

INTERIM REPORT

2021



Poly Property Group Co., Limited

保利置業集團有限公司

Stock Code: 00119

賞
·
光



保利有光

Light

生活有光



CONTENTS

2	Corporate Information
3	Management Discussion and Analysis
13	Interim Results
13	Condensed Consolidated Statement of Profit or Loss
14	Condensed Consolidated Statement of Comprehensive Income
15	Condensed Consolidated Statement of Financial Position
17	Condensed Consolidated Statement of Changes in Equity
18	Condensed Consolidated Statement of Cash Flows
19	Notes to the Condensed Consolidated Financial Statements
41	Other Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

ZHANG Bingnan (*Chairman*)

XUE Ming

WANG Jian (*Managing Director*)

YE Liwen

ZHU Weirong

HAN Qingtao (Retired on 25 February 2021)

Independent Non-executive Directors

IP Chun Chung, Robert

FUNG Chi Kin (Appointed on 28 May 2021)

CHOY Shu Kwan (Retired on 28 May 2021)

LEUNG Sau Fan, Sylvia

WONG Ka Lun

AUDIT COMMITTEE

LEUNG Sau Fan, Sylvia (*Chairlady*)

IP Chun Chung, Robert

FUNG Chi Kin (Appointed on 28 May 2021)

CHOY Shu Kwan (Retired on 28 May 2021)

WONG Ka Lun

REMUNERATION COMMITTEE

WONG Ka Lun (*Chairman*)

IP Chun Chung, Robert

FUNG Chi Kin (Appointed on 28 May 2021)

CHOY Shu Kwan (Retired on 28 May 2021)

LEUNG Sau Fan, Sylvia

RISK MANAGEMENT COMMITTEE

FUNG Chi Kin (*Chairman*)

(Appointed on 28 May 2021)

CHOY Shu Kwan (*Chairman*)

(Resigned on 28 May 2021)

IP Chun Chung, Robert

LEUNG Sau Fan, Sylvia

WONG Ka Lun

WANG Jian

YE Liwen

COMPANY SECRETARY AND AUTHORIZED REPRESENTATIVE

WONG Cheuk Him

LEGAL ADVISER

Morrison & Foerster

AUDITOR

BDO Limited

PRINCIPAL BANKERS

Agricultural Bank of China Limited

Bank of China Limited

Bank of Communications Co., Ltd.

China CITIC Bank International Limited

China Construction Bank Corporation

China Construction Bank (Asia) Corporation Limited

China Everbright Bank Co., Ltd.

China Zhesang Bank Co., Ltd.

Chong Hing Bank Limited

CMB Wing Lung Bank Limited

Hang Seng Bank Limited

Industrial Bank Co., Ltd.

Industrial and Commercial Bank of China (Asia) Limited

Malayan Banking Berhad

Shanghai Pudong Development Bank Co., Ltd.

The Bank of East Asia Limited

INVESTOR RELATIONS CONSULTANT

Wonderful Sky Financial Group

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong

Investor Services Limited

Shops 1712–1716

17th Floor, Hopewell Centre

183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Room 2503, Admiralty Centre, Tower 1

18 Harcourt Road

Hong Kong

COMPANY WEBSITE

www.polyhongkong.com

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".

MANAGEMENT DISCUSSION AND ANALYSIS

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 focused 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- Contracted sales include car parking sales;
- 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.

Project	Gross Floor Area of Newly Commenced Construction ('000 square metres)	Interests Attributable to the Group (%)
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%
Total	1,173	

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 (%)
Yangtze River Delta Region	1,262	12%
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	
Pearl River Delta Region	3,109	29%
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	
Southwestern Regions	3,604	33%
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	
Other Regions	2,516	23%
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	
Hong Kong	385	4%
31. Hong Kong Kai Tak Vibe Centro	385	
Grand Total	10,876	

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

New Project	Planned Property Type	Total Site Area ('000 square metres)	Planned Total Gross Floor Area ('000 square metres)	Interests Attributable to the Group (%)
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%
Total		219	788	

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 which is 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 ('000 square metres)	Interests Attributable to the Group (%)	Property Type
Investment properties				
Beijing	Beijing Poly Plaza	15	75%	Office
Shanghai	Shanghai Poly Plaza (partial)	30	100%	Office and commercial
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
Hotels				
Beijing	Beijing Poly Plaza Hotel	63	75%	Hotel
Shanghai	Hyatt Regency Shanghai Jiading	69	100%	Hotel
Wuhan	Wuhan Poly Hotel	28	100%	Hotel

MANAGEMENT DISCUSSION AND ANALYSIS

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

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

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:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

For the six months ended 30 June 2021, the Group did not have any significant investments, acquisitions and disposals, or any material acquisitions and disposals of any subsidiaries, associated companies and joint ventures.

EVENTS AFTER THE REPORTING PERIOD

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

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.

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

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	2	14,074,060	12,989,295
Cost of sales		(8,733,952)	(8,108,362)
Gross profit		5,340,108	4,880,933
Decrease in fair value of investment properties		—	(142,845)
Increase in fair value of financial assets		28,082	17,366
Other gains, net	3	501,576	298,491
Selling expenses		(518,231)	(280,844)
Administrative expenses		(615,236)	(521,435)
Other operating expenses		(191,750)	(147,577)
Gain on step-up acquisition of a subsidiary	23	—	2,175
Gain on disposal of a joint venture	24	300,000	—
Gain/(loss) on disposal of subsidiaries	25	21,305	(265,078)
Finance costs		(825,576)	(782,362)
Share of results of associates		45,482	(26,675)
Share of results of joint ventures		211,241	27,513
Profit before income tax expense	4	4,297,001	3,059,662
Income tax expense	5	(2,538,393)	(1,905,370)
Profit for the period		1,758,608	1,154,292
Attributable to:			
Owners of the Company		1,663,180	828,398
Non-controlling interests		95,428	325,894
		1,758,608	1,154,292
Earnings per share (expressed in HK cents)	7		
— Basic		45.42	22.62
— Diluted		45.42	22.56

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	1,758,608	1,154,292
Other comprehensive income		
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	54,064	(30,108)
Other comprehensive income before tax	449,101	(353,576)
Deferred tax liability arising on revaluation of properties	(13,516)	7,527
Other comprehensive income for the period, net of tax	435,585	(346,049)
Total comprehensive income for the period	2,194,193	808,243
Attributable to:		
Owners of the Company	2,007,437	519,338
Non-controlling interests	186,756	288,905
	2,194,193	808,243

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Investment properties	9	10,786,664	10,666,081
Property, plant and equipment	9	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	26	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
		39,914,286	27,103,274
Current assets			
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	10	12,503,705	11,328,354
Amounts due from associates	11	2,643,311	1,291,370
Amounts due from joint ventures	12	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
		177,076,102	177,653,503
Assets classified as held for sale	25	—	777,093
Total current assets		177,076,102	178,430,596

INTERIM RESULTS

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	13	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	11	199,883	144,646
Amounts due to joint ventures	12	1,880,511	1,891,480
Amount due to the ultimate holding company	14	22,778	17,571
Amount due to an intermediate holding company	15	3,363	3,323
Amount due to a fellow subsidiary	16	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	17	843,373	4,733,333
Bank and other borrowings — due within one year	18	18,525,893	23,373,768
		106,847,858	105,579,924
Liabilities associated with assets classified as held for sale	25	—	837
Total current liabilities		106,847,858	105,580,761
Net current assets		70,228,244	72,849,835
Total assets less current liabilities		110,142,530	99,953,109
Capital and reserves attributable to owners of the Company			
Share capital	19	17,685,677	17,685,677
Reserves		19,300,916	17,758,355
Equity attributable to owners of the Company		36,986,593	35,444,032
Non-controlling interests		4,639,066	3,763,966
Total equity		41,625,659	39,207,998
Non-current liabilities			
Bank and other borrowings — due after one year	18	62,533,174	54,585,117
Notes payable — due after one year	17	3,900,000	3,900,000
Lease liabilities		42,443	—
Loan from a fellow subsidiary		216,867	214,286
Deferred tax liabilities		1,824,387	2,045,708
Total non-current liabilities		68,516,871	60,745,111
		110,142,530	99,953,109

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Attributable to owners of the Company

	Share capital HK\$'000	Share option reserve HK\$'000	Hotel properties		PRC statutory reserves HK\$'000	Other capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
			revaluation reserve HK\$'000	Translation reserve HK\$'000								
At 1 January 2021	17,685,677	43,670	571,373	726,951	2,029,690	175,771	22,054	(280,355)	14,469,201	35,444,032	3,763,966	39,207,998
Total comprehensive income for the period	—	—	39,447	304,810	—	—	—	—	1,663,180	2,007,437	186,756	2,194,193
Transfer	—	—	—	—	65,329	—	—	—	(65,329)	—	—	—
Recognition of equity-settled share-based payment expense	—	3,801	—	—	—	—	—	—	—	3,801	—	3,801
Dividends paid	—	—	—	—	—	—	—	—	(468,677)	(468,677)	—	(468,677)
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	708,748	708,748
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	(20,404)	(20,404)
At 30 June 2021	17,685,677	47,471	610,820	1,031,761	2,095,019	175,771	22,054	(280,355)	15,598,375	36,986,593	4,639,066	41,625,659

For the six months ended 30 June 2020

Attributable to owners of the Company

	Share capital HK\$'000	Share option reserve HK\$'000	Hotel properties		PRC statutory reserves HK\$'000	Other capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
			revaluation reserve HK\$'000	Translation reserve HK\$'000								
At 1 January 2020	17,685,677	24,453	619,039	(953,686)	1,883,424	175,771	22,054	(296,096)	13,391,524	32,552,160	2,364,979	34,917,139
Total comprehensive income for the period	—	—	(11,478)	(297,582)	—	—	—	—	828,398	519,338	288,905	808,243
Recognition of equity-settled share-based payment expense	—	10,236	—	—	—	—	—	—	—	10,236	—	10,236
Dividends paid	—	—	—	—	—	—	—	—	(765,261)	(765,261)	—	(765,261)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(262,978)	(262,978)
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	252,334	252,334
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	606,750	606,750
Release upon disposal of subsidiaries	—	—	(108,528)	—	(66,213)	—	—	—	174,741	—	241,319	241,319
At 30 June 2020	17,685,677	34,689	499,033	(1,251,268)	1,817,211	175,771	22,054	(296,096)	13,629,402	32,316,473	3,491,309	35,807,782

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Operating activities		
Cash generated from operations	(3,090,726)	(2,152,571)
Tax paid	(3,012,581)	(1,971,744)
Interest paid	(2,098,091)	(1,590,456)
Net cash used in operating activities	(8,201,398)	(5,714,771)
Investing activities		
Acquisition of subsidiaries	—	409,076
Acquisition of an associate	(48,317)	—
Bank interest income received	224,461	139,382
Disposal of subsidiaries	—	(15,573)
Disposal of a joint venture	300,000	—
Increase in pledged bank deposits	(28,306)	(37,472)
(Advance to)/repayment from associates	(1,336,400)	919,351
Repayment from joint ventures	577,713	95,432
(Advance to)/repayment from non-controlling shareholders of subsidiaries	(425,957)	81,896
Proceeds from disposal of investment properties	—	60,419
Proceeds from disposal of financial assets	99,325	—
Other cash flows arising from investing activities	22,020	26,756
Net cash (used in)/generated from investing activities	(615,461)	1,679,267
Financing activities		
Borrowings raised	18,802,581	20,098,999
Capital contribution by non-controlling shareholders of subsidiaries	708,748	252,334
Dividends paid to equity shareholders of the Company	—	(765,261)
Dividends paid to non-controlling shareholders of subsidiaries	—	(262,978)
Repayment of borrowings	(16,554,446)	(10,656,391)
Repayment of notes payable	(3,900,000)	—
Repayment to non-controlling shareholders of subsidiaries	(402,567)	(137,591)
(Repayment to)/advance from joint ventures	(33,758)	201,403
Advance from associates	53,494	—
Payment of lease liabilities	(2,961)	(2,492)
Other cash flows arising from financing activities	4,995	33,050
Net cash (used in)/generated from financing activities	(1,323,914)	8,761,073
Net (decrease)/increase in cash and cash equivalents	(10,140,773)	4,725,569
Cash and cash equivalents at beginning of the period	42,963,626	27,480,746
Effect of exchange rate changes on cash and cash equivalents	466,130	69,885
Cash and cash equivalents at end of the period	33,288,983	32,276,200
Analysis of the balance of cash and cash equivalents, represented by		
— bank balances, deposits and cash	33,288,983	32,276,200

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 report 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 report 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018–2020 ¹	
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
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 ³
Amendments to HKAS 1	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
HKFRS 17	Insurance Contracts ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2022.

² 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.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ 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.

NOTES TO THE CONDENSED CONSOLIDATED 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 HK\$'000	Property investment and management HK\$'000	Hotel operations HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Total HK\$'000
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	13,049,092	913,253	147,779	35,282	(71,346)	14,074,060
SEGMENT RESULTS						
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						1,758,608

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021

Assets and liabilities

	Property development business HK\$'000	Property investment and management HK\$'000	Hotel operations HK\$'000	Other operations HK\$'000	Total HK\$'000
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>216,990,388</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>175,364,729</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

	Property development business HK\$'000	Property investment and management HK\$'000	Hotel operations HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Total HK\$'000
REVENUE						
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	12,191,973	732,686	74,169	28,955	(38,488)	12,989,295
SEGMENT RESULTS	4,154,950	(28,639)	(91,395)	38,687	—	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						1,154,292

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2020
Assets and liabilities

	Property development business HK\$'000	Property investment and management HK\$'000	Hotel operations HK\$'000	Other operations HK\$'000	Total HK\$'000
Assets					
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					46,829,381
Total assets					205,533,870
Liabilities					
Segment liabilities	67,623,286	2,163,128	172,986	25,346	69,984,746
Unallocated corporate liabilities					96,341,126
Total liabilities					166,325,872

3. OTHER GAINS, NET

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Gain on disposal of financial assets	61,575	—
Loss on disposal of investment properties	—	(38,592)
Dividend income	18,166	18,661
Exchange gain/(loss)	98,459	(80,813)
Government subsidy	1,960	11,537
Interest income from bank	224,461	139,382
Interest income from loans to associates	—	15,818
Interest income from loans to joint ventures	38,752	120,874
Interest income from non-controlling interests	—	19,789
Others	58,203	91,835
	501,576	298,491

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Profit before income tax expense is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	92,379	98,664
Depreciation of right-of-use assets	10,862	8,324
Interest on lease liabilities	705	109
Short term leases expenses	8,359	8,150
Low value leases expenses	179	99
Share of tax of associates (included in share of results of associates)	44,395	—
Share of tax of joint ventures (included in share of results of joint ventures)	74,527	69,325
Loss on disposal of investment properties	—	38,592

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 HK\$'000	2020 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
Deferred taxation	2,809,180 (270,787)	1,987,527 (82,157)
	2,538,393	1,905,370

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

6. 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).

7. 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
Earnings:		
Profit for the period attributable to owners of the Company	1,663,180	828,398
	Six months ended 30 June	
	2021	2020
Number of shares:		
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	—	10,502,429
Weighted average number of ordinary shares for the purposes of diluted earnings per share	3,661,537,046	3,672,039,475

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. 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).

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties increased HK\$120,583,000 during the period ended 30 June 2021 (30 June 2020: decreased HK\$1,230,495,000).

During the period ended 30 June 2021, the appreciation of Renminbi against Hong Kong dollars generated HK\$126,338,000 increase in investment properties (30 June 2020: depreciated HK\$131,058,000). The increase was offset by transferral of HK\$5,755,000 investment properties to property, plant and equipment (30 June 2020: HK\$ nil).

During the period ended 30 June 2020, the disposal of subsidiaries resulted in the decrease in investment properties of HK\$857,582,000, the decrease in fair value of investment properties of HK\$142,845,000 has been recognised in condensed consolidated statement of profit or loss and disposal of investment properties of HK\$99,010,000 were noted.

The Group's property, plant and equipment increased HK\$16,711,000 during the period ended 30 June 2021 (30 June 2020: decreased HK\$913,335,000).

During the period ended 30 June 2021, the appreciation of Renminbi against Hong Kong dollars generated HK\$36,444,000 increase in property, plant and equipment (30 June 2020: depreciated HK\$39,307,000). Also, the additions of motor vehicles, furniture and fixture and plant and machinery of HK\$13,208,000 (30 June 2020: HK\$12,406,000), the surplus arising on revaluation of hotel properties of HK\$54,065,000 (30 June 2020: deficit HK\$30,109,000) and the transferral of investment properties to property, plant and equipment of HK\$5,755,000 (30 June 2020: HK\$ nil) were noted.

The increase was offset by depreciation charge of HK\$92,379,000 (30 June 2020: HK\$98,664,000) and disposal of property, plant and equipment of HK\$382,000 (30 June 2020: HK\$252,893,000) during the current period.

During the period ended 30 June 2020, the disposal of subsidiaries resulted in the decrease in property, plant and equipment of HK\$504,853,000.

The Group's investment properties and hotel properties at 30 June 2021 were valued by AA Property Services Limited, an independent professional surveyor and property valuer not connected with the Group. AA Property Services Limited is a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the same valuation techniques as were used by this valuer when carrying out the valuations at 31 December 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. 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:

	30 June 2021 HK\$'000	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	200,876	60,608
Total trade receivables	506,801	283,014
Other receivables	11,996,904	11,045,340
	12,503,705	11,328,354

11. AMOUNTS DUE FROM/(TO) ASSOCIATES

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Amounts due from associates:		
— Interest-free	2,419,215	1,069,941
— Fixed rate of 8%	224,096	221,429
	2,643,311	1,291,370
Amount due to associates:		
— Interest-free	199,883	144,646

The amounts are unsecured and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. AMOUNTS DUE FROM/(TO) JOINT VENTURES

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Amounts due from joint ventures:		
— Interest-free	1,161,517	930,792
— Fixed rate of 7%	140,611	198,461
— Fixed rate of 8%	170,675	168,048
— 110% of benchmark rate in the PRC	—	462,546
— Hong Kong Interbank Offered Rate ("HIBOR") +1.5%	2,924,729	2,900,646
	4,397,532	4,660,493
Amounts due to joint ventures:		
— Interest-free	1,303,053	1,293,013
— Fixed rate of 4.35%	577,458	598,467
	1,880,511	1,891,480

The amounts are unsecured and repayable on demand.

13. 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:

	30 June 2021 HK\$'000	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	8,114,846	6,216,755
Total trade payables	12,067,373	12,540,648
Other payables	13,758,662	13,566,587
	25,826,035	26,107,235

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Interest-free	22,778	17,571

The amounts are unsecured and repayable on demand.

15. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Interest-free	3,363	3,323

The amounts are unsecured and repayable on demand.

16. AMOUNTS DUE TO A FELLOW SUBSIDIARY

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Interest-free	584	577

The amounts are unsecured and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. NOTES PAYABLE

The Group has issued the following notes payable:

- (i) On 10 April 2018 and 7 May 2018, the Group issued the 5.2% notes due in 2021 in the aggregate principal amount of US\$500,000,000 (equivalent to HK\$3,900,000,000) (31 December 2020: US\$500,000,000 equivalent to HK\$3,900,000,000). The notes bear interest at the rate of 5.2% per annum, which are payable semi-annually in arrears on the interest payment dates falling 10 April and 10 October in each year. During the current period, the Group repaid the notes payable.
- (ii) On 22 August 2018, the Group issued the 5.28% notes due in 2021 in the aggregate principal amount of RMB700,000,000 (equivalent to HK\$843,373,000) (31 December 2020: RMB700,000,000 equivalent to HK\$833,333,000). The note bears interest at the rate of 5.28% per annum. The notes are payable annually in arrears on the interest payment date falling 13 August in each year, which was classified as current liabilities.
- (iii) On 10 November 2020, the Group issued the 4.0% notes due in 2025 in the aggregate principal amount of US\$500,000,000 (equivalent to HK\$3,900,000,000) (31 December 2020: US\$500,000,000 equivalent to HK\$3,900,000,000). The note bears interest at the rate of 4.0% per annum. The notes are payable semi-annually in arrears on the interest payment date falling on 10 May and 10 November, in each year.

18. BANK AND OTHER BORROWINGS

The Group's bank and other borrowings increased HK\$3,100,182,000 during the period ended 30 June 2021 (30 June 2020: HK\$9,832,562,000).

During the period ended 30 June 2021, the Group obtained new bank and other borrowings in the amounts of HK\$18,802,581,000 (30 June 2020: HK\$20,098,999,000), which bear interest at market rates. Also, Renminbi appreciated against Hong Kong dollars generated HK\$852,047,000 increase in bank and other borrowings (30 June 2020: depreciated HK\$568,288,000).

During the period ended 30 June 2020, the acquisition of subsidiaries also generated HK\$958,242,000 increase in bank and other borrowings.

The increase was offset by repayment of bank and other borrowings of HK\$16,554,446,000 (30 June 2020: HK\$10,656,391,000) during the period.

19. SHARE CAPITAL

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. 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.

21. 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. MATERIAL RELATED PARTY TRANSACTIONS

During the current period, the Group entered into the following material related party transactions:

(I) Related parties

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Property rental income (<i>note a</i>)	9,185	6,587
Interest expenses (<i>note b</i>)	40,264	19,849
Interest income (<i>note c</i>)	38,752	136,692
Management fee income	1,060	617
Rental expenses paid	1,171	1,176
Dividend income	18,166	18,661

Notes:

- The property rental income received from subsidiaries of the ultimate holding company, which were charged in accordance with the relevant tenancy agreement.
- The interest expenses derived from loans advanced from China Poly Group and joint ventures, which carried interest at a fixed rate of 4.35% and benchmark rate in the PRC to 110% of benchmark rate in the PRC.
- The interest income derived from loans advanced to associates and joint ventures, which carried interest at a fixed rate of 7% to 8%, 110% of benchmark rate in the PRC and HIBOR +1.5%.

(II) Compensation to key management personnel

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Short-term benefits	6,900	7,935
Post-employment benefits	1,308	230
	8,208	8,165

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. ACQUISITION OF SUBSIDIARIES

During the period ended 30 June 2020, the Group acquired companies which are engaged in property development business in the PRC. Business combinations during the period mainly included the acquisition of interest of those companies and acquisition of additional interest in the associate, which was further recognised as the Group's subsidiary. The aggregated cash consideration was RMB521,371,000 (equivalent to HK\$572,936,000). Those transactions have been accounted for using the acquisition method. These subsidiaries were to provide human resources, economic of scale and synergy to the Group.

Name of entity	Date of acquisition	% of interest acquired
蘇州瑞茂房地產開發有限公司 (“蘇州瑞茂”)	30 June 2020*	2%
威海威登置業有限公司 (“威海威登”)	6 May 2020	40%
威海利華置業有限公司 (“威海利華”)	24 June 2020	51%

* The Group acquired additional 2% equity interest in 蘇州瑞茂, which was previously an associate of the Group. After acquisition, the Group held 51% equity interest in 蘇州瑞茂.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The fair value of identifiable assets and liabilities of acquired companies in 2020 as at dates of acquisitions were:

	HK\$'000	蘇州瑞茂 HK\$'000	威海威登 HK\$'000	威海利華 HK\$'000	Total HK\$'000
Property, plant and equipment		85	—	—	85
Deferred tax assets		192	—	—	192
Deposits paid for acquisition of land use rights		—	136,303	—	136,303
Properties under development		1,489,011	—	—	1,489,011
Trade and other receivables		126,901	—	61,848	188,749
Bank balances, deposits and cash		29,490	—	952,522	982,012
Trade and other payables		(8,878)	(35)	—	(8,913)
Amount due to an immediate holding company		(303,834)	—	—	(303,834)
Amount due to non-controlling shareholders of subsidiaries		(316,236)	—	—	(316,236)
Bank and other borrowings		(958,242)	—	—	(958,242)
Deferred tax liabilities		(1,451)	—	—	(1,451)
Net assets		57,038	136,268	1,014,370	1,207,676
Non-controlling interests		(27,948)	(81,761)	(497,041)	(606,750)
Net assets acquired		29,090	54,507	517,329	600,926
Transferred from interests previously held and classified as an associate		(25,815)	—	—	(25,815)
Gain on step-up acquisition of a subsidiary					
— Gain on remeasurement of associate to acquisition date fair value	(2,133)				
— Gain on bargain purchase	(42)	(2,175)	—	—	(2,175)
Total consideration satisfied by:		1,100	54,507	517,329	572,936
Cash		1,100	54,507	517,329	572,936
Net cash inflow arising on acquisition:					
Cash paid		(1,100)	(54,507)	(517,329)	(572,936)
Bank balances and cash acquired		29,490	—	952,522	982,012
		28,390	(54,507)	435,193	409,076

Gain on bargain purchase was mainly due to the fact that the seller had the intention to exit from his investment in the acquired business due to his business reasons.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The receivables acquired (which principally comprised trade and other receivables) with a fair value of HK\$188,749,000 at the date of acquisition. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

The non-controlling interests recognised at the dates of acquisitions were measured by reference to the proportionate share of the recognised value of the net identifiable assets of the respective subsidiaries of the acquirees at the dates of acquisitions and amounted to HK\$606,750,000.

The acquired business did not contribute any revenues and net profit to the Group for the period from their respective acquisition dates to 30 June 2020. Had these companies been consolidated from 1 January 2020, the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2020 would shown pro-forma revenue of HK\$12,989,295,000 and profit for the period of HK\$1,153,459,000.

Acquisition-related costs were immaterial and had been excluded from the consideration transferred and had been recognised as an expense in the year of acquisition, within the administrative expenses line item in the condensed consolidated statement of profit or loss.

24. DISPOSAL OF A JOINT VENTURE

During the first half of 2021, the Group disposed 50% equity interest in 上海金嵐投資有限公司 with nil carrying value at a consideration of HK\$300,000,000, resulting in a gain of HK\$300,000,000.

25. DISPOSAL OF SUBSIDIARIES

On 20 November 2020, the Group entered into an equity transfer agreement with an independent third party in relation to disposal of the Group's 100% equity interest in 武漢長江保資控股有限公司 ("長江保資"), a wholly owned subsidiary of the Group at a cash consideration of RMB669,951,000 (equivalent to approximately HK\$797,561,000). The principal assets of 長江保資 are Flat 1 at Mezzanine Floor and levels -1 to 8 of Wuhan Poly Culture Plaza, a comprehensive commercial plaza located at 99 Zhongnan Road Wuchang, Wuhan, the PRC. The consideration was fully received in December 2020. Given that the disposal was not completed as at 31 December 2020, the assets and liabilities relating to 長江保資 have been classified as held for sale in the consolidated statement of financial position. The transaction was subsequently completed on 4 January 2021 and gain on disposal of subsidiaries was recorded during the first half of 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The net assets disposed were as follows:

	HK\$'000
Assets	
Investment properties	771,429
Deferred tax assets	5,499
Bank balances, deposits and cash	165
	<hr/> 777,093
Liabilities	
Trade and other payables	(837)
	<hr/>
Net assets	776,256
Consideration	<hr/> 797,561
Gain on disposal	21,305
Satisfied by:	
Consideration	797,561
Net cash inflow arising on disposal:	
Consideration	797,561
Bank balances and cash disposed of	(165)
	<hr/> 797,396

During the first half of 2020, 保利貴州房地產開發有限公司 (“保利貴州房地產”) filed for liquidation to the local people’s court of Wu Dang District, Guiyang, Guizhou Province (the “Court”). The Court declared the liquidation of 保利貴州房地產. 保利貴州房地產 was not consolidated by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The net assets disposed were as follows:

	HK\$'000
Property, plant and equipment	504,853
Right-of-use assets	71,970
Investment properties	857,582
Interest in an associate	2,693
Deferred tax assets	46
Properties held for sale	410,202
Other inventories	1,690
Trade and other receivables	100,259
Taxation recoverable	16,488
Bank balances, deposits and cash	15,573
Trade and other payables	(302,064)
Amount due to intermediate holding companies	(2,089,324)
Amount due to non-controlling shareholders of subsidiaries	(72,173)
Contract liabilities	(3,454)
Taxation payable	(85,531)
Deferred tax liabilities	(154,387)
	<u>(725,577)</u>
Non-controlling interests	241,319
Net liabilities	(484,258)
Consideration	—
Gain on disposal	484,258
Loss on receivables due from 保利貴州房地產	(749,336)
Net impact on disposal	<u>(265,078)</u>
Satisfied by:	
Consideration	—
	<u>—</u>
Net cash outflow arising on disposal:	
Cash paid	—
Bank balances and cash disposed of	15,573
	<u>15,573</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26. FAIR VALUE MEASUREMENTS

(i) **Financial instruments carried at fair value**

The fair value of financial assets are determined with reference to quoted market prices or using valuation techniques in which any significant input is not based on observable market data.

The following table presents financial instruments measured at fair value in the condensed consolidated statement of financial position on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "Fair Value Measurement". The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

At 30 June 2021, the Group had following financial instruments carried at fair value all of which are based on the level 1 or level 3 of the fair value hierarchy:

	Fair value at 30 June 2021 HK\$'000	Fair value measurements as at 30 June 2021 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets				
Financial assets at fair value through profit or loss				
— Listed	1,980	1,980	—	—
— Unlisted	672,083	—	—	672,083
	674,063	1,980	—	672,083

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Fair value at	Fair value measurements as at		
	31 December 2020 HK\$'000	31 December 2020 Level 1 HK\$'000	31 December 2020 categorised into Level 2 HK\$'000	Level 3 HK\$'000
Assets				
Financial assets at fair value through profit or loss				
— Listed	38,980	38,980	—	—
— Unlisted	636,750	—	—	636,750
	<u>675,730</u>	<u>38,980</u>	<u>—</u>	<u>636,750</u>

During the six months period ended 30 June 2021 and the year ended 31 December 2020, there were no significant transfers between financial instruments in level 1 and level 2, or transfer into and out of level 3. The Group policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) **The fair values of financial assets and financial liabilities are determined as follows:**

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted active bid prices and ask prices respectively; and the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

OTHER INFORMATION

INTERIM DIVIDEND

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).

SHARE OPTION SCHEME

In order to provide incentives or rewards to the Directors and employees of the Company and certain eligible persons (together, "Eligible Participants") to contribute to the long term success of the business of the Group, the Board of Directors of the Company considers that it is in the best interest of the Company to adopt a share option scheme.

At the annual general meeting of the Company held on 28 May 2014, the shareholders of the Company adopted a share option scheme (the "Share Option Scheme"), pursuant to which the Eligible Participants may be granted a maximum of 364,463,704 options to subscribe for shares of the Company upon and subject to the terms and conditions of the rules of the Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date of 28 May 2014 and expiring on 27 May 2024.

According to the Share Option Scheme, the Board of Directors of the Company may grant options to (i) any Director and employee of the Company or its subsidiaries, or an entity in which the Group holds an interest ("Affiliate"); (ii) any customer, supplier, agent, partner, consultant, adviser or shareholder of or contractor to the Group or an Affiliate; (iii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, customer, supplier, agent, partner, consultant, adviser or shareholder of or contractor to the Group or an Affiliate; or (iv) a company beneficially owned by any Director, employee, consultant, customer, supplier, agent, partner, shareholder, adviser or contractor to the Group or an Affiliate to subscribe for shares of the Company for a consideration of HK\$1 for each lot of share options granted.

Share options granted should be accepted within 28 days from the date of grant. The Board of Directors may at its absolute discretion determine the period during which a share option may be exercised; such period should expire no later than 10 years from the date of grant of the relevant option. The Board of Directors may also provide restrictions on the exercise of a share option during the period a share option may be exercised.

The exercise price is determined by the Board of Directors of the Company, and shall not be less than the highest of: (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant.

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

OTHER INFORMATION

The total number of shares issued and to be issued upon exercise of the options granted to each individual under the Share Option Scheme and any other share option schemes of the Company (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

The fair value of share options granted to Eligible Participants is recognised as staff costs with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the Binomial model, taking into account the terms and conditions upon which the options were granted. Where the Eligible Participants have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the statement of profit or loss for the year of the review, unless the original staff costs qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to accumulated profits).

OTHER INFORMATION

During the six months ended 30 June 2021, no option is granted under the Share Option Scheme and 4,320,000 share options are cancelled. As at 30 June 2021, 88,640,000 options are outstanding under the Share Option Scheme. The total number of options available for grant is 254,713,704 (30 June 2020: 254,713,704), representing approximately 6.95% (30 June 2020: 6.95%) of the issued shares of the Company. Details of such interests and movements of share options granted by the Company under the Share Option Scheme are shown below:

Name or category of grantees	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options					Balance as at 30 June 2021
				Balance at as 1 Jan 2021	Granted during the period	Cancelled during the period	Lapsed during the period	Exercised during the period	
Director:									
Mr. Zhang Bingnan	10/1/2019	2,520	10/1/2021–9/1/2023	379,500	—	—	—	—	379,500
			10/1/2022–9/1/2024	379,500	—	—	—	—	379,500
			10/1/2023–9/1/2025	391,000	—	—	—	—	391,000
Mr. Han Qingtao (Note)	10/1/2019	2,520	10/1/2021–9/1/2023	379,500	—	—	—	—	379,500
			10/1/2022–9/1/2024	379,500	—	—	—	—	379,500
			10/1/2023–9/1/2025	391,000	—	—	—	—	391,000
Mr. Wang Jian	10/1/2019	2,520	10/1/2021–9/1/2023	379,500	—	—	—	—	379,500
			10/1/2022–9/1/2024	379,500	—	—	—	—	379,500
			10/1/2023–9/1/2025	391,000	—	—	—	—	391,000
Mr. Ye Liwen	10/1/2019	2,520	10/1/2021–9/1/2023	280,500	—	—	—	—	280,500
			10/1/2022–9/1/2024	280,500	—	—	—	—	280,500
			10/1/2023–9/1/2025	289,000	—	—	—	—	289,000
Mr. Zhu Weirong	10/1/2019	2,520	10/1/2021–9/1/2023	280,500	—	—	—	—	280,500
			10/1/2022–9/1/2024	280,500	—	—	—	—	280,500
			10/1/2023–9/1/2025	289,000	—	—	—	—	289,000
Sub-total				5,150,000					5,150,000
Employees:									
In aggregate	10/1/2019	2,520	10/1/2021–9/1/2023	28,977,300	—	1,425,600	—	—	27,551,700
			10/1/2022–9/1/2024	28,977,300	—	1,425,600	—	—	27,551,700
			10/1/2023–9/1/2025	29,855,400	—	1,468,800	—	—	28,386,600
Sub-total				87,810,000	—	4,320,000	—	—	83,490,000
Total				92,960,000	—	4,320,000	—	—	88,640,000

Note: Mr. Han Qingtao retired as executive Director and Vice Chairman of the Company with effect from 25 February 2021.

The closing price of the shares of the Company immediately before the date of grant as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was HK\$2.49 per share.

OTHER INFORMATION

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.

Fair value of share options and assumptions

The fair value of services received in return for share options granted on 10 January 2019 is measured by reference to the fair value of share options granted. The fair value of the share options granted is measured using a binomial model as at the date of grant. Such fair values are subject to a number of limitations, due to the subjective nature of and uncertainty relating to a number of assumptions under the binomial model. The assumptions used in the valuation of the share options granted on 10 January 2019 have been disclosed below. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Fair value of share options and assumptions are as follows:

Share price (HK\$)	2.52 per share
Exercise price (HK\$)	2.52 per share
Grant date	10 January 2019
Total number of share options granted	109,750,000
Number of share options granted to Directors*	4,000,000
Number of share options granted to employees	105,750,000
Share option period (years)	6

The fair value of share options granted under the Company's Share Option Scheme to each class of grantees are as follows:

Class of grantees	Fair value of share options granted (HK\$)
Directors	2,623,000
Employees	69,689,000

* Mr. Zhang Bingnan and Mr. Wang Jian were appointed as the Directors of the Company on 1 February 2019, and accordingly, they were classified as employees when the relevant share options were granted on 10 January 2019.

OTHER INFORMATION

	Share Options		
	Lot 1	Lot 2	Lot 3
First exercise date	10/1/2021	10/1/2022	10/1/2023
Maturity date	9/1/2023	9/1/2024	9/1/2025
Expected volatility (%)	40.631	40.657	39.160
Dividend yield (%)	4.122	4.122	4.122
Risk-free interest rate (%)	1.744	1.769	1.808
Fair value (HK\$)	22,679,000	24,365,000	25,268,000

Notes:

- (i) The expected volatility is based on the historic volatility, which is calculated based on the weighted average remaining life of the share options and adjusted for any expected changes to future volatility based on publicly available information.
- (ii) The expected dividend yield is based on the dividend payout in the previous year and the average share price in the preceding year.

For the period ended 30 June 2021, total equity-settled share-based payment expense recognised was as follows:

	HK\$'000
Total equity-settled share-based payment expense as at 1 January 2021	17,581
Lapsed during the period	(2,847)
Amortisation during the period	(3,801)
	<hr/>
At 30 June 2021	10,933

DIRECTORS' INTERESTS IN SECURITIES AND 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"). 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.

OTHER INFORMATION

As at 30 June 2021, according to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, the interests of the Directors in the shares and underlying shares of the Company were as follows:

Long position

Ordinary shares of the Company

Mr. Zhang Bingnan is holding 1,150,000 options to subscribe 1,150,000 (0.03%) shares of the Company.

Mr. Xue Ming is holding 1,020,000 (0.03%) shares of the Company.

Mr. Wang Jian is holding 1,150,000 options to subscribe 1,150,000 (0.03%) shares of the Company.

Mr. Ye Liwen is holding 850,000 options to subscribe 850,000 (0.023%) shares of the Company.

Mr. Zhu Weirong is holding 850,000 options to subscribe 850,000 (0.023%) shares of the Company.

Miss Leung Sau Fan, Sylvia is holding 33,000 (0%) shares of the Company.

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executives or their associates had any personal, family, corporate or other interests and short positions in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded in the register maintained under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, the following shareholders had notified the Company of relevant interests in the issued shares of the Company:

Ordinary shares of the Company

Name of shareholder	Number of shares		Total number of shares	Approximate percentage of the issued share capital of the Company
	Beneficial owner	Held by controlled corporation(s)		
Long position				
China Poly Group Corporation Limited* (中國保利集團有限公司)	253,788,246	1,478,871,116 (Note 1)	1,732,659,362	47.32%
Poly Developments and Holdings Group Co., Ltd.* (保利發展控股集團股份有限公司)	—	1,478,871,116 (Note 2)	1,478,871,116	40.39%
Poly (Hong Kong) Holdings Limited	112,410,476	1,366,460,640	1,478,871,116 (Note 3)	40.39%
Ting Shing Holdings Limited	—	1,366,460,640 (Note 4)	1,366,460,640	37.32%
Congratulations Company Ltd.	1,037,975,080	—	1,037,975,080	28.35%
Source Holdings Limited	228,398,760	100,086,800	328,485,560 (Note 5)	8.97%

Notes:

- China Poly Group Corporation Limited directly beneficial holds 253,788,246 shares of the Company and owns 50% issued share capital of Poly (Hong Kong) Holdings Limited, and is accordingly deemed by the SFO to be interested in the shares directly and indirectly owned by Poly (Hong Kong) Holdings Limited.
- Poly Developments and Holdings Group Co., Ltd. owns 50% of the issued share capital of Poly (Hong Kong) Holdings Limited and is accordingly deemed by the SFO to be interested in the shares directly and indirectly owned by Poly (Hong Kong) Holdings Limited.
- Poly (Hong Kong) Holdings Limited is deemed by the SFO to be interested in 1,478,871,116 shares of the Company as a result of its direct holding of 112,410,476 shares and indirect holding of 1,366,460,640 shares through its wholly-owned subsidiary, Ting Shing Holdings Limited.

OTHER INFORMATION

4. Ting Shing Holdings Limited is deemed by the SFO to be interested in 1,366,460,640 shares of the Company as a result of its indirect holding of 1,366,460,640 shares through its subsidiaries, Source Holdings Limited and Congratulations Company Ltd., of 328,485,560 shares and 1,037,975,080 shares, respectively.
5. Source Holdings Limited is deemed by the SFO to be interested in 328,485,560 shares of the Company as a result of its direct holding of 228,398,760 shares and indirect holding of 100,086,800 shares through its wholly-owned subsidiaries, Musical Insight Holdings Ltd. and Wincall Holding Ltd., of 44,658,800 shares and 55,428,000 shares, respectively.

* *for identification purposes only*

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued shares of the Company as at 30 June 2021.

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

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 listed securities.

SPECIFIC PERFORMANCE OBLIGATIONS OF CONTROLLING SHAREHOLDER

Disclosures pursuant to Rule 13.21 of the Listing Rules

1. On 2 September 2016, a wholly-owned subsidiary of the Company, as borrower, and the Company, as guarantor, entered into a facility agreement with certain banks for a total term loan facility of HK\$1,900,000,000. The final maturity date of the facility will be the earlier of (a) the date falling 48 months after the date of the facility agreement and (b) the date falling 9 months after a certificate of compliance is issued by the Director of Buildings and Lands in respect of the development of Tuen Mun Town Lot No. 542, Castle Peak Road, Castle Peak Bay, Area 48, Tuen Mun, New Territories, Hong Kong. On 2 September 2020, the borrower and Hang Seng Bank Limited, as the facility agent, entered into a supplemental facility agreement to renew the facility agreement and provide the borrower a term loan facility of HK\$1,254,000,000. The maturity date of the supplemental facility agreement is the earlier of (a) the date falling 60 months after the date of facility agreement, and (b) the date falling 9 months after the issuance of the certificate of compliance. On 2 September 2021, the borrower, Hang Seng Bank Limited as the facility agent, and certain other banks entered into a supplemental deed relating to the facility agreement (as amended and supplemented by the supplemental facility agreement) (the "second supplemental deed") to amend the facility agreement (as amended and supplemented by the supplemental facility agreement) for a term loan facility of approximately HK\$1,013,290,000, where the Company acted as guarantor pursuant to other supplemental deeds in connection therewith. Pursuant to the terms of the second supplemental deed, the maturity date is falling 72 months after the date of the facility agreement.

OTHER INFORMATION

Pursuant to the terms of the aforesaid facility agreement, supplemental facility agreement and the second supplemental deed, the Company undertakes that, if, among other things, China Poly Group Corporation Limited ("China Poly Group") (a) ceases to be the single largest shareholder of the Company; (b) ceases to maintain management control of the Company; or (c) ceases to be under the control of the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China ("SASAC"), the loan together with accrued interest may become immediately due and payable.

2. On 9 September 2019, the Company, a 70% indirect non-wholly owned subsidiary of the Company and Industrial and Commercial Bank of China (Asia) Limited entered into a facility agreement for a term loan up to HK\$2,900,000,000. The final maturity date shall be the earlier of (i) the date falling 60 months after the date of the facility agreement; and (ii) the date falling 9 months after the date of the certificate of compliance of the government grant concerned. Pursuant to the terms and conditions of the facility agreement, the Company shall provide the facility bank with the guarantee in proportion to its ultimate beneficial interest in the said subsidiary.

Pursuant to the facility agreement, if, among other things, China Poly Group ceases to (a) be the single largest shareholder of the Company; (b) maintain management control of the Board of the Company; or (c) be under the control of the SASAC, the bank may declare that all or any part of the advance(s) made by the bank under the facility agreement together with interest and any other amounts accrued thereunder be immediately due and payable.

3. On 27 December 2019, the Company (as the borrower) and Bank of Communications Co., Ltd. Hong Kong Branch (as the lender) entered into a facility agreement for an uncommitted revolving loan facility of up to HK\$400,000,000. The final maturity date of the banking facility shall be the date the bank reviews the banking facility, which shall fall on or before the date falling one year from the date of the facility letter or at such other times as the bank deems fit. On 22 December 2020, the Company and Bank of Communications Co., Ltd. Hong Kong Branch entered into a supplemental facility agreement to renew the banking facility. The maturity date is falling 364 days from the date of acceptance of the supplemental facility agreement or 27 December 2021, whichever is the earlier.

Pursuant to the banking facility and supplemental facility agreement, if among other things, China Poly Group ceases to: (a) be the single largest shareholder of the Company, or, directly or indirectly through its controlled corporations, hold at least 40% of the issued share capital of the Company; (b) maintain management control of the Company; or (c) be under the control and supervision of the SASAC, all outstanding principal, accrued interests and any other monies owing by the Company to the bank under the banking facility shall be repaid in full immediately.

4. On 24 July 2020, a joint venture company ("JV") of the Group in which the Company holds 35% beneficial interest (as borrower), the Company (as one of guarantors) and Industrial and Commercial Bank of China (Asia) Limited (as facility agent), among others, entered into a facility agreement for a 5-year term loan facility of a principal amount of up to HK\$9,437,400,000. Pursuant to the facility agreement, the Company (as one of the guarantors) severally guarantees the due and punctual payment and performance of all obligations of the JV under, among others, the facility agreement, up to 35% of all sums owed by the JV under such obligations. The final maturity date of the loan facility shall be the earlier of the date falling: (a) 60 months from the date of the facility agreement; and (b) 6 months after the completion date of the development of the land held by the JV.

OTHER INFORMATION

Pursuant to the facility agreement, if, among other things, China Poly Group ceases to: (a) be the single largest shareholder of the Company; (b) maintain control (as defined in the facility agreement) of the Company; and (c) be under the control of the SASAC, the facility agent may declare all or any part of the advances together with the interest accrued thereon and all other sums payable by the obligors (including the Company) under the finance documents (as defined in the facility agreement) be immediately due and payable, whereupon the same shall become immediately due and payable.

5. On 5 November 2020, the Company as borrower and Industrial Bank Co., Ltd. Hong Kong Branch as lender entered into a facility agreement. Pursuant to the facility agreement, the bank agreed to provide the borrower an uncommitted revolving loan facility of up to HK\$1,000,000,000. Pursuant to the terms of the facility agreement, the final maturity date is 364 days from the date of the facility agreement.

Pursuant to the terms of the facility agreement, it shall be an event of default if China Poly Group ceases to: (a) be the single largest shareholder of the Company; or (b) hold at least 40% of the issued share capital of the Company directly or indirectly through its controlled corporations; or (c) maintain management control of the Company; or (d) be under the control and supervision of the SASAC. If an event of default under the facility agreement occurs, the bank shall be entitled to (a) demand for immediate repayment of the loan together with interest and any other amounts accrued under the facility; and (b) terminate or cancel all or any part of the facility.

6. On 10 November 2020, a wholly-owned subsidiary of the Company (as the issuer), the Company (as the guarantor) and China Poly Group entered into a keepwell deed in relation to US\$500,000,000 4.00% notes due 2025 (the "Notes Due 2025").

Pursuant to the keepwell deed and the terms and conditions of the Notes Due 2025, if China Poly Group (a) ceases to be the single largest shareholder of the Company or ceases to hold, directly or indirectly through its controlled corporations (as defined under Part XV of the Securities and Futures Ordinance (Cap. 571) of Hong Kong) at least 40% of the issued share capital of the Company or (b) ceases to maintain management control of the Company, this will constitute an event of default under the Notes Due 2025.

7. On 12 March 2021, the Company as borrower and Malayan Banking Berhad as lender entered into a facility agreement. Pursuant to the facility agreement, the bank agreed to provide the Company with an uncommitted short-term revolving credit facility of up to HK\$400,000,000 with the maturity date falling 364 days after the date of the Company's acceptance of the facility agreement.

Pursuant to the terms of the facility agreement, it shall be an event of default if, among other things, China Poly Group ceases to: (a) directly or indirectly through its controlled corporations, hold at least 40% of the issued share capital of the Company; (b) together with its controlled corporations, in aggregate remain as the single largest shareholder of the Company; (c) maintain management control of the Company; or (d) be under the control and supervision of the SASAC. If an event of default under the facility agreement occurs, the facility or any part thereof may be cancelled, whereupon all outstanding principal, accrued interests and any other monies owing by the Company to the bank under the facility agreement shall be repayable on demand.

OTHER INFORMATION

8. On 7 April 2021, the Company (as borrower) entered into a facility agreement with (1) Bank of Communications Co., Ltd. Hong Kong Branch, China CITIC Bank International Limited, China Everbright Bank Co. Ltd., Hong Kong Branch, Agricultural Bank of China Limited Hong Kong Branch, Chong Hing Bank Limited, CMB Wing Lung Bank Limited, Industrial and Commercial Bank of China (Asia) Limited, Shanghai Pudong Development Bank Co., Ltd., acting through its Hong Kong Branch and Malayan Banking Berhad (as mandated lead arrangers, bookrunners and lenders); and (2) China CITIC Bank International Limited (as facility agent) for a term loan facility in an aggregate amount of HK\$3,900,000,000. The final maturity date of the facility shall be the date falling 36 months after the first utilisation date of the loan under the facility.

Pursuant to the facility agreement, it shall be an event of default if, among other things, China Poly Group ceases to: (a) (together with its controlled corporations) be the single largest shareholder of the Company, or directly or indirectly through its controlled corporations, to hold at least 40% of the issued share capital of the Company; or (b) maintain management control of the Company; or (c) be under the control and supervision of the SASAC. If an event of default under the facility agreement occurs, the facility agent may declare that all or part of the loans under the facility, together with accrued interest, and all other amounts accrued or outstanding under the facility be immediately due and payable, whereupon they shall become immediately due and payable.

9. On 24 May 2021, the Company as borrower and China Zheshang Bank Co., Ltd. Hong Kong Branch as lender entered into a facility letter. Pursuant to the facility letter, the bank agreed to make available to the borrower a one-year uncommitted revolving loan facility of US\$100,000,000 or its equivalent in Hong Kong dollars. Pursuant to the terms and conditions of the facility letter, the facility is available from the date of the facility letter to 1 March 2022 with the final maturity date being one year from the date of acceptance of the facility letter.

Pursuant to the terms and conditions of the facility letter, the Company undertakes to ensure and procure that China Poly Group shall: (a) remain as a direct or indirect largest single shareholder of the Company; or (b) hold not less than 40% of the issued share capital of the Company; or (c) maintain management control of the Company during the whole period of the facility; or (d) remain under the supervision of the SASAC.

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.

OTHER INFORMATION

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.

CHANGE IN DIRECTORS' INFORMATION

There is no change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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.