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**渝太地產集團有限公司\***  
**Y. T. REALTY GROUP LIMITED**

(Incorporated in Bermuda with limited liability)  
(Stock Code: 75)

**2021 Interim Results Announcement**

The board of directors of Y. T. Realty Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021. The interim results have been reviewed by the audit committee of the Company.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 June 2021

	Notes	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
<b>REVENUE</b>	2, 3		
Sales of properties		518,857	-
Rental income		24,432	22,125
Interest income		974	2,758
Total revenue		544,263	24,883
Costs of sales		(352,960)	(73)
		191,303	24,810
Other income and gains		3,119	1,430
Other expenses and losses		(1,560)	(13,784)
Selling and marketing expenses		(201,220)	(3,319)
Administrative expenses		(54,122)	(7,544)
Finance costs	4	(68,608)	(5,740)
Changes in fair value of investment properties		(112)	(41,992)
<b>LOSS BEFORE TAX</b>	5	<b>(131,200)</b>	<b>(46,139)</b>
Income tax credit	6	19,942	2,467
<b>LOSS FOR THE PERIOD</b>		<b>(111,258)</b>	<b>(43,672)</b>
<b>Attributable to:</b>			
Equity holders of the Company		(81,863)	(43,190)
Non-controlling interests		(29,395)	(482)
		(111,258)	(43,672)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	7	<b>HK(10.2) cents</b>	HK(5.4) cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>LOSS FOR THE PERIOD</b>	<u>(111,258)</u>	<u>(43,672)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>23,879</u>	<u>(78,488)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<u>23,879</u>	<u>(78,488)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u>(87,379)</u></u>	<u><u>(122,160)</u></u>
<b>Attributable to :</b>		
Equity holders of the Company	<u>(58,047)</u>	<u>(122,176)</u>
Non-controlling interests	<u>(29,332)</u>	<u>16</u>
	<u><u>(87,379)</u></u>	<u><u>(122,160)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	<i>Notes</i>	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>102,131</b>	68,452
Investment properties		<b>1,524,818</b>	1,486,044
Goodwill		<b>281,432</b>	279,419
Other intangible asset		<b>9,560</b>	9,560
Equity investment designated at fair value through other comprehensive income		<b>2,270</b>	2,270
Deferred tax assets		<b>19,510</b>	46,278
Deposits		<b>25,099</b>	24,922
Total non-current assets		<b>1,964,820</b>	1,916,945
<b>CURRENT ASSETS</b>			
Properties under development		<b>9,241,833</b>	8,104,321
Interests in land use rights for property development		<b>549,312</b>	-
Trade receivables	9	<b>3,270</b>	4,285
Other receivables, deposits and prepayments		<b>571,607</b>	295,445
Debt investments at amortised cost		-	15,162
Prepaid income tax		<b>113,609</b>	54,292
Restricted bank balances		<b>400,385</b>	390,384
Cash and cash equivalents		<b>475,639</b>	697,822
Total current assets		<b>11,355,655</b>	9,561,711
<b>CURRENT LIABILITIES</b>			
Trade and retention payables	10	<b>554,975</b>	870,653
Other payables and accrued expenses		<b>883,727</b>	638,343
Interest-bearing bank and other borrowings		<b>226,157</b>	30,989
Contract liabilities		<b>7,261,487</b>	3,912,996
Tax payable		<b>8,194</b>	4,115
Total current liabilities		<b>8,934,540</b>	5,457,096
<b>NET CURRENT ASSETS</b>		<b>2,421,115</b>	4,104,615
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,385,935</b>	6,021,560

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

30 June 2021

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>4,385,935</b>	6,021,560
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	395,201	459,167
Interest-bearing bank and other borrowings	2,296,607	3,780,892
Other payables	3,678	6,074
Total non-current liabilities	<u>2,695,486</u>	<u>4,246,133</u>
Net assets	<u>1,690,449</u>	<u>1,775,427</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	79,956	79,956
Reserves	<u>1,628,596</u>	<u>1,686,643</u>
	<b>1,708,552</b>	1,766,599
<b>Non-controlling interests</b>	<b>(18,103)</b>	8,828
Total equity	<u>1,690,449</u>	<u>1,775,427</u>

Notes:

## 1 Basis of preparation and accounting policies

This unaudited interim condensed consolidated financial statements has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) No. 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 to the Main Board Listing Rules (the “Listing Rules”).

This unaudited interim condensed consolidated financial statements does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the following revised HKFRSs for the first time and changes in accounting policies for the current period’s unaudited interim condensed consolidated financial statements:

- (i) The Group has adopted the following revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial information:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

## 1 Basis of preparation and accounting policies *(continued)*

(a) *(continued)*

Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the fixed interest rates which do not based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendments to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any significant impact on the financial position and performance of the Group.

- (ii) The Company has changed its accounting policy for the classification of interest paid in the condensed consolidated statement of cash flows. In prior periods, interest paid for bank and other borrowings used in property development and investment (the "Borrowings") was classified as cash flows from operating activities, whereas interest paid for the Borrowings is now classified as cash flows from financing activities (the "Policy Change"). In the opinion of the directors of the Company, it is more appropriate to classify all cash flows of the Group's borrowings as cash flows from financing activities in the condensed consolidated statement of cash flows to reflect the nature of the cash flows of the Group's borrowings, including the interest paid as a cost of financing, and will provide more relevant information about the cash flows associated with the borrowings. The directors are also of the opinion that such classification and presentation will provide greater comparability with other industry peers of the Group. The comparative amounts have been restated accordingly.

## 2 Operating segment information

For management purposes, the Group is organised into business units based on its business activities and has four reportable operating segments during the first six months of 2021 as follows:

- (a) The property investment segment invests in properties for rental income and potential capital appreciation;
- (b) The property development and trading segment comprises the development and trading of properties;
- (c) The treasury management segment which invests in debt securities and time deposits for earning interest income; and
- (d) The property management and related services segment comprises the provision of property management and related technical consultancy services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss. The adjusted profit/loss is measured consistently with the Group's profit/loss except that general finance costs, unallocated other income and gains, corporate and other unallocated expenses and losses and head office income tax expense/credit are excluded from this measurement.

Segment assets exclude property, plant and equipment related to head office, an equity investment designated at fair value through other comprehensive income, other intangible asset, certain unallocated cash and bank balances under cash and cash equivalents, unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude general interest-bearing bank and other borrowings, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

## 2 Operating segment information (continued)

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Six months ended 30 June 2021 (Unaudited)</b>					
Segment revenue	24,432	518,857	974	-	544,263
Segment results	23,492	(81,657)	988	-	(57,177)
Specific finance costs	-	(67,760)	-	-	(67,760)
General finance costs					(848)
Corporate and other unallocated expenses and losses					(5,415)
Loss before tax					(131,200)
Income tax credit/(expense)	(3,294)	23,236	-	-	19,942
Loss for the period					(111,258)

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>At 30 June 2021 (Unaudited)</b>						
<b>Assets and liabilities</b>						
Total assets	1,597,196	11,686,246	8,069	-	28,964	13,320,475
Total liabilities	22,026	11,573,986	-	-	34,014	11,630,026

<b>Six months ended 30 June 2021 (Unaudited)</b>						
<b>Other segment information:</b>						
Capital expenditure*	15,112	56,579	-	-	8	71,699
Depreciation	-	22,853	-	-	536	23,389
Fair value losses of investment properties	112	-	-	-	-	112

## 2 Operating segment information (continued)

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Six months ended 30 June 2020 (Unaudited)					
Segment revenue	22,125	-	2,758	-	24,883
Segment results	(19,950)	(6,998)	2,709	-	(24,239)
Specific finance costs	-	(4,814)	-	-	(4,814)
General finance costs					(926)
Corporate and other unallocated expenses and losses					(16,160)
Loss before tax					(46,139)
Income tax credit	485	1,982	-	-	2,467
Loss for the period					(43,672)

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
At 31 December 2020 (Audited)						
Assets and liabilities						
Total assets	1,546,034	9,876,194	15,162	-	41,266	11,478,656
Total liabilities	22,768	9,635,230	54	-	45,177	9,703,229
Six months ended 30 June 2020 (Unaudited)						
Other segment information:						
Capital expenditure*	-	350,694	-	-	27	350,721
Depreciation	-	322	-	-	544	866
Fair value losses of investment properties	41,992	-	-	-	-	41,992

\* Capital expenditure consists of additions of property, plant and equipment and investment properties, including assets from the acquisitions of subsidiaries.

## 2 Operating segment information (continued)

### Geographical information

#### (a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
United Kingdom	24,312	22,005
Hong Kong	1,094	2,878
Mainland China	518,857	-
	<u>544,263</u>	<u>24,883</u>

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

#### (b) Non-current assets

	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
United Kingdom	1,286,238	1,264,701
Hong Kong	24,095	24,623
Mainland China	632,707	579,073
	<u>1,943,040</u>	<u>1,868,397</u>

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

### Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Customer A under the property investment segment	N/A*	11,258
Customer B under the property investment segment	N/A*	4,467

\*Less than 10% of total revenue.

### 3 Revenue

An analysis of revenue is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers</b>		
Sales of properties	<u>518,857</u>	<u>-</u>
<b>Revenue from other sources</b>		
Rental income from investment properties operating leases:		
Fixed lease payments	<u>24,432</u>	<u>22,125</u>
Interest income from debt investments at amortised cost	<b>974</b>	1,341
Interest income from time deposits	<u>-</u>	<u>1,417</u>
	<u>974</u>	<u>2,758</u>
	<u><b>544,263</b></u>	<u>24,883</u>

### 4 Finance costs

An analysis of finance costs is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank and other borrowings	<b>196,953</b>	10,501
Interest expenses arising from revenue contracts	<b>131,983</b>	15,111
Interest on lease liabilities	<b>20</b>	38
Imputed interest on retention payables	<u>13,448</u>	<u>-</u>
Total interest expenses	<b>342,404</b>	25,650
Less: Interest capitalised	<u>(273,796)</u>	<u>(19,910)</u>
	<u><b>68,608</b></u>	<u>5,740</u>

## 5 Loss before tax

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Depreciation of owned assets	20,379	444
Depreciation of right-of-use asset	<u>3,010</u>	<u>422</u>
	<u>23,389</u>	<u>866</u>
Staff costs (including executive directors' remuneration):		
Wages and salaries	10,887	3,138
Pension scheme contributions	<u>79</u>	<u>59</u>
	<u>10,966</u>	<u>3,197</u>
Foreign exchange differences, net**	772	10,093
Transaction costs for the acquisition of subsidiaries**	-	3,691
Bank interest income*	<u>(1,998)</u>	<u>(1,003)</u>

\* This item is included in "other income and gains" in the consolidated statement of profit or loss.

\*\* These items are included in "other expenses and losses" in the consolidated statement of profit or loss.

## 6 Income tax credit

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the current and the prior periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current - United Kingdom		
Charge for the period	3,064	2,177
Under-provision in prior years	<u>128</u>	<u>-</u>
	<u>3,192</u>	<u>2,177</u>
Current – Mainland China		
PRC corporation income tax	1,081	-
PRC land appreciation tax	<u>15,968</u>	<u>-</u>
	<u>17,049</u>	<u>-</u>
Deferred	<u>(40,183)</u>	<u>(4,644)</u>
Total tax credit for the period	<u>(19,942)</u>	<u>(2,467)</u>

## 7 Loss per share attributable to ordinary equity holders of the Company

The calculation of the basic loss per share amounts for the periods are based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the periods.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020.

The calculation of basic and diluted loss per share is based on:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<u>Loss</u>		
Loss for the period attributable to ordinary equity holders of the Company	<u><b>(81,863)</b></u>	<u><b>(43,190)</b></u>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u><b>799,557,415</b></u>	<u><b>799,557,415</b></u>

## 8 Dividends

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 9 Trade receivables

An aging analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of impairment allowance, is as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Within 1 month	2,557	1,065
1 to 2 months	31	-
2 to 3 months	524	-
Over 3 months	158	3,220
	<u>3,270</u>	<u>4,285</u>

## 10 Trade and retention payables

An aging analysis of the trade payables at the end of the reporting period, based on the invoice date or the progress payment certificate date, is as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Trade payables:		
Within 1 month	65,200	438,800
1 to 2 months	54,629	79,817
2 to 3 months	34,824	131,266
Over 3 months	15,778	9,211
	<u>170,431</u>	659,094
Retention payables	384,544	211,559
	<u>554,975</u>	<u>870,653</u>

## 11 Comparative amounts

As further explained in note 1 above, due to the changes in the accounting policies, certain comparative amounts have been restated to conform to the current period's presentation and disclosures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the first half of 2021, global economic recovery was still severely affected by the COVID-19 pandemic despite the population having received vaccinations had increased and lockdown measures in many countries were relaxed. Economic activities were still substantially low due to cross-border restriction imposed by many countries as a result of alarming increase in new cases of COVID-19 variants. Most of the major economies were still in recession. In response to the negative impact of COVID-19, the US Federal Reserve and major central banks cut interest rate to its lowest level in history.

In Mainland China, under strict preventive measures and concerted efforts, the outbreak of coronavirus was very much under control. The central government had provided accommodative monetary policy and necessary fiscal stimulus to ensure economic recovery. As a result, trades and business activities were picking up at encouraging pace and recorded substantial year-on-year GDP growth as compared to the same period last year.

In the UK, in addition to the impact of COVID-19, UK economy was affected by uncertainty as negotiation between UK and European Union continued for trade, tariff and other essential terms. Because of social distancing and lockdown measures, the property market was affected inevitably. Sectors such as hospitality and restaurant business were severely impacted. Rental concession and assistance programs were provided to tenants by many landlords. During the period under review, the Group's major investment properties in London were unable to immune from being affected. However, the impact was relatively less than the general property market due to its prime location.

In Hong Kong, even though the local economy was still impacted by the pandemic, the general economy had picked up its pace as the number of vaccinations had improved and infection cases were low. However, economic recovery remained uneven during the period as consumption-based activities and exports of goods had improved over the same period last year while tourism remained at a standstill due to restriction on cross-border travels imposed by the government. For the first half of 2021, GDP growth was over 7% year-on-year. The commercial property market was still weak but shows sign of bottoming. The pressure on landlords to provide rental assistance and concession was less than last year.

For the first half of 2021, the Group's total revenue amounted to HK\$544.3 million, representing an increase of 2087.3% from HK\$24.9 million recorded in the last corresponding period. Revenue from property sale amounted to HK\$518.9 million (2020: Nil). Rental income from investment properties amounted to HK\$24.4 million, up 10.4% from HK\$22.1 million. Treasury management income amounted to HK\$1.0 million, down 64.7% from HK\$2.8 million.

The Group's net loss attributable to shareholders for the first six months of 2021 amounted to HK\$81.9 million as compared to loss of HK\$43.2 million in the last corresponding period. The increase in net loss was primarily attributable to property development related operating and finance costs incurred during the first half of 2021 for the property development operations in Mainland China since the Group expanded into this segment starting from June 2020. Such operating and finance costs were not fully offset by related revenue generated from the sale of properties in the property development, which was still in the early stage of the development cycle. Loss per share for the first six-month period of 2021 was HK10.2 cents (2020: loss per share HK5.4 cents).

The Group's investment property portfolio was independently valued at the end of the period resulting in revaluation loss of HK\$0.1 million (2020: HK\$42.0 million loss). The revaluation loss was reported in the statement of profit or loss.

## Property Development and Trading

During the first half of 2021, three property projects in Sichuan, PRC have been launched for pre-sales during the period. The aggregate contract sales was approximately HK\$4,297.5 million and the revenue recognized amounted to HK\$518.9 million in the first half of the year.

The breakdown of contract sales in the first half of 2021 is as follows:

Projects	Location	Contract Sales	Contract Sales	Average
		RMB'M	GFA Sqm	Selling Price RMB/sqm
Binjiang Wisdom City	Meishan, Sichuan	1,140.1	100,245	11,373
The City of Islands	Meishan, Sichuan	1,757.9	198,724	8,846
Rare Land	Chengdu, Sichuan	685.0	22,348	30,655

## Property Investment

As at 30 June 2021, the Group's major investment properties include:

- 1 Chapel Place, London, UK
- 1 Harrow Place, London, UK

Gross rental income for the period amounted to HK\$24.4 million, an increase of about 10.4% when compared with rental income of HK\$22.1 million in last corresponding period. Increase in rental income is due to increase in exchange rate of British Pound Sterling as compared to the last corresponding period. As at 30 June 2021, the occupancy rate of the Group's investment properties in UK is 100%.

## Treasury Management

During the first half of 2021, treasury management income amounted to HK\$1.0 million, a decrease of 64.7% from HK\$2.8 million recorded in the last corresponding period. The decrease in treasury management income was primarily due to decrease in bank interest income.

## Land Acquisition

On 12 April 2021, the Group successfully bid for the land use rights of Phase 1 Land Parcels and Phase 2 Land Parcels (both as defined in the Company's announcement dated 12 April 2021 and circular dated 26 May 2021) in Dazhou City, Sichuan at a consideration of RMB423,951,000 and RMB478,656,000 respectively through the public auctions held by Dazhou City Natural Resources and Planning Bureau and entered into the Land Use Rights Grant Contracts on 23 April 2021. The site area of Phase 1 Land Parcel is approximately 97,465 sqm and Phase 2 Land Parcels is approximately 132,963 sqm. Further details of the land acquisition were already disclosed in the relevant announcement and circular issued by the Company.

## Event after the Reporting Period

Subsequent to the reporting period as at 30 June 2021, the Group entered into an agreement on 5 August 2021 to dispose of the entire issued capital of Solent Ventures Limited ("Solent Ventures"), an indirect wholly-owned subsidiary of the Group, and the assignment of the shareholder loan owed by Solent Ventures to the Group. Solent Ventures indirectly held 100% interest of the Group's investment property known as 1 Chapel Place in London, UK. The total consideration for the disposal was HK\$235 million. Completion took place on 12 August 2021. Further details of the disposal were already disclosed in the relevant announcement dated 5 August 2021 issued by the Company.

## **Prospects**

For the second half the year, we anticipate the global economy to be gradually stabilized even though volatility and uncertainty may still exist. Despite the number of vaccination for COVID-19 will increase, it is still very difficult to predict when the global economy can resume its normal pace as COVID-19 variants are causing wide spread of infection and health concerns. It is anticipated that many countries will continue very accommodative monetary policies to provide liquidity to counter economic downturn, and interest rate will remain at very low level.

In Mainland China, the coronavirus has been under control, the economy will continue to recover. To support economic recovery and growth, the central government will continue its accommodative monetary policy and provide fiscal stimulus as necessary. Despite the central government's measure to cool down the real estate market, it is expected that the property market will remain resilient in the long term.

For the UK, economic recovery will continue to be affected by the pandemic and the uncertainty arising from trade and other negotiations between UK and European Union. It is still not certain when the economy in UK will be back to its normal pace and the property market will inevitably affected.

In Hong Kong, even though the local economy had improved in the first half of 2021, the degree of recovery of the local economy depends on the successful control of the pandemic locally and around the world. The Consumption Voucher Scheme funded by the Hong Kong government will help stimulate consumer sentiment and provide support to consumption-related sectors. However, the spread of more infectious COVID-19 variants in many places of the world may undermine the pace of economic recovery.

Under the challenging economic and volatile market conditions, the Group will adopt a cautious and proactive approach for its core investment and to look for opportunities in property markets with stable and resilient economic prospects for sustainable development of the Group and further enhance the returns for our shareholders in the long run. The Group remains positive about the overall and long-term economic prospect of China and the PRC property market which is expected to be resilient with sustainable demand over the long run. The Group will continue its efforts to expand its property business in PRC property market.

## **Liquidity and Financial Resources**

As at 30 June 2021, the Group had net borrowing of HK\$1,646.8 million (31 December 2020: HK\$2,723.7 million), consisting cash and cash equivalents, and restricted bank balances of HK\$876.0 million and total borrowings of HK\$2,522.8 million. The gearing ratio of the Group was 96.4% (31 December 2020: 154.2%). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2021, the total cash and cash equivalents, and restricted bank balances amounted to HK\$876.0 million (31 December 2020: HK\$1,088.2 million), approximately 90.6% was denominated in RMB, 7.9% in GBP, 1.1% in HKD and 0.4% in USD.

As at 30 June 2021, the Group's total borrowings amounted to HK\$2,522.8 million (31 December 2020: HK\$3,811.9 million) which is secured by the pledge of certain property interest in PRC and equity interests in certain subsidiaries of the Group. Approximately 65.7% of total borrowings was denominated in RMB and 34.3% in HKD. The Group proactively managed its financial resources and devised appropriate funding plan for working capital and capital expenditure.

## Liquidity and Financial Resources *(continued)*

The maturity profile of the Group's bank and other borrowings as at 30 June 2021 is as follows:

	<b>RMB</b> <b>HK\$'M</b>	<b>HKD</b> <b>HK\$'M</b>	<b>Total</b> <b>HK\$'M</b>	<b>Percentage</b>
Repayable:				
Within one year or on demand	226.2	-	226.2	9.0%
In the second year	364.4	864.7	1,229.1	48.7%
In the third year	1,067.5	-	1,067.5	42.3%
Total	<u>1,658.1</u>	<u>864.7</u>	<u>2,522.8</u>	<u>100.0%</u>

The Group has its major property business operations in PRC and UK. Therefore, it is subject to foreign exchange rate fluctuation of Renminbi and British Pound Sterling.

### Contingent Liabilities/Financial Guarantees

As at 30 June 2021, the Group provided financial guarantees to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties in the PRC amounting to HK\$2,444.5 million (31 December 2020: HK\$1,499.6 million).

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

### STAFF

As at 30 June 2021, the Group employed 30 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the board depending upon the financial performance of the Group.

### INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

### CORPORATE GOVERNANCE CODE

Throughout the accounting period covered by the interim report, the Company complied with the code provisions of the Corporate Governance Code (the "CG Code") set out within Appendix 14 to the Listing Rules save for the deviations described below.

## **CORPORATE GOVERNANCE CODE** *(continued)*

The Company has deviated from A.2.1 of the CG Code to the extent that the roles of chairman and chief executive are performed by Mr. Cheung Chung Kiu (“Mr. C.K. Cheung”). Having considered the existing structure and composition of the board and operations of the Group in Hong Kong, the board believes that vesting the roles of both chairman and managing director in Mr. C.K. Cheung facilitates the effective implementation and execution of its business strategies by, and ensure a consistent leadership for, the Group. Further, a balance of power and authority between the board and management can be ensured by the operation of the board, whose members (including the three independent non-executive directors) are individuals of high calibre with ample experience, such that the interests of shareholders can be safeguarded. The Company will continue to review the structure and composition of the board from time to time to ensure that a balance of power and authority between the board and management is appropriately maintained for the Group.

The Company has no formal letters of appointment for directors except Mr. Wong Hy Sky setting out the key terms and conditions of their appointment, and has therefore deviated from D.1.4 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company’s bye-laws, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions for its directors and its relevant employees (within the meaning of the CG Code) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix 10 to the Listing Rules (the “Model Code”).

All directors confirmed that they had complied with the required standard set out within the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the period.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company during the period.

On behalf of the board  
**Cheung Chung Kiu**  
*Chairman and Managing Director*

Hong Kong, 23 August 2021

As at the date hereof, the board of directors of the Company comprises Cheung Chung Kiu, Yuen Wing Shing, Tung Wai Lan, Iris and Wong Hy Sky who are executive directors; and Ng Kwok Fu, Luk Yu King, James and Leung Yu Ming, Steven who are independent non-executive directors.

*\*For identification purposes only*