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## **Poly Property Group Co., Limited**

### **保利置業集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00119)**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **INTERIM RESULTS**

The directors (the “Directors/Board”) of Poly Property Group Co., Limited (the “Company”) hereby announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 as follows:

### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	2	<b>14,074,060</b>	12,989,295
Cost of sales		<b>(8,733,952)</b>	(8,108,362)
Gross profit		<b>5,340,108</b>	4,880,933
Decrease in fair value of investment properties		—	(142,845)
Increase in fair value of financial assets		<b>28,082</b>	17,366
Other gains, net		<b>501,576</b>	298,491
Selling expenses		<b>(518,231)</b>	(280,844)
Administrative expenses		<b>(615,236)</b>	(521,435)
Other operating expenses		<b>(191,750)</b>	(147,577)
Gain on step-up acquisition of a subsidiary		—	2,175
Gain on disposal of a joint venture		<b>300,000</b>	—
Gain/(loss) on disposal of subsidiaries		<b>21,305</b>	(265,078)
Finance costs		<b>(825,576)</b>	(782,362)
Share of results of associates		<b>45,482</b>	(26,675)
Share of results of joint ventures		<b>211,241</b>	27,513
Profit before income tax expense	3	<b>4,297,001</b>	3,059,662
Income tax expense	4	<b>(2,538,393)</b>	(1,905,370)
Profit for the period		<b>1,758,608</b>	1,154,292

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Attributable to:			
Owners of the Company		<b>1,663,180</b>	828,398
Non-controlling interests		<b>95,428</b>	325,894
		<b><u>1,758,608</u></b>	<u>1,154,292</u>
<b>Earnings per share (expressed in HK cents)</b>			
— Basic	<i>6</i>	<b><u>45.42</u></b>	<u>22.62</u>
— Diluted		<b><u>45.42</u></b>	<u>22.56</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i><b>HK\$'000</b></i>	<i><b>HK\$'000</b></i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<u><b>1,758,608</b></u>	<u>1,154,292</u>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	395,037	(323,468)
Items that will not be reclassified to profit or loss:		
Surplus/(deficit) arising on revaluation of properties	<u>54,064</u>	<u>(30,108)</u>
<b>Other comprehensive income before tax</b>	<b>449,101</b>	<b>(353,576)</b>
Deferred tax liability arising on revaluation of properties	<u>(13,516)</u>	<u>7,527</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><b>435,585</b></u>	<u>(346,049)</u>
<b>Total comprehensive income for the period</b>	<u><b>2,194,193</b></u>	<u>808,243</u>
Attributable to:		
Owners of the Company	2,007,437	519,338
Non-controlling interests	<u>186,756</u>	<u>288,905</u>
	<u><b>2,194,193</b></u>	<u>808,243</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 June 2021</b>	31 December 2020
<i>Notes</i>	<b><i>HK\$'000</i></b> <b>(Unaudited)</b>	<b><i>HK\$'000</i></b> <b>(Audited)</b>
<b>Non-current assets</b>		
Investment properties	10,786,664	10,666,081
Property, plant and equipment	3,304,328	3,287,617
Right-of-use assets	395,030	349,460
Interests in associates	348,330	250,974
Interests in joint ventures	8,363,820	7,678,689
Financial assets at fair value through profit or loss	674,063	675,730
Loan receivables	221,028	219,742
Deposits paid for acquisition of land use rights	15,533,441	3,705,217
Deferred tax assets	287,582	269,764
	<b>39,914,286</b>	<b>27,103,274</b>
<b>Current assets</b>		
Properties under development	93,705,986	93,812,693
Properties held for sale	24,078,320	18,513,172
Other inventories	102,470	95,210
Contract costs	580,784	486,012
Trade and other receivables	8 12,503,705	11,328,354
Amounts due from associates	2,643,311	1,291,370
Amounts due from joint ventures	4,397,532	4,660,493
Amounts due from non-controlling shareholders of subsidiaries	1,389,440	952,013
Taxation recoverable	3,668,499	2,861,794
Pledged bank deposits	717,072	688,766
Bank balances, deposits and cash	33,288,983	42,963,626
	<b>177,076,102</b>	<b>177,653,503</b>
Assets classified as held for sale	—	777,093
<b>Total current assets</b>	<b>177,076,102</b>	<b>178,430,596</b>

		30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
<b>Current liabilities</b>			
Trade and other payables	9	25,826,035	26,107,235
Contract liabilities		48,658,623	38,688,083
Property rental deposits		163,037	172,252
Amount due to associates		199,883	144,646
Amounts due to joint ventures		1,880,511	1,891,480
Amount due to the ultimate holding company		22,778	17,571
Amount due to an intermediate holding company		3,363	3,323
Amount due to a fellow subsidiary		584	577
Amounts due to non-controlling shareholders of subsidiaries		2,462,349	2,838,310
Taxation payable		8,261,429	7,609,346
Notes payable — due within one year		843,373	4,733,333
Bank and other borrowings — due within one year		<u>18,525,893</u>	<u>23,373,768</u>
		<b><u>106,847,858</u></b>	<b><u>105,579,924</u></b>
Liabilities associated with assets classified as held for sale		<u>—</u>	<u>837</u>
<b>Total current liabilities</b>		<b><u>106,847,858</u></b>	<b><u>105,580,761</u></b>
<b>Net current assets</b>		<b><u>70,228,244</u></b>	<b><u>72,849,835</u></b>
<b>Total assets less current liabilities</b>		<b><u>110,142,530</u></b>	<b><u>99,953,109</u></b>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	10	17,685,677	17,685,677
Reserves		<u>19,300,916</u>	<u>17,758,355</u>
<b>Equity attributable to owners of the Company</b>		<b>36,986,593</b>	<b>35,444,032</b>
<b>Non-controlling interests</b>		<b><u>4,639,066</u></b>	<b><u>3,763,966</u></b>
<b>Total equity</b>		<b><u>41,625,659</u></b>	<b><u>39,207,998</u></b>

	<b>30 June 2021</b>	31 December 2020
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>		
Bank and other borrowings — due after one year	<b>62,533,174</b>	54,585,117
Notes payable — due after one year	<b>3,900,000</b>	3,900,000
Lease liabilities	<b>42,443</b>	—
Loan from a fellow subsidiary	<b>216,867</b>	214,286
Deferred tax liabilities	<b>1,824,387</b>	2,045,708
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>68,516,871</b>	60,745,111
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	<b>110,142,530</b>	99,953,109
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements 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 (“HKICPA”) and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the most recent consolidated financial statements for the year ended 31 December 2020, except for the changes in accounting policy made when the Group initially applies financial reporting standards newly applicable to the annual accounting period beginning on 1 January 2021.

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

This announcement contains condensed consolidated financial statements and selected explanatory notes. The explanatory notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the most recent consolidated financial statements for the year ended 31 December 2020. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2020 that is included in this announcement of the interim results for the six months ended 30 June 2021 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19 Related Rent Concessions Beyond 30 June 2021

The Group has assessed the impact of the adoption of these new and amended standards that are effective for the first time for this interim.

The impact of the adoption of these new and amended standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Annual Improvements to HKFRSs 2018–2020 <sup>1</sup>	
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Directors of the Company do not anticipate that the application of these new pronouncements in the future will have significant impact on the Group's accounting policies and financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into four operating divisions. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

Property development business — property development

Property investment and management — property investment and management

Hotel operations — hotel and restaurant business and its related services

Other operations — manufacturing and sales of digital discs and others

Information about these segments is presented below:

### For the six months ended 30 June 2021

	Property development business <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
Revenue from contracts with customers within the scope of HKFRS 15:						
— Recognised at point in time	13,049,092	—	—	35,282	—	13,084,374
— Recognised overtime	—	553,274	147,779	—	—	701,053
Revenue from other sources outside the scope of HKFRS 15:						
— Rental income	—	288,633	—	—	—	288,633
External revenue	13,049,092	841,907	147,779	35,282	—	14,074,060
Inter-segment revenue*	—	71,346	—	—	(71,346)	—
Total revenue	<u>13,049,092</u>	<u>913,253</u>	<u>147,779</u>	<u>35,282</u>	<u>(71,346)</u>	<u>14,074,060</u>
SEGMENT RESULTS	<u>3,991,553</u>	<u>214,209</u>	<u>(79,119)</u>	<u>112,550</u>	<u>—</u>	<u>4,239,193</u>
Unallocated income						323,127
Unallocated expenses						(17,771)
Gain on disposal of a joint venture	300,000	—	—	—	—	300,000
Gain on disposal of subsidiaries	—	21,305	—	—	—	21,305
Finance costs						(825,576)
Share of results of associates	45,987	—	—	(505)	—	45,482
Share of results of joint ventures	211,241	—	—	—	—	211,241
Profit before income tax expense						4,297,001
Income tax expense						(2,538,393)
Profit for the period						<u>1,758,608</u>

\* *Inter-segment revenue were charged with reference to prices charged to external parties for similar services or products.*

**As at 30 June 2021**  
*Assets and liabilities*

	<b>Property development business <i>HK\$'000</i></b>	<b>Property investment and management <i>HK\$'000</i></b>	<b>Hotel operations <i>HK\$'000</i></b>	<b>Other operations <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Assets					
Segment assets	155,115,705	11,358,367	2,882,617	896,876	170,253,565
Interests in associates	347,071	—	—	1,259	348,330
Interests in joint ventures	8,361,195	—	—	2,625	8,363,820
Unallocated corporate assets					<u>38,024,673</u>
Total assets					<u><u>216,990,388</u></u>
Liabilities					
Segment liabilities	77,317,383	1,442,663	179,153	28,094	78,967,293
Unallocated corporate liabilities					<u>96,397,436</u>
Total liabilities					<u><u>175,364,729</u></u>

For the six months ended 30 June 2020

	Property development business <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>						
Revenue from contracts with customers within the scope of HKFRS 15:						
— Recognised at point in time	12,191,973	—	—	28,955	—	12,220,928
— Recognised overtime	—	438,956	74,169	—	—	513,125
Revenue from other sources outside the scope of HKFRS 15:						
— Rental income	—	255,242	—	—	—	255,242
External revenue	12,191,973	694,198	74,169	28,955	—	12,989,295
Inter-segment revenue*	—	38,488	—	—	(38,488)	—
Total revenue	<u>12,191,973</u>	<u>732,686</u>	<u>74,169</u>	<u>28,955</u>	<u>(38,488)</u>	<u>12,989,295</u>
<b>SEGMENT RESULTS</b>	<u>4,154,950</u>	<u>(28,639)</u>	<u>(91,395)</u>	<u>38,687</u>	<u>—</u>	4,073,603
Unallocated income						139,747
Unallocated expenses						(109,261)
Gain on step-up acquisition of a subsidiary	2,175	—	—	—	—	2,175
Loss on disposal of subsidiaries	(265,078)	—	—	—	—	(265,078)
Finance costs						(782,362)
Share of results of associates	(26,589)	—	—	(86)	—	(26,675)
Share of results of joint ventures	27,542	—	—	(29)	—	27,513
Profit before income tax expense						3,059,662
Income tax expense						(1,905,370)
Profit for the period						<u>1,154,292</u>

\* *Inter-segment revenue were charged with reference to prices charged to external parties for similar services or products.*

As at 31 December 2020

*Assets and liabilities*

	Property development business <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>					
Segment assets	135,266,529	11,771,180	2,854,025	883,092	150,774,826
Interests in associates	249,210	—	—	1,764	250,974
Interests in joint ventures	7,676,095	—	—	2,594	7,678,689
Unallocated corporate assets					<u>46,829,381</u>
Total assets					<u><u>205,533,870</u></u>
<b>Liabilities</b>					
Segment liabilities	67,623,286	2,163,128	172,986	25,346	69,984,746
Unallocated corporate liabilities					<u>96,341,126</u>
Total liabilities					<u><u>166,325,872</u></u>

**3. PROFIT BEFORE INCOME TAX EXPENSE**

	<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>
Profit before income tax expense is arrived at after charging/ (crediting):		
Depreciation of property, plant and equipment	<b>92,379</b>	98,664
Depreciation of right-of-use assets	<b>10,862</b>	8,324
Share of tax of associates (included in share of results of associates)	<b>44,395</b>	—
Share of tax of joint ventures (included in share of results of joint ventures)	<b>74,527</b>	69,325
Loss on disposal of investment properties	<b>—</b>	38,592
	<u><u>221,763</u></u>	<u><u>214,905</u></u>

#### 4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	34,952	3,652
People's Republic of China Enterprise Income Tax ("PRC EIT")	868,241	602,710
Land Appreciation Tax ("LAT")	1,905,987	1,381,165
	<u>2,809,180</u>	<u>1,987,527</u>
Deferred taxation	(270,787)	(82,157)
	<u>2,538,393</u>	<u>1,905,370</u>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2020: 16.5%) based on the estimated assessable profit for the period ended 30 June 2021, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in prior period.

The PRC EIT is calculated at 25% based on the estimated assessable profit for the period.

Certain People's Republic of China (the "PRC") subsidiaries are also subject to the PRC LAT which is levied at progressive rates ranging from 30% to 60% on the appreciation of properties, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction.

#### 5. DIVIDENDS

The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$Nil).

## 6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2021 is based on the following data:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>Earnings:</b>		
Profit for the period attributable to owners of the Company	<u>1,663,180</u>	<u>828,398</u>
	Six months ended 30 June	
	2021	2020
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,661,537,046	3,661,537,046
Effect of dilutive potential ordinary shares on share options	<u>—</u>	<u>10,502,429</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>3,661,537,046</u>	<u>3,672,039,475</u>

The diluted earnings per share for the six months period ended 30 June 2021 is the same as basic earnings per share presented as there were no potentially dilutive ordinary shares in 2021.

The diluted earnings per share for the six months period ended 30 June 2020 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

## 7. TRANSFER TO AND FROM RESERVES

During the six months ended 30 June 2021, the Group's subsidiaries in the PRC appropriated HK\$65,329,000 net of non-controlling interests' share out of accumulated profits to the PRC statutory reserves (six months ended 30 June 2020: HK\$Nil), and the Group's subsidiaries in the PRC did not release any amount net of non-controlling interests' share out of the PRC statutory reserves and hotel properties revaluation reserve to accumulated profits respectively (six months ended 30 June 2020: HK\$66,213,000 and HK\$108,528,000, respectively).

## 8. TRADE AND OTHER RECEIVABLES

The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables which arise from sales of properties as the Group has numerous customers. In respect of sales of goods to trade customers, the Group allows an average credit periods ranging from 30 days to 90 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the end of the reporting period:

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
0 to 30 days	233,695	165,683
31 to 90 days	72,230	56,723
More than 90 days	<u>200,876</u>	<u>60,608</u>
Total trade receivables	506,801	283,014
Other receivables	<u>11,996,904</u>	<u>11,045,340</u>
	<u><u>12,503,705</u></u>	<u><u>11,328,354</u></u>

## 9. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
0 to 30 days	3,524,850	5,451,171
31 to 90 days	427,677	872,722
More than 90 days	<u>8,114,846</u>	<u>6,216,755</u>
Total trade payables	12,067,373	12,540,648
Other payables	<u>13,758,662</u>	<u>13,566,587</u>
	<u><u>25,826,035</u></u>	<u><u>26,107,235</u></u>

## 10. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Amount HK\$'000</b>
Ordinary shares, issued and fully paid: At 1 January 2021 and 30 June 2021	3,661,537,046	<u><u>17,685,677</u></u>

## **11. CONTINGENT LIABILITIES**

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amounted to HK\$32,697,836,000 as at 30 June 2021 (31 December 2020: HK\$26,983,212,000). Such guarantees will terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loan guaranteed by the Group in the event the purchasers default payments to the banks.

At 30 June 2021, the Group had given guarantees to certain banks in respect of credit facilities granted to certain associates and joint ventures of the Group amounting to HK\$9,530,403,000 (31 December 2020: HK\$9,310,801,000), of which HK\$7,385,096,000 (31 December 2020: HK\$5,633,122,000) had been utilised by these associates and joint ventures.

## **12. CAPITAL COMMITMENTS**

Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property development expenditures amounted to HK\$25,895,821,000 as at 30 June 2021 (31 December 2020: HK\$46,398,975,000).

The Group did not have any capital expenditure authorised but not contracted for as at 30 June 2021 (31 December 2020: HK\$Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the first half of 2021, the Group recorded a revenue of HK\$14,074 million (corresponding period of 2020: HK\$12,989 million), representing an increase of HK\$1,085 million or 8.4% when comparing with the corresponding period of last year. Profit attributable to shareholders amounted to HK\$1,663 million (corresponding period of 2020: HK\$828 million), indicating an increase of HK\$835 million or 100.8% from the corresponding period of last year. Basic and diluted earnings per share stood at HK45.42 cents (corresponding period of 2020: HK22.62 cents and HK22.56 cents, respectively). As at 30 June 2021, shareholders' equity amounted to HK\$36,987 million (31 December 2020: HK\$35,444 million), indicating a 4.4% increase from last year end. Net asset value per share amounted to HK\$10.10 (31 December 2020: HK\$9.68), representing an increase of 4.4% when comparing with last year end.

## **BUSINESS REVIEW**

In the first half of 2021, the economy in China maintained its steady recovery with major economic indicators continued to improve. The economic growth remained positive and strong. Property sales recorded a year-on-year growth of 38.9% to RMB9.3 trillion due to the low base effect. Market demands remained strong in major cities. However, market expectation was effectively contained by central and local government policies on the regulation of financial and land supply as well as second hand property market.

In face of intensified competition and tightened regulatory policies, real estate developers have entered a new business development cycle and have to improve quality and efficiency and to reduce gearing ratio. It requires forward-looking investment strategy, competitive products and services, strong sales and cash flow, good brand reputation and comprehensive delicacy management system.

In accordance with its business strategy, the Group has proactively restructured its resources through focusing on expansions mainly in Yangtze River Delta and Greater Bay Area over the past few years. We actively explore diversified channels for land acquisitions, including urban renewal, primary and secondary co-development, transfer agreement and joint venture, to manage land cost at reasonable levels. We are also seeking cooperation with various segments of China Poly Group to leverage on the platform, resources and business of the parent company.

In respect of product development, following the launch of POLY LIGHT, a composite housing system 3.0 for all ages, and “Delightful Residence in Metropolitan City” for cultural habitants in last year, we introduced a dozen of projects under the brand “Moon” (玥) in various cities in China and the first project under the brand “Garden” (園) in Suzhou in the first half of this year. Due to our successful investment and product strategies, the Group, together with its joint ventures and associated companies (“Poly Property Group”) recorded contracted sales of RMB31.3 billion in the first half of this year, representing a year-on-year increase of 60%. During the period, we launched the campaign of “Poly Youth Ambition” (保利少年志) and a few other major social activities, which has greatly enhanced the brand image and market recognition of “Poly Property”.

To further improve our development quality and efficiency, the Group will continue to strengthen its operation and financial management to promote the destocking and optimize resources allocation. The efficiency of new project development further improved through the establishment and enhancement of operation management system. The average funding cost remained low at 4.63% in the first half of this year and enjoys comparative advantage in the industry. The debt structure was further improved with the percentage of short-term borrowing reduced to 23%, a decrease of 9 percentage points compared to the end of last year.

The central politburo reiterated its policy of “no speculation of residential properties” (房住不炒) and its intention to stabilize land premium, property price and market expectation so as to maintain the stable and healthy development of the real estate market. It is expected that the regulation of the property market will remain tight in the second half of this year and most of the regulatory policies will continue. Pursuant to our goal of “Building another Poly Property within Next Five Years” under the “14th Five-Year Plan”, the Group will remain a focus on its major business of property development and further improve its delicacy management system. It is the objective of the Company to become a modern outperforming enterprise focusing in its major business with sound governance and is highly respected for its open and inclusive business philosophy.

## **PROPERTY SALES**

In the first half of 2021, Poly Property Group recorded contracted area sold of approximately 1,792,000 square metres, or approximately RMB31.3 billion in value, achieving 50% of its annual sales target of RMB62.0 billion.

During the period, Poly Property Group had 112 major projects for sale, with 14 of them being debut projects, including Suzhou Poly Poetic Dwelling, Ningbo Luxury Clivia, Ningbo Poly Riverview Mansion, Guangzhou Nan Sha Project, Guangzhou Glory Of City, Foshan Guangfo Poly City Phase II, Shenzhen Poly Keenstar Super City, Liuzhou Poly Mountain Villa, Kunming Poly Moonlight Mansion, Harbin Poly Tin Yor II, Harbin Guang Xin Project, Weihai Poly Moon Fenghua, Yantai Poly Moon Mansion and Villa La Plage in Tuen Mun, Hong Kong.

During the period, the contracted sales of Poly Property Group by regions were as follows:

<b>Region and City</b>	<b>Contracted Sales for the First Half of 2021 (RMB million)</b>	<b>Percentage (%)</b>
<b>Yangtze River Delta Region</b>	<b>9,317</b>	<b>30%</b>
Shanghai	432	
Suzhou	2,714	
Ningbo	4,898	
Hangzhou	1,081	
Deqing	192	
Yuyao	0	
<b>Pearl River Delta Region</b>	<b>7,552</b>	<b>24%</b>
Guangzhou	2,881	
Foshan	2,009	
Shenzhen	2,068	
Huizhou	593	
<b>Southwestern Region</b>	<b>4,892</b>	<b>16%</b>
Guiyang	495	
Zunyi	303	
Nanning	2,551	
Liuzhou	66	
Kunming	1,478	
<b>Other Regions</b>	<b>8,026</b>	<b>26%</b>
Wuhan	1,276	
Harbin	2,452	
Mudanjiang	152	
Jinan	2,267	
Yantai	492	
Weihai	445	
Weifang	228	
Zibo	303	
Tai'an	384	
Wanning	26	
<b>Hong Kong and Overseas</b>	<b>1,476</b>	<b>5%</b>
Hong Kong	1,476	
<b>Total</b>	<b>31,262</b>	<b>100%</b>

Notes:

1. Contracted sales include car parking sales;
2. Since figures were rounded up, their grand total or sub-total may not equal to the actual sum.

In the second half of 2021, subject to construction progress and market conditions, Poly Property Group plans to launch 10 new projects which include Shanghai Feng Xian Project, Shanghai Chong Ming Project, Shanghai Nanfeng Road Project, Guangzhou Hua Du Project, Nanning Wu Xiang Project and Wuhan Dongxi Lake Project.

## NEWLY COMMENCED CONSTRUCTION

In the first half of 2021, Poly Property Group commenced construction on a total of 12 new projects with a gross floor area of approximately 1,173,000 square metres. Among which, 10 projects commenced construction for the first time, namely, Shanghai Nanfeng Road Project, Suzhou Poly Poetic Dwelling, Guangzhou Hua Du Project, Guangzhou Glory Of City, Nanning Wu Xiang Project, Kunming Poly Moonlight Mansion, Wuhan Dongxi Lake Project, Harbin Guang Xin Project, Yantai Poly Moon Mansion and Weihai Poly Moon Fenghua.

<b>Project</b>	<b>Gross Floor Area of Newly Commenced Construction</b> ( <i>'000 square metres</i> )	<b>Interests Attributable to the Group</b> (%)
Shanghai Nanfeng Road Project	78	100%
Suzhou Poly Poetic Dwelling	71	100%
Guangzhou Nan Sha Project	11	100%
Guangzhou Hua Du Project	82	100%
Guangzhou Glory Of City	183	40%
Nanning Poly Town	23	100%
Nanning Wu Xiang Project	64	100%
Kunming Poly Moonlight Mansion	89	51%
Wuhan Dongxi Lake Project	176	100%
Harbin Guang Xin Project	157	100%
Yantai Poly Moon Mansion	133	51%
Weihai Poly Moon Fenghua	107	51%
<b>Total</b>	<b>1,173</b>	

Note:

1. Since figures were rounded off, their grand total may not equal to the actual sum.

## RECOGNISED PROPERTY SALES

In the first half of 2021, the Group recognised a total sales value of approximately RMB10,876 million and a total gross floor area of approximately 759,000 square metres. Details of recognised property sales are as follows:

Region and Project	Sales Recognised in the First Half of 2021 (RMB million)	Percentage (%)
<b>Yangtze River Delta Region</b>	<b>1,262</b>	<b>12%</b>
1. Shanghai Jiading Project	36	
2. Shanghai Poly Phili House	129	
3. Suzhou Poly Tianyue Mansion	440	
4. Ningbo Poly City	434	
5. Deqing Poly Pearl Bay	175	
6. Others	49	
<b>Pearl River Delta Region</b>	<b>3,109</b>	<b>29%</b>
7. Guangzhou Nansha Poly City	871	
8. Guangzhou Poly Gratified West Bay	41	
9. Foshan Poly Central Park	114	
10. Huizhou Poly Sunshine Town	2,015	
11. Others	68	
<b>Southwestern Regions</b>	<b>3,604</b>	<b>33%</b>
12. Guiyang Poly Spring Street	64	
13. Guiyang Poly Park 2010	94	
14. Guiyang Poly Phoenix Bay	79	
15. Zunyi Poly Metropolis of Future	39	
16. Nanning Poly Crescendo	32	
17. Nanning Poly Town	1,928	
18. Nanning Poly Town Phase II	1,062	
19. Kunming Poly One Family One World	266	
20. Others	39	

<b>Region and Project</b>	<b>Sales Recognised in the First Half of 2021 (RMB million)</b>	<b>Percentage (%)</b>
<b>Other Regions</b>	<b>2,516</b>	<b>23%</b>
21. Wuhan Poly City	21	
22. Wuhan Poly Up Town	1,618	
23. Wuhan Poly Riverview	27	
24. Harbin Poly The Water's Fragrant Dike	62	
25. Harbin Poly City	37	
26. Jinan Poly Center	84	
27. Jinan Poly Sheng Jing Tai	298	
28. Jinan Poly Grand Joy	275	
29. Zibo Poly Mansion	47	
30. Others	47	
<b>Hong Kong</b>	<b>385</b>	<b>4%</b>
31. Hong Kong Kai Tak Vibe Centro	385	
<b>Grand Total</b>	<b>10,876</b>	

Note:

Since figures were rounded up, their total may not equal to the actual sum or the sum in each group.

## NEW LAND RESERVES

In the first half of 2021, Poly Property Group acquired four projects, which are located in Guangzhou, Suzhou and Guiyang. The planned total gross floor area of the new projects amounted to approximately 788,000 square metres with land cost at a reasonable level.

<b>New Project</b>	<b>Planned Property Type</b>	<b>Total Site Area (<i>'000 square metres</i>)</b>	<b>Planned Total Gross Floor Area (<i>'000 square metres</i>)</b>	<b>Interests Attributable to the Group (%)</b>
Guangzhou Glory Of City	Commercial and residential	69	183	40%
Guangzhou Lihu Street Project	Residential	51	228	100%
Suzhou Wu Zhong Project	Residential	26	82	49%
Guiyang Nan Ming Project	Commercial and residential	72	295	100%
<b>Total</b>		<b>219</b>	<b>788</b>	

## **Guangzhou Glory Of City**

The project is located to the east of Jinghu Avenue and to the north of Xinya Avenue in Huadu District, Guangzhou. It is 1.5 kilometres from Qingtang Station of Metro Line 9, 5.5 kilometres from Guangzhou North Station and 45-minute driving distance from the central area of Guangzhou. The site is surrounded by well-developed residential communities with all necessary facilities. The commercial and healthcare infrastructures will be further improved after the completion of the Guangzhou International Airport Centre and Renji Hospital, an associated hospital of Sun Yat-sen University, which are currently under construction. The project, with a planned total gross floor area of approximately 183,000 square metres, is intended to be developed into high-rise residential buildings.

## **Guangzhou Lihu Street Project**

The project is located in Lihu Area in Zengcheng District, Guangzhou and at the junction of Guangzhou, Dongguan and Huizhou. The project is conveniently connected by highways and is within two-hour driving distance from major cities in the Greater Bay Area. The site is 3 kilometres from Zengcheng district government offices, 10-minute driving distance from Zengcheng Square Station of Metro Line 21 and 1 kilometre from Lake Lihu with a pleasant living environment. The area is well equipped with commercial, education and healthcare facilities with huge development potential. The project, with a planned total gross floor area of approximately 228,000 square metres, is intended to be developed into high-rise residential buildings.

## **Suzhou Wu Zhong Project**

The project is located at Baofeng Road, Chengnan Street in Wuzhong District, Suzhou. The area is the old town centre and well developed with high-quality education, commercial and healthcare resources. Stations of Metro Line 2 and Metro Line 4 are within 2 kilometres from the north of the site. Traffic in the area is very convenient as the project is only 300 metres from the nearest station of Metro Line 7 under construction. The area has attracted market attention since urban redevelopment was accelerated in the last two years. The project, with a planned total gross floor area of approximately 82,000 square metres, is intended to be developed into high-rise residential buildings.

## **Guiyang Nan Ming Project**

The project is located at Shuanglong Area of Nanming District, Guiyang and is adjacent to Guiyang Forest Park and approximately 700 metres from Forest Park Station of Metro Line 2. The area is an ideal site for residential development with beautiful environment and convenient transportation. Nanming District is part of the city centre of Guiyang and the Shuanglong Airport Economic Zone is a national air traffic economic zone. The site is close to an outlet mall and No.1 People's Hospital of

Guiyang. There are also schools, tourist attractions and sports facilities nearby. The project, with a planned total gross floor area of approximately 295,000 square metres, is intended to be developed into high-rise residential buildings.

## INVESTMENT PROPERTIES

The Group has various investment properties and hotels located in first-tier cities and second-tier provincial capitals. Its investment properties have a total gross floor area of approximately 672,000 square metres and asset value of approximately HK\$10.8 billion. In the first half of 2021, the occupancy rate of the Group's office buildings and shopping malls remained steady while the Group's hotel operation continued to pick up.

Location	Major Investment Properties and Hotels	Gross Floor Area Held ( <i>'000 square metres</i> )	Interests	Property Type
			Attributable to the Group (%)	
<b>Investment properties</b>				
Beijing	Beijing Poly Plaza	15	75%	Office
Shanghai	Shanghai Poly Plaza (partial)	30	100%	Office and commercial office
Shanghai	Shanghai Stock Exchange Buildings (partial)	48	100%	Office
Shenzhen	Shenzhen Poly Cultural Plaza (partial)	135	100%	Commercial
Wuhan	Wuhan Poly Plaza (partial)	56	100%	Office
<b>Hotels</b>				
Beijing	Beijing Poly Plaza Hotel	63	75%	Hotel
Shanghai	Hyatt Regency Shanghai Jiading	69	100%	Hotel
Wuhan	Wuhan Poly Hotel	28	100%	Hotel

## PROPERTY MANAGEMENT

The Group has various property management companies engaging in the management of residential, commercial, offices, hotels, theatres and other property types. They have been the leading players in the property management industry in China and have received many titles and awards.

In the first half of 2021, the Group's property management companies recorded revenue of RMB465 million in aggregate, representing an increase of 17.1% when comparing with the corresponding period of last year. The companies managed a total of 248 property projects with a gross floor area under management of approximately 37,960,000 square metres, representing an increase of 7.6% when comparing with the corresponding period of last year.

## FINANCIAL REVIEW

### Liquidity and Capital Structure

As at 30 June 2021, the shareholders' equity of the Group amounted to HK\$36,986,593,000 (31 December 2020: HK\$35,444,032,000), while the net asset value per share was HK\$10.10 (31 December 2020: HK\$9.68). As at 30 June 2021, the Group's gearing ratio (on the basis of the amount of total liabilities divided by total assets) was 80.8% (31 December 2020: 80.9%).

As at 30 June 2021, the Group had outstanding bank and other borrowings (including the notes payable) of HK\$85,802,440,000 (31 December 2020: HK\$86,592,218,000). In terms of maturity, the outstanding bank and other borrowings (including the notes payable) can be divided as follows:

	30 June 2021		31 December 2020	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Within one year	<b>19,369,266</b>	<b>22.6</b>	28,107,101	32.5
After one year but within two years	<b>25,106,264</b>	<b>29.3</b>	17,274,248	19.9
After two years but within five years	<b>32,155,460</b>	<b>37.5</b>	33,004,156	38.1
After five years	<b>9,171,450</b>	<b>10.6</b>	8,206,713	9.5
	<b><u>85,802,440</u></b>	<b><u>100.0</u></b>	<b><u>86,592,218</u></b>	<b><u>100.0</u></b>

In terms of currency denomination, the outstanding bank and other borrowings (including the notes payable) can be divided into HK\$75,534,719,000 (88%) in Renminbi (31 December 2020: HK\$71,553,309,000 (82.6%)), HK\$3,900,000,000 (4.5%) (31 December 2020: HK\$7,800,000,000 (9%)) in United States dollars and HK\$6,367,721,000 (7.5%) (31 December 2020: HK\$7,238,909,000 (8.4%)) in Hong Kong dollars.

36% (31 December 2020: 38.2%) of the bank and other borrowings (including the notes payable) of the Group are subject to fixed interest rates and the remaining 64% (31 December 2020: 61.8%) are subject to floating interest rates. Therefore, under circumstances of uncertainty or fluctuations of interest rates or otherwise as appropriate, the Group will consider the use of hedging instruments (including interest rates swaps), in order to manage interest rate risks.

As at 30 June 2021, the Group had net current assets of HK\$70,228,244,000 and total bank balances of HK\$34,006,055,000 (31 December 2020: HK\$72,849,835,000 and HK\$43,652,392,000, respectively). With the available banking facilities and cash revenue from business operations, it is believed that the Group has sufficient resources to meet the foreseeable working capital demands and capital expenditure.

The monetary assets and liabilities and business transactions of the Group are mainly carried out and conducted in Hong Kong dollars, United States dollars and Renminbi. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised by balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures. The management believes that the foreign exchange rate between Hong Kong dollars and United States dollars is relatively stable. On the other hand, due to recent fluctuation of Renminbi exchange rate against Hong Kong dollars, the Group would closely monitor the fluctuation and adopt policy to minimise exchange rate risks, if necessary.

### Pledge of Assets

As at 30 June 2021, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Investment properties	<b>8,380,974</b>	6,360,367
Hotel properties	<b>468,675</b>	1,832,143
Buildings	<b>155,930</b>	154,374
Right-of-use assets	<b>274,767</b>	314,196
Properties under development	<b>29,767,896</b>	36,709,891
Properties held for sale	<b>3,475,909</b>	615,445
Bank deposits	<b>717,072</b>	688,766
	<b><u>43,241,223</u></b>	<u>46,675,182</u>

In addition to above pledge of assets, as at 30 June 2021, the Group's interests in certain subsidiaries were pledged to secure credit facilities granted to the Group. The details of net asset value of subsidiaries are as follows:

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Total assets	<b>22,379,646</b>	21,510,037
Total liabilities	<b>(21,629,674)</b>	(21,377,608)
	<b><u>749,972</u></b>	<u>132,429</u>

There is duplication between the carrying value of the Group's assets and the Group's interests in certain subsidiaries being pledged.

## **Contingent Liabilities**

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amounted to HK\$32,697,836,000 as at 30 June 2021 (31 December 2020: HK\$26,983,212,000). Such guarantees will terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loan guaranteed by the Group in the event the purchasers default payments to the banks.

At 30 June 2021, the Group had given guarantees to certain banks in respect of credit facilities granted to certain associates and joint ventures of the Group amounting to HK\$9,530,403,000 (31 December 2020: HK\$9,310,801,000), of which HK\$7,385,096,000 (31 December 2020: HK\$5,633,122,000) had been utilised by these associates and joint ventures.

## **EMPLOYEES**

As at 30 June 2021, the Group employed 8,496 (30 June 2020: 10,761) employees with remuneration for the period amounted to approximately RMB431,735,000. The Group provides its employees with various benefits including year-ended double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. On-the-job training is also provided as and when required.

## **SHARE OPTIONS**

In order to provide incentives or rewards to the Directors and certain employees of the Company and certain eligible persons to contribute to the long term success of the business of the Group, the shareholders of the Company adopted a share option scheme (the “Share Option Scheme”) on 28 May 2014. The Company granted a total of 109,750,000 options (each option entitles its holder to subscribe for one share of the Company) under the Share Option Scheme to certain executive Directors and employees on 10 January 2019. During the six months ended 30 June 2021, no option was granted under the Share Option Scheme and 4,320,000 share options were cancelled. As at 30 June 2021, 88,640,000 share options were outstanding under the Share Option Scheme.

On 30 July 2021, the Company adjusted the exercise price and the number of outstanding share options granted under the Share Option Scheme pursuant to the terms of the Share Option Scheme as a result of the issue and allotment of scrip shares by the Company in relation to the final dividend for the year ended 31 December 2020 (the “Adjustment”). Please refer to the announcement of the Company dated 30 July 2021 for more details. Pursuant to the Adjustment, the number of outstanding share options granted under the Share Option Scheme was adjusted from 88,640,000 to 89,898,688.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months period ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Throughout the period under review, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”), other than code provisions A.5.1 to A.5.4 and E.1.2 of the CG Code. The reasons for deviation are explained below:

### **Code Provisions A.5.1 to A.5.4 of the CG Code — Nomination Committee**

Under code provisions A.5.1 to A.5.4 of the CG Code, listed issuers should, among others, establish a nomination committee with specific written terms of reference. The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director and assess the independence of independent non-executive Directors. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors.

## **Code Provision E.1.2 of the CG Code — Attendance of Chairman of the Board at the Annual General Meetings**

Under code provisions E.1.2 of the CG Code, the chairman of the Board (the “Chairman”) should attend the annual general meeting. Mr. Zhang Bingnan, the Chairman, was not able to attend the annual general meeting of the Company held on 28 May 2021 due to precautionary measures against the COVID-19 pandemic adopted in China and Hong Kong. Mr. Zhu Weirong was appointed as the chairman of the meeting and addressed questions raised by shareholders at the meeting.

The Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

## **COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES**

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) during the six months ended 30 June 2021. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code and the code of conduct regarding directors’ securities transactions adopted by the Company for the six months ended 30 June 2021.

## **AUDIT COMMITTEE**

The audit committee of the Company (“the Audit Committee”) presently comprises four independent non-executive Directors, namely Miss Leung Sau Fan, Sylvia (as Chairlady), Mr. Ip Chun Chung, Robert, Mr. Fung Chi Kin and Mr. Wong Ka Lun.

The members of the Audit Committee have reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited condensed financial statements of the Company for the six months ended 30 June 2021. The Audit Committee has approved the unaudited interim financial statements.

## **EVENTS AFTER THE REPORTING PERIOD**

From 30 June 2021 to the date of this announcement, there were no important events after the reporting period which have material effect on the Group.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the Company's website and the website of The Stock Exchange of Hong Kong Limited. The Interim Report 2021 will also be available at the Company's website and the website of The Stock Exchange of Hong Kong Limited and will be despatched to shareholders of the Company in September of 2021.

On behalf of the Board  
**Poly Property Group Co., Limited**  
**ZHANG Bingnan**  
*Chairman*

Hong Kong, 26 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Bingnan, Mr. Xue Ming, Mr. Wang Jian, Mr. Ye Liwen and Mr. Zhu Weirong, and the independent non-executive directors of the Company are Mr. Ip Chun Chung, Robert, Mr. Fung Chi Kin, Miss Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.*