuan Square project located in Doumen, respectively.

German City project holds a land parcel of gross floor area of approximately 145,176 sq.m., of which 49,999 sq.m. is available for sale. The land parcel is located in Hengqin New District, Zhuhai City, the PRC and is designated to be developed into a research and commercial complex. The pre-sale activities of German City project had started in the 4th quarter of 2019. Up to 30 June 2021, German City project had achieved sales contracts amounted to 29.93% of its gross saleable areas available for sale. Construction work of the project is scheduled to complete in the 1st quarter of 2022.

Fuyuan Junting project holds two land parcels of total gross floor area of approximately 120,500 sq.m., of which 85,102 sq.m. is available for sale. The land parcel is located in Ande Zhen, Pidu District, Chengdu City, the PRC and is designated to be developed into a residential and commercial complex. The pre-sale activities of Fuyuan Junting project had started in the 4th quarter of 2019. Up to 30 June 2021, First phase of Fuyuan Junting project and second phase of Fuyuan Junting project had achieved sales contracts amounted to 96.43% and 18.41% of its respective total gross saleable areas available for sale. Construction work of the first phase is scheduled to complete in the 4th quarter of 2021, whilst the second phase will be completed in the 3rd quarter of 2022.

Fuyuan Square project holds a land parcel of gross floor area of approximately 197,391 sq.m., of which 61,654 sq.m. is available for sale. The land parcel is located in Doumen District, Zhuhai City, the PRC and 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 pre-sale activities of Fuyuan Square project had started in July 2020. Up to 30 June 2021, Fuyuan Square project had achieved sales contracts amounted to 62.97% of its total gross saleable areas available for sale. Construction work of the project is scheduled to complete in the 4th quarter of 2022.

As at 30 June 2021, approximately of 99.98% completed residential and commercial units of Morning Star Plaza project in Zhongshan were sold. During the past few years, the Group had been seeking approval from relevant governmental authorities for the development of certain land parcels under Morning Star Villa project, with site area of 151,675 sq.m. in Zhongshan. Currently, the approval of the relevant governmental authorities is in progress.

For the six months ended 30 June 2021, the segment reported a loss as all property development projects were under construction.

HOTEL BUSINESS

For the six months ended 30 June 2021, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK\$7.19 million, compared to HK\$6.58 million for the corresponding period 2020. Loss of the segment amounted to HK\$1.74 million for the six months ended 30 June 2021, compared to a loss of HK\$5.51 million for the corresponding period 2020. The loss is mainly attributable to the depreciation of property, plant and equipment and finance costs.

GEOGRAPHICAL SEGMENT

During the period, the Group did not have revenue generated from Hong Kong, and the revenue generated from elsewhere in the PRC mainly related to hotel business and property development.

REVIEW OF FINANCIAL POSITION

OVERVIEW

Non-current assets of the Group as at 30 June 2021, consisting mainly of property under development, property, plant and equipment, right-of-use assets, investment properties, licensing rights and goodwill amounted to a total of HK\$1,911.55 million, compared to HK\$1,851.24 million as at 31 December 2020. Current assets as at 30 June 2021 amounted to HK\$2,506.90 million, compared to HK\$2,159.71 million as at 31 December 2020. Current liabilities as at 30 June 2021 amounted to HK\$2,503.94 million, compared to HK\$2,101.82 million as at 31 December 2020. Non-current liabilities as at 30 June 2021 amounted to HK\$1,814.51 million, compared to HK\$1,701.67 million as at 31 December 2020.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group's total interest bearing borrowings amounted to HK\$2,005.18 million (31 December 2020: HK\$1,930.12 million) which comprised borrowings from financial institutions approximately of HK\$425.21 million (31 December 2020: HK\$425.65 million), independent third parties of HK\$1,436.20 million (31 December 2020: HK\$1,361.63 million) and directors of HK\$143.77 million (31 December 2020: HK\$142.84 million).

The Group's total equity as at 30 June 2021 was HK\$100.01 million (31 December 2020: HK\$207.47 million).

The Group's gearing ratio as at 30 June 2021 was approximately 2,005% (31 December 2020: approximately 930%). 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 is mainly due to substantial amount of interest bearing borrowings raised to finance the acquisition of Fuyuan Square project in 2020 and the property development projects of the Group.

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

CAPITAL COMMITMENTS

The Group did not have any significant capital commitment as at 30 June 2021 (31 December 2020: Nil).

PROJECT COMMITMENTS

As at 30 June 2021, 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, amounted to approximately HK\$579.87 million (31 December 2020: HK\$390.09 million).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had contingent liabilities amounting to HK\$207.28 million (31 December 2020: HK\$130.64 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 properties. The Board considered that in case of default in payments, the related properties will be sold at prices which exceed the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

CHARGES ON GROUP ASSETS

As at 30 June 2021, part of the Group's leasehold land and buildings with a carrying amount of HK\$254.93 million (31 December 2020: HK\$264.45 million) had been pledged to a financial institution to secure mortgage loans. In addition, non-current bank balances of HK\$1.07 million (31 December 2020: HK\$1.06 million) were pledged to banks to secure mortgage loan facilities granted to purchasers of the Group's properties held for sale.

STAFF ANALYSIS

The total number of staff employed by the Group as at 30 June 2021 was 138, compared to 126 as at 31 December 2020. 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

As the COVID-19 pandemic is under control and in line with the tightening policies on real estate market in China, the real estate industry has been developing steadily in first half of 2021.

The Group has long been confident in China's economic development and has actively invested in real estate development businesses in Zhongshan, Zhuhai and Chengdu. The projects are expected to be completed from the fourth quarter of 2021 to the fourth quarter of 2022, and expect to bring about steady income to the Group.

Looking forward to the second half of 2021, the business environment will remain severe, creating a challenging operating environment for the Group's property sales and hotel business. Nevertheless, the Group has been integrating existing and potential resources to expand the Group's revenue in order to maximize returns for the company's shareholders.

SHARE OPTION SCHEME

A share option scheme (the "2011 Share Option Scheme") was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 8 June 2011. The 2011 Share Option Scheme has been terminated upon adoption of a new share option scheme ("New Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 28 May 2021. Upon termination of the 2011 Share Option Scheme, no further options of the 2011 Share Option Scheme shall be offered thereunder.

The purpose of the New Share Option Scheme is to provide incentives or rewards to the participants for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity of the Group.

The total number of shares which may be issued upon exercise of all options which may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue on 28 May 2021 (the “**Adoption Date**”) (the “**Scheme Mandate Limit**”) unless the Company obtains a fresh approval from the shareholders in general meeting.

With the approval of the shareholders in general meeting to refresh the Scheme Mandate Limit, the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the refreshment by the shareholders.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

The Board may grant options to any participant if the total number of shares issued and to be issued upon exercise of all options granted and to be granted in excess of 1% of the shares in issue in any 12-month period subject to the approval of shareholders in general meeting (with the proposed participant and his associates abstaining from voting).

According to the new share option plan, the Board has the absolute discretion to determine a period not exceeding ten (10) years within which an option to be held by a participant before exercise, subject to the requirements of the New Share Option Scheme.

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

The exercise price will be determined by the Board at its absolute discretion. 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 date of grant; (B) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant; and (C) the nominal value of a share on the date of grant. A participant shall pay HK\$1.00 to the Company by way of consideration for the grant.

Up to the date of this report, there is no options granted under the New Share Option Scheme.

As at the date of this report, the total number of shares available for issue under the New Share Option Scheme may not exceed 694,635,004 shares, which represents 10% of the shares in issue of the Company at the Adoption Date.

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

As at 30 June, 2021, 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 ordinary shares
YANG Lijun (Note 1)	The Company	Held by controlled corporations	3,087,027,152	44.44%
	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: 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 3,087,027,152 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: 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 2021, 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 2021, 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	3,087,027,152	44.44%
Honor Huge Investment Holdings Limited (“ Honor Huge ”)	Held by controlled corporation	3	3,087,027,152	44.44%
Jade Leader International Investment Limited (“ Jade Leader ”)	Held by controlled corporation	3	3,087,027,152	44.44%
LIN Ruijie	Interest of Spouse	4	3,098,635,152	44.61%
HUANG Xue Rong (executor of YANG Xiang Bo)	Held by controlled corporations	5	1,320,000,000	19.00%
Shirble Department Store Holdings (China) Limited	Held by controlled corporations	6	1,320,000,000	19.00%

Notes:

3. *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 3,087,027,152 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. *LIN Ruijie, spouse of YANG Lijun whom is an executive Director and Chairman of the Board, was deemed to be interested in 3,098,635,152 shares of the Company deemed to be interested in by YANG Lijun.*
5. *HUANG Xue Rong is the executor of all estate of YANG Xiang Bo, the deceased.*
6. *Pursuant to the disclosure of interest forms filed, (i) HUANG Xue Rong (executor of YANG Xiang Bo) had 100% control of Xiang Rong Investment Limited, (ii) which had 100% control of Shirble Department Store Limited, (iii) which had 55.41% 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, HUANG Xue Rong (executor of 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.*

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 2021, 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 PROVISION A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

On 5 February 2021, Mr. Yang Lijun (“**Mr. Yang**”) was appointed as chief executive officer of the Company. Mr. Yang, the chairman and an executive director of the Company, has extensive experience in the businesses of property development and investment. The Board believes that by holding both roles of the chairman and the chief executive officer, Mr. Yang will be able to provide strong leadership for the Board and effective and efficient business decisions of the Group. The Board believes that the present structure of the Board would provide adequate checks and balances, and a variety of opinions relating to the affairs of the business of the Group.

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) non-executive directors could not attend the annual general meeting (the “**AGM**”) of the Company held on 28 May 2021 due to COVID-19 pandemic. However, there were one non-executive director and three independent non-executive directors presented 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.

Mr. Yang Lijun (“**Mr. Yang**”), the chairman of the Board could not attend the AGM held on 28 May 2021 due to COVID-19 pandemic. 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 and chairman of nomination committee were 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 2021 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 2021.

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:

On 5 February 2021, Mr. Gao Jingyao ("**Mr. Gao**") was appointed as executive director and deputy president of the Company.

On 12 July 2021, Mr. Wong Kui Shing Danny ("**Mr. Wong**") resigned from the position of executive director and chief executive officer of BCI Group Holdings Limited (stock code: 08412).

On 6 September 2021, Mr. Yu Shunhui ("**Mr. Yu**") resigned as non-executive director of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, 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 unaudited condensed consolidated financial information for the period ended 30 June 2021.

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

Hong Kong, 30 August 2021