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## Gemdale Properties and Investment Corporation Limited

金地商置集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

### ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

#### FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	
Revenue	2,174,164	4,997,902	— 56
Gross profit	1,114,283	1,429,034	— 22
Other income and gains	512,366	564,129	— 9
Share of results of joint ventures and associates	1,182,663	1,057,430	+ 12
Profit after tax	1,118,875	1,289,944	— 13
Profit attributable to owners of the Company	1,074,324	1,066,481	+ 1
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	0.0648	0.0645	+ 0
- Diluted (RMB)	0.0646	0.0641	+ 1
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)	Change %
Bank deposits, bank and cash balances	5,542,852	8,771,882	— 37
Total assets	78,103,222	77,078,635	+ 1
Net assets	24,997,834	24,589,608	+ 2

#### 2022 INTERIM RESULTS (UNAUDITED)

The board of directors (the “Directors”) of Gemdale Properties and Investment Corporation Limited (the “Company”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 together with the relevant comparative figures.

\* For identification purpose only

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	2,174,164	4,997,902
Cost		<u>(1,059,881)</u>	<u>(3,568,868)</u>
Gross profit		1,114,283	1,429,034
Direct operating expenses		(707,203)	(789,383)
Other income and gains	3	512,366	564,129
Changes in fair values of financial assets at fair value through profit or loss		23,823	-
Administrative expenses		(48,964)	(44,427)
Finance costs	4	(467,662)	(392,407)
Share of profits and losses of:			
Joint ventures		671,915	750,565
Associates		<u>510,748</u>	<u>306,865</u>
Profit before tax	5	1,609,306	1,824,376
Tax	6	<u>(490,431)</u>	<u>(534,432)</u>
Profit for the period		<u><u>1,118,875</u></u>	<u><u>1,289,944</u></u>
Attributable to:			
Owners of the Company		1,074,324	1,066,481
Non-controlling interests		<u>44,551</u>	<u>223,463</u>
		<u><u>1,118,875</u></u>	<u><u>1,289,944</u></u>
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	7	<u>0.0648</u>	0.0645
- Diluted (RMB)	7	<u><u>0.0646</u></u>	<u>0.0641</u>

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>1,118,875</u>	<u>1,289,944</u>
Other comprehensive (loss)/income		
- Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	(663,805)	124,561
Share of exchange differences on translation of foreign operations of joint ventures	<u>154,512</u>	<u>(26,955)</u>
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(509,293)	97,606
- Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	<u>307,007</u>	<u>(88,303)</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(202,286)</u>	<u>9,303</u>
Total comprehensive income for the period	<u>916,589</u>	<u>1,299,247</u>
Attributable to:		
Owners of the Company	868,066	1,077,305
Non-controlling interests	<u>48,523</u>	<u>221,942</u>
	<u>916,589</u>	<u>1,299,247</u>

## Condensed Consolidated Statement of Financial Position

30 June 2022

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
<i>Note</i>	<b>(Unaudited)</b>	(Audited)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	58,124	61,803
Investment properties	14,409,420	14,096,568
Right-of-use assets	22,770	21,168
Intangible assets	11,050	15,164
Prepayments, deposits and other receivables	132,097	582,392
Investments in joint ventures	18,332,382	18,159,288
Investments in associates	5,665,533	4,901,001
Amount due from a related company	1,233,465	-
Financial assets at fair value	1,187,719	1,050,847
Deferred tax assets	1,066,306	989,486
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>42,118,866</b>	<b>39,877,717</b>
<b>CURRENT ASSETS</b>		
Properties held for sale	5,846,640	3,511,440
Properties under development	11,661,751	12,090,972
Trade receivables	42,916	36,022
Prepayments, deposits and other receivables	5,063,238	4,327,845
Amounts due from group companies	26,727	30,562
Amounts due from joint ventures and associates	4,291,822	5,401,009
Amounts due from non-controlling shareholders	2,012,512	1,599,916
Prepaid tax	692,287	577,207
Restricted cash	803,611	854,063
Bank deposits, bank and cash balances	5,542,852	8,771,882
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<b>Total current assets</b>	<b>35,984,356</b>	<b>37,200,918</b>

## Condensed Consolidated Statement of Financial Position (continued)

30 June 2022

		<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
	<i>Note</i>		
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	4,040,499	4,567,428
Advanced receipts, accruals and other payables		8,580,775	9,233,526
Interest-bearing bank and other borrowings		2,743,145	4,902,939
Lease liabilities		95,415	85,949
Amounts due to group companies		373,652	566,930
Amounts due to joint ventures and associates		8,465,200	9,841,556
Amounts due to non-controlling shareholders		1,009,835	308,487
Amount due to a related company		-	2,984
Dividend payable		996,581	-
Tax payable		2,420,783	2,328,564
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>28,725,885</b>	<b>31,838,363</b>
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>7,258,471</b>	<b>5,362,555</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>49,377,337</b>	<b>45,240,272</b>
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		2,132,248	284,387
Lease liabilities		909,756	920,908
Amounts due to group companies		19,561,647	17,766,545
Amount due to a joint venture		30,000	-
Deferred tax liabilities		1,745,852	1,678,824
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>24,379,503</b>	<b>20,650,664</b>
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>24,997,834</b>	<b>24,589,608</b>
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<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		1,504,813	1,502,930
Reserves		19,875,091	20,236,193
		<hr/>	<hr/>
		<b>21,379,904</b>	<b>21,739,123</b>
<b>Non-controlling interests</b>		<b>3,617,930</b>	<b>2,850,485</b>
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>24,997,834</b>	<b>24,589,608</b>
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Notes:

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### *Basis of preparation*

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

### *Significant accounting policies*

The accounting policies and methods of computation used in the preparation of this unaudited interim condensed consolidated financial information are consistent with those in the annual financial statements for the year ended 31 December 2021, except as described below. In the current period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all HKFRSs, HKASs and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial years beginning on or after 1 January 2022.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

### ***Change in accounting policies***

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
  - i) HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - ii) HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## **2. OPERATING SEGMENT INFORMATION**

The Group is principally engaged in property development, property investment and property management, and micro-financing business. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide.

Operating segments are reported in the manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of assessing the segment performance and allocating resources between segments.

An analysis of the Group's revenue, profit/(loss), assets and liabilities by reportable segments for the period under review is as follows:

	Property development RMB'000	Property investment and management RMB'000	Mirco- finance RMB'000	Corporate RMB'000	Total RMB'000
<b>For the six months ended</b>					
<b>30 June 2022 (Unaudited)</b>					
Segment revenue	1,537,436	539,798	96,930	-	2,174,164
Segment results	1,788,408	234,884	50,621	(35,737)	2,038,176
<i>Reconciliation</i>					
Bank interest income					14,234
Finance costs (other than interest on lease liabilities)					(443,104)
Profit before tax					1,609,306
<i>Other segment information:</i>					
Share of profits and losses of joint ventures	(666,906)	(5,009)	-	-	(671,915)
Share of profits and losses of associates	(500,283)	(10,465)	-	-	(510,748)
Changes in fair values of investment properties – right-of-use assets	-	66,964	-	-	66,964
Changes in fair values of financial assets at fair value	(23,933)	110	-	-	(23,823)
Depreciation of property, plant and equipment	3,742	4,346	438	953	9,479
Depreciation of right-of-use assets	2,950	2,893	-	3,670	9,513
Impairment/(reversal of impairment) of receivables, net	(27,619)	747	2,718	-	(24,154)
Gain on disposal of a subsidiary	(25,441)	-	-	-	(25,441)
Amortisation of intangible assets	-	4,114	-	-	4,114
Capital expenditure*	1,321	394,825	357	1,495	397,998
<b>As at 30 June 2022 (Unaudited)</b>					
Segment assets	50,965,197	22,640,269	2,615,219	33,576	76,254,261
<i>Reconciliation</i>					
Other unallocated assets					1,848,961
Total assets					78,103,222
Segment liabilities	32,202,673	8,386,263	344,317	1,039,633	41,972,886
<i>Reconciliation</i>					
Other unallocated liabilities					11,132,502
Total liabilities					53,105,388
<i>Other segment information:</i>					
Investments in joint ventures	15,743,482	2,588,900	-	-	18,332,382
Investments in associates	5,632,655	32,878	-	-	5,665,533

	Property development RMB'000	Property investment and management RMB'000	Mirco- finance RMB'000	Corporate RMB'000	Total RMB'000
For the six months ended 30 June 2021 (Unaudited)					
Segment revenue	4,417,858	421,361	158,683	-	4,997,902
Segment results	1,876,148	252,513	99,479	(60,187)	2,167,953
<u>Reconciliation</u>					
Bank interest income					14,629
Finance costs (other than interest on lease liabilities)					(358,206)
Profit before tax					1,824,376
<u>Other segment information:</u>					
Share of profits and losses of joint ventures	(647,165)	(103,400)	-	-	(750,565)
Share of profits and losses of associates	(306,865)	-	-	-	(306,865)
Changes in fair values of investment properties – right-of-use assets	-	56,724	-	-	56,724
Depreciation of property, plant and equipment	6,556	3,454	402	921	11,333
Depreciation of right-of-use assets	10,424	2,082	-	4,944	17,450
Impairment/(reversal of impairment) of receivables, net	(525)	(50)	24,740	-	24,165
Amortisation of intangible assets	-	4,114	-	-	4,114
Capital expenditure*	47,090	462,965	387	67	510,509
As at 31 December 2021 (Audited)					
Segment assets	50,937,894	21,694,271	2,683,497	36,567	75,352,229
<u>Reconciliation</u>					
Other unallocated assets					1,726,406
Total assets					77,078,635
Segment liabilities	33,766,915	7,884,015	419,132	58,794	42,128,856
<u>Reconciliation</u>					
Other unallocated liabilities					10,360,171
Total liabilities					52,489,027
<u>Other segment information:</u>					
Investments in joint ventures	16,155,985	2,003,303	-	-	18,159,288
Investments in associates	4,860,322	40,679	-	-	4,901,001

\* Capital expenditure consists of additions to property, plant and equipment, investment properties and right-of-use assets.

### 3. REVENUE, OTHER INCOME AND GAINS

Revenue represents sales of properties, gross rental income, property management fee income received and receivable from the principal activities, utility income, interest income on loans receivable, entrusted management fee income received from a fellow subsidiary and fitting-out works income during the period.

An analysis of revenue, other income and gains recognised during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers</b>		
Sale of properties	1,537,436	4,110,959
Property management fee income from:		
- fellow subsidiaries	1,053	855
- third parties	150,471	102,774
Utility income	8,704	6,165
Entrusted management fee income from a fellow subsidiary	14,340	12,453
Fitting-out works income from:		
- fellow subsidiaries	-	116,457
- joint ventures	-	17,540
- an associate	-	2,813
- third parties	-	170,089
<b>Revenue from other sources</b>		
Gross rental income from:		
- fellow subsidiaries	8,714	6,626
- third parties	356,516	292,488
Interest income on loans receivable	96,930	158,683
	<b>2,174,164</b>	<b>4,997,902</b>
<b>Other income and gains</b>		
Bank interest income	14,234	14,629
Interest income from related companies	23,361	35,249
Interest income from joint ventures	142,646	115,709
Interest income from financial assets at fair value	15,641	9,344
Consulting services income from:		
- joint ventures	160,386	155,041
- associates	10,371	42,119
- third parties	25,350	16,501
Gain on disposal of a subsidiary (Note 12)	25,441	-
Net gain on disposal of joint ventures	-	7,823
Government subsidies*	25,196	90,559
Gain on bargain purchase from an acquisition of a subsidiary (Note 10)	-	38,082
Others	69,740	39,073
	<b>512,366</b>	<b>564,129</b>

- \* Various government subsidies have been received from local government. They mainly represented financial subsidies for leasing business (2021: financial assistance for public facilities) in the Mainland China. As at 30 June 2022, there was no (30 June 2021: no) unfulfilled conditions and other contingencies attaching to the government grants that had been recognised by the Group.

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on bank borrowings	45,775	30,070
Interest expenses to group companies	493,117	361,505
Interest expenses to joint ventures and associates	29,392	30,039
Interest on other borrowings	17,481	40,994
	<hr/>	<hr/>
	585,765	462,608
Interest on lease liabilities	24,558	34,201
Other finance costs	8,267	7,479
	<hr/>	<hr/>
Total finance costs incurred	618,590	504,288
Less: Interest capitalised in		
- investment properties	-	(16,035)
- properties under development	(150,928)	(95,846)
	<hr/>	<hr/>
	467,662	392,407
	<hr/>	<hr/>

## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of properties sold	<b>787,552</b>	3,088,223
Depreciation of property, plant and equipment	<b>11,306</b>	11,393
Less: Amounts capitalised in property development projects	<b>(1,827)</b>	(60)
	<b>9,479</b>	11,333
Outgoings (including repairs and maintenance) arising on rental-earning investment properties	<b>30,323</b>	25,447
Changes in fair values of investment properties - right-of-use assets	<b>66,964</b>	56,724
(Reversal of impairment)/impairment of other receivables and loans receivable, net	<b>(24,154)</b>	24,165
Changes in fair values of financial assets at fair value	<b>(23,823)</b>	-
Lease payment not included in the measurement of lease liabilities	<b>208</b>	411
Amortisation of intangible assets	<b>4,114</b>	4,114
Depreciation of right-of-use assets	<b>89,547</b>	99,735
Less: Amounts capitalised in property development projects	<b>(80,034)</b>	(82,285)
	<b>9,513</b>	17,450
Employees benefits expenses (including directors' emoluments):		
Wages and salaries	<b>410,517</b>	465,431
Pension schemes contributions	<b>37,766</b>	21,392
Total employees benefits expenses	<b>448,283</b>	486,823
Auditor's remuneration	<b>1,826</b>	2,083
Foreign exchange loss, net	<b>54,372</b>	20,840
Gain on disposal of a subsidiary ( <i>Note 12</i> )	<b>(25,441)</b>	-
Net gain on disposal of joint ventures	-	(7,823)
Gain on bargain purchase from an acquisition of a subsidiary ( <i>Note 10</i> )	-	(38,082)

## 6. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2021: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the period at the rates of tax prevailing in the jurisdiction in which the Group operates.

The provision for land appreciation tax (“LAT”) has been estimated according to the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The amount of tax charged to the interim condensed consolidated statement of profit or loss represented:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Income tax in Hong Kong	-	-
Corporate income tax in Mainland China		
- Charge for the period	<b>157,758</b>	265,170
- Under/(over) provision in prior periods	<b>2,733</b>	(162)
LAT in Mainland China	<b>341,927</b>	319,604
Deferred	<b>(11,987)</b>	(50,180)
	<b>490,431</b>	<b>534,432</b>

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 16,591,250,528 (2021: 16,527,077,076) in issue during the period.

### (b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>1,074,324</u>	<u>1,066,481</u>
	<u><u>1,074,324</u></u>	<u><u>1,066,481</u></u>
	<b>No. of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>16,591,250,528</b>	16,527,077,076
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>27,692,322</u>	<u>104,656,737</u>
	<u><u>16,618,942,850</u></u>	<u><u>16,631,733,813</u></u>

## 8. TRADE RECEIVABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables	<b>42,916</b>	36,022

Trade receivables represent rental and property management fee receivables. Rental and property management fee receivables are billed in advance and are payable by tenants/residents upon receipts of billings within an average credit term of one month.

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured.

An aging analysis of the trade receivables as at the reporting date, based on the invoice date, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 month	<b>30,950</b>	31,176
1 to 3 months	<b>9,276</b>	4,183
Over 3 months	<b>2,690</b>	663
	<b>42,916</b>	36,022

## 9. TRADE AND BILLS PAYABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade and bills payables	<b>4,040,499</b>	4,567,428

An aging analysis of the trade and bills payables as at the reporting date, based on the invoice date, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 month	<b>1,570,844</b>	2,799,293
1 to 3 months	<b>959,460</b>	670,617
Over 3 months	<b>1,510,195</b>	1,097,518
	<b>4,040,499</b>	4,567,428

Trade and bills payables are non-interest-bearing and are normally settled within an average term of one month.

## 10. BUSINESS COMBINATION

In the prior period, the Group and a joint venture partner agreed to amend the Articles and Association of a joint venture, 杭州龍合實業有限公司 (Hangzhou Longhe Real Estate Company Limited\*) (“Longhe”) in which the Group and the joint venture partner hold 60% and 40% interests respectively. Longhe is engaged in property development in Mainland China. The Group obtained control over Longhe after the amendment of the Articles and Association. The registration of the amendment with the relevant government authority was completed in April 2021 and the change was accounted for as business combination.

The fair values of the identifiable assets and liabilities of the acquired company as at the date of acquisition are as follows:

	Six months ended 30 June 2021 Longhe RMB'000 (Unaudited)
<u>Fair value recognised on acquisition</u>	
Property, plant and equipment	96
Properties held for sale	2,876,109
Prepaid tax	89,404
Deposit, prepayment and other receivables	115,225
Bank balances	50,259
Trade payables	(133,090)
Advanced receipts, accruals and other payables	(2,912,986)
Deferred tax liabilities	(21,547)
	<hr/>
Total identifiable net assets at fair value	63,470
Non-controlling interests	(25,388)
	<hr/>
	38,082
Gain on bargain purchase	(38,082)
	<hr/>
Total consideration	-
	<hr/> <hr/>
Satisfied by:	
Cash	-
	<hr/> <hr/>

In prior period, the fair values and gross contractual amounts of deposits and other receivables of Longhe as at the date of acquisition amounted to RMB24,338,000. No receivables are expected to be uncollectible.

\* *For identification purpose only*

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	Six months ended 30 June 2021 Longhe RMB'000 (Unaudited)
Cash consideration	-
Bank balances acquired	<u>50,259</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u>50,259</u>

Since the acquisition, Longhe contributed RMB2,144,338,000 to the Group's revenue and RMB161,885,000 to the consolidated profit for the six months ended 30 June 2021.

Had the combination taken place at the beginning of the prior period, the revenue and the consolidated profit of the Group for the current period would have been RMB5,182,487,000 and HK\$1,303,279,000, respectively.

## 11. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

In January 2022, a subsidiary of the Company entered into a sale and purchase agreement with a joint venture partner to acquire a 50% equity interest in a joint venture, 成都瀚想置業有限公司 (Chengdu Hanxiang Real Estate Company Limited\*) ("Hanxiang"), in which the Group and the joint venture partner each hold 50% equity interest before the acquisition, at a cash consideration of RMB7,989,000. Hanxiang is engaged in property development in Mainland China. After completion of the acquisition in January 2022, the Group has control over Hanxiang.

In April 2022, the Group and a joint venture partner agreed to amend the Articles and Association of 南京金拓房地產開發有限公司 (Nanjing Jintuo Property Development Company Limited\*) ("Jintuo") in which the Group and the joint venture partner hold 51% and 49% interests respectively. Jintuo is engaged in property development in Mainland China. The Group obtained control over Jintuo after the amendment of the Articles of Association.

In prior period, a wholly-owned subsidiary of the Company acquired 96% equity interest in 深圳市和正瀾城投資發展有限公司 (Shenzhen Hezheng Lancheng Investment Development Company Limited\*) ("Hezheng Lancheng") from an independent third party at aggregate cash consideration of RMB4,800,000. Hezheng Lancheng has a wholly-owned subsidiary 深圳市華厚投資發展有限公司 ("Shenzhen Huahou Investment and Development Company Limited\*). Hezheng Lancheng and its subsidiary ("Hezheng Lancheng Group") are engaged in property development in Mainland China.

The above transactions were accounted for as acquisitions of assets rather than business combinations because the acquired subsidiaries have not carried out any significant business transactions prior to the dates of acquisitions. The net (outflow)/inflow of cash and cash equivalents from the acquisitions has been reflected in the consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

\* For identification purpose only

The net assets acquired in the above acquisitions are as follows:

	Six months ended 30 June		
	2022	2021	
	Hanxing RMB'000 (Unaudited)	Jintuo RMB'000 (Unaudited)	Hezheng Lancheng Group RMB'000 (Unaudited)
Property, plant and equipment	-	-	7
Properties under development	148,027	-	406,551
Properties held for sale	-	141,815	-
Prepaid tax	-	1,481	-
Prepayments, deposits and other receivables	17,441	1,231,247	13,864
Bank balances	77	245,214	44
Other payables	(4,823)	(162,893)	(4)
Loans from shareholders	(92,733)	-	(415,462)
Net assets	67,989	1,456,864	5,000
Non-controlling interests	-	(713,863)	(200)
Transferred from investments in joint ventures	(60,000)	(743,001)	-
Total consideration	7,989	-	4,800
Satisfied by:			
Other payables	-	-	4,800
Cash	7,989	-	-

An analysis of the cash flows in respect of the acquisition of assets through acquisition of subsidiaries is as follows:

	<b>Six months ended 30 June</b>		
	<b>2022</b>		<b>2021</b>
	<b>Hanxing</b>	<b>Jintuo</b>	<b>Hezheng</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>Lancheng</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>Group</b>
			<b>RMB'000</b>
			<b>(Unaudited)</b>
Cash consideration	(7,989)	-	-
Bank balances acquired	77	245,214	44
Net (outflow)/inflow of cash and cash equivalents	<b>(7,912)</b>	<b>245,214</b>	<b>44</b>

## 12. DISPOSAL OF A SUBSIDIARY

The Group entered into an agreement with a joint venture partner in June 2022. Pursuant to the agreement, the Group disposed of 20% equity interest in a subsidiary of the Company, Gemdale 85 Cleaveland Road, LLC ("85 Cleaveland"), to the joint venture partner at a consideration of US\$3,800,000 (equivalent to RMB25,311,000). 85 Cleaveland is engaged in property development. The Group and the joint venture partner agreed to exercise joint control over 85 Cleaveland after completion of the transaction. The Group has lost control over 85 Cleaveland after the completion of disposal in June 2022 and the remaining equity investment in 85 Cleaveland was accounted for as an investment in a joint venture.

Details of the net assets disposed of are as follows:

	<b>Six months ended 30 June 2022 85 Cleaveland RMB'000 (Unaudited)</b>
Properties under development	90,913
Bank balances	<u>4,744</u>
Net assets	95,657
Non-controlling interests	<u>(3,022)</u>
	92,635
Fair value of investment retained as investment in a joint venture upon disposal	(92,765)
Gain on disposal	<u>25,441</u>
Total consideration	<u><u>25,311</u></u>
Satisfied by:	
Cash	<u>25,311</u>

An analysis of the cash flows in respect of the disposal of the subsidiary is as follows:

	<b>Six months ended 30 June 2022 RMB'000 85 Cleaveland (Unaudited)</b>
Cash consideration	25,311
Bank balances disposed of	<u>(4,744)</u>
Net inflow of cash and cash equivalents in respect of the disposal of the subsidiary	<u><u>20,567</u></u>

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

## **FINANCIAL REVIEW**

The accounting policies and methods of computation used in the preparation of the financial statements for the six months ended 30 June 2022 are consistent with those used in the last financial year ended 31 December 2021, except that the Group has applied, for the first time, the revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group’s financial years beginning on or after 1 January 2022.

## **RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The revenue of the Group decreased from RMB4,997.9 million for the corresponding six months ended 30 June 2021 to RMB2,174.2 million for the six months ended 30 June 2022, decreased by RMB2,823.7 million. The decrease was mainly due to decrease in revenue recognition from sales of properties during the period as the implementation of COVID-19 prevention and control measures in the Mainland China affected the development progress and delivery schedule of some property projects. The gross profit margin for the current period was 51%. Sales revenue from a few property projects with higher gross profit was recognised in current period and accounted for a relatively high proportion of the total revenue.

Other income and gains decreased from RMB564.1 million for the corresponding six months ended 30 June 2021 to RMB512.4 million for the current period. The decrease was mainly due to the decrease of RMB65.4 million in various government subsidies received from the Mainland China

The Group's direct operating expenses decreased from RMB789.4 million for the corresponding period ended 30 June 2021 to RMB707.2 million for the six months ended 30 June 2022. Direct operating expenses of RMB95.4 million for the fitting-out business was recorded in the last corresponding period. The fitting-out business was disposed of in the end of last year.

The finance cost went up from RMB392.4 million for the corresponding period ended 30 June 2021 to RMB467.7 million for the current period. Due to the payments of remaining land premiums for the projects acquired in previous years and acquisitions of partners’ interests, the interest paid to related parties during the period was increased by RMB100.7 million (after deducting the capitalised interest).

Share of results of joint ventures and associates of the Group reported an aggregate profit of RMB1,182.7 million for the six months ended 30 June 2022 against RMB1,057.4 million for the corresponding period ended 30 June 2021, representing an increase of RMB125.3 million. The increase was due to increase in sales revenue recognition from property development of joint ventures and associates in Chengdu, Nanjing, Wuhan and Kunming.

Overall, the profit attributable to owners of the Company for the six months ended 30 June 2022 was RMB1,074.3 million, against RMB1,066.5 million for the corresponding period ended 30 June 2021, an increase of RMB7.8 million.

The Group recorded basic earnings per share of RMB0.0648 for the six months ended 30 June 2022, against basic earnings per share of RMB0.0645 for the corresponding period ended 30 June 2021, representing an increase of 0.5%. The diluted earnings per share for the current period and the previous period were RMB0.0646 and RMB0.0641 respectively.

## **BUSINESS SEGMENTS**

### **Property development**

The revenue of property development segment for the six months ended 30 June 2022 was RMB1,537.4 million, representing 71% of the total revenue, compared to RMB4,417.9 million, representing 88% of the total revenue for the corresponding period ended 30 June 2021. The decrease in the segment revenue was primarily due to decrease of the area delivered in the sales of properties. The implementation of COVID-19 prevention and control measures in some PRC districts in first half of the year affected the development progress and delivery schedules of certain property projects. Further, revenue of RMB306.9 million from fitting-out work business was included in the corresponding period of 2021 but no revenue from such business was recorded in the current period as the fitting-out work business was disposed of in the end of last year. The segment results for the current period recorded a profit of RMB1,788.4 million, against RMB1,876.1 million for the corresponding period, decreased by RMB87.7 million. Certain joint ventures and associates, which were not significantly affected by the epidemic, completed and delivered the projects on schedule. The aggregate share of profits of RMB1,167.2 million from joint ventures and associates was recorded for the six months ended 30 June 2022, an increase of RMB213.2 million, compared to RMB954.0 million for the corresponding period of 2021.

### **Property investment and management**

The revenue recognised by the property investment and management segment for the six months ended 30 June 2022 increased to RMB539.8 million, representing 25% of the total revenue, compared to RMB421.4 million, representing 8% of the total revenue for the six months ended 30 June 2021. Shenzhen Business Park Phase III (“VSBP 3”) was commenced operation at the beginning of this year with satisfied occupancy rate and contributed more than RMB100.0 million to the segment revenue for the current period. The segment results for the current period reported a profit of RMB234.9 million, against a profit of RMB252.5 million for the six months ended 30 June 2021, decreased by RMB17.6 million.

The Group is committed to acquiring investment properties situated in prime locations in economically developed cities and operating them on a sustainable basis. As at 30 June 2022, the Group (including associates and joint ventures) held a gross floor area of 2.669 million square meters of investment properties in operation (including sub-leases) in Mainland China, representing an increase of 21% as compared with the gross floor area of 2.209 million square meters of 31 December 2021. The rental and related services revenue (included value-added tax) from those investment properties for the current period recorded RMB934.9 million, of which 55%, 34% and 11% come from shopping malls and offices, industrial parks and long-term leased apartments respectively. Compared with the revenue of RMB625.9 million for the corresponding period of 2021, there was a year-on-year increase of 49%. The investment properties held by the Group under proposed construction and construction will also be put into operation successively, which will continue to generate stable revenue and cash inflow to the Group.

### **Microfinance**

The revenue of the microfinance segment for six months ended 30 June 2022 decreased to RMB96.9 million, representing 4% of the total revenue, from RMB158.7 million, representing 3% of the total revenue for six months ended 30 June 2021. The segment results for the current period reported a profit of RMB50.6 million, against a profit of RMB99.5 million for the corresponding period of 2021, a decrease of RMB48.9 million. Due to the downturn of macro economy, interest income and net profit of the microfinance segment were reduced.

## FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

### Liquidity and capital resources

The Group's deposits, bank and cash balances decreased by RMB3,229.0 million or 37% to RMB5,542.9 million as at 30 June 2022 from RMB8,771.9 million as at 31 December 2021. The cash was mainly applied to the development cost of PRC projects and the remaining land premiums for the projects acquired in previous years.

### Borrowings

During the period under review, the Group arranged several bank borrowings totaling RMB3,646.0 million of which RMB1,600.8 million are secured and repayable within 2 years to 10 years. Meanwhile, the Group repaid bank and other borrowings of RMB4,129.7 million in total. As at 30 June 2022, total bank and other borrowings of the Group amounted to RMB4,875.4 million with interest rates ranging from 2.46% to 5.20% per annum.

The net debt (measured by total borrowings minus cash and bank deposits including restricted cash) increased by RMB4,792.7 million to RMB18,120.6 million as at 30 June 2022 from RMB13,327.9 million as at 31 December 2021. The increase of net debt was mainly due to cash applied to development cost of PRC projects. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) increased to 72% as at 30 June 2022, from 54% as at 31 December 2021. The Group's "three red lines" (net debt ratio, asset to liability ratio (excluding contract liabilities) and cash to short-term borrowings ratio) are all at the "green light" level, providing adequate margin of safety for the stable and sound operations in future.

The maturity profiles of the Group's outstanding borrowings as at 30 June 2022 and 31 December 2021 are summarised as below:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Short-term and long-term bank and other borrowings:</b>		
Within the first year or on demand	2,743,145	4,902,939
In the second year	562,980	30,825
In the third to fifth years, inclusive	695,675	111,073
Over five years	873,593	142,489
	<hr/> <b>4,875,393</b> <hr/>	<hr/> 5,187,326 <hr/>
<b>Loans from related parties:</b>		
In second year	19,066,144	17,269,240
In the third to fifth years, inclusive	525,503	497,305
	<hr/> <b>19,591,647</b> <hr/>	<hr/> 17,766,545 <hr/>
Total borrowings	<hr/> <b>24,467,040</b> <hr/>	<hr/> 22,953,871 <hr/>

## FINANCIAL MANAGEMENT

### Foreign exchange risk

As at 30 June 2022, borrowings were denominated in United States dollar (“US\$”), Renminbi (“RMB”) and Hong Kong dollars (“HK\$”). As most of the operating income of the Group’s business is denominated in RMB, the Group is exposed to foreign currency risk. Moderate fluctuation of exchange rate of RMB against HK\$ and US\$ was expected, the foreign exchange risk exposure was considered acceptable. The Group will review and monitor its currency exposure from time to time and when appropriate to hedge its currency risk.

The currency denominations of the Group’s outstanding borrowings as at 30 June 2022 and 31 December 2021 are summarised below:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
HK\$	<b>1,383,110</b>	2,918,258
RMB	<b>14,535,254</b>	12,601,034
US\$	<b>8,548,676</b>	7,434,579
Total	<b>24,467,040</b>	22,953,871

### Interest rate risk

As at 30 June 2022, 70% (31 December 2021: 65%) of borrowings of the Group were subject to floating interest rates. It is expected the global interest rates continue to rise, resulting in higher interest burden on HK\$ and US\$ borrowings, the interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group will continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage its interest rate risk.

### PLEDGE OF ASSETS

At 30 June 2022, certain of the Group’s properties under development with carrying value of RMB53,080,000 was pledged to secure bank borrowings granted to the Group.

## CONTINGENT LIABILITIES

- (a) As at 30 June 2022, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of certain of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates or completion of mortgage registration. As at 30 June 2022, the Group's outstanding guarantees in connection with the arrangement amounted to RMB2,918,157,000 (31 December 2021: RMB3,263,233,000).

The Directors consider that the fair value of the guarantees is not significant and in case of defaulting payments, the net realisable value of the related properties will be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the six months ended 30 June 2022 (2021: Nil) for these guarantees.

- (b) At the end of the reporting period, the Group provided a maximum guarantee of US\$96,920,000 (equivalent to RMB650,469,000) (31 December 2021: US\$103,500,000 (equivalent to RMB659,885,000)) to certain financial institutions for facilities granted to joint ventures of the Group. As at 30 June 2022, the facilities of RMB614,093,000 (31 December 2021: RMB659,885,000) guaranteed by the Group to the joint ventures were utilised.

## REVIEW OF OPERATIONS

### Land Bank

Our management believes that a sizable and quality land bank is the key for a property developer to succeed in a competitive property market in the PRC. Our core competitive edge includes good timing for land acquisition at competitive pricing as well as professional projects cashflow management.

As at 30 June 2022, the Group's land bank in the PRC totalled 21.29 million square meters, representing a drop of approximately 9% in GFA as of December 2021.

### Properties sales and development

Though facing challenging market environment in the first half of 2022, the Group's aggregate contracted sales amounted to approximately RMB26,906 million for the six months ended 30 June 2022, representing a decrease of 35.6% compared to the corresponding period in 2021. Meanwhile, the Group's aggregate contracted sales area amounted to approximately 1.227 million square meters for the six months ended 30 June 2022, representing a decrease of 35.4% compared to the corresponding period in 2021. The average selling price in the first half of 2022 was approximately RMB21,900 per square meter.

### Commercial properties and business parks

As at 30 June 2022, the occupancy rate of Phase 1 and Phase 2 of Vision Shenzhen Business Park in Nanshan District, Shenzhen was fully occupied. Its major tenants include Intel, Amazon, Nvidia and DJI. Meanwhile, the occupancy rate of Phase 3 of Vision Shenzhen Business Park, which was newly operated, also reached 76%. In addition, Hangzhou Gemdale Plaza was 97% occupied and Shanghai Jiuting Gemdale Plaza was about 90% occupied.

Many commercial projects has commenced operations which includes Huai'an Gemdale Mall, Shanghai Jiuting Gemdale Plaza, Phase 3 of Vision Shenzhen Business Park, Beijing Vision International Centre in Daxing District, Beijing, Nanjing Hexi Gemdale Plaza and Nanjing Xinyao Gemdale Plaza. Currently, the major commercial projects under development include various mixed use commercial complex situated at Shanghai, Nanjing, Hangzhou, Suzhou and Nanchang, etc. As at 30 June 2022, the GFA of the Group's operating commercial projects, including associates and joint ventures, was approximately 936,000 square meters. The total rental and related services revenue during the period was approximately RMB509 million, representing an increase of approximately 61% as compared to the corresponding period in 2021. In the meantime, the total GFA of the Group's industrial park projects amounted to 2,203,000 square meters, of which 1,506,000 square meters held by the Group were in operation. During the period, the Group recorded a total rental and related services revenue of approximately RMB321 million from industrial park sector, representing an increase of approximately 53% as compared to the corresponding period in 2021.

During the period, benefited from the increase in the rental rate as well as more new commercial projects commencing business, the Group recorded a total rental and related services revenue of approximately RMB830 million from commercial and industrial park projects for the six months ended 30 June 2022, representing an increase of 58% as compared to the corresponding period in 2021.

## **PROSPECTS**

In the first half of 2022, the national real estate market experienced unprecedented challenges due to a sharp slowdown in the external economic environment as major central banks raised interest rates to slow domestic economic growth coupled with recurring pandemics and a significant increase in unemployment in many parts of the country, resulting in a significant decline in commercial property sales. Since this year, various departments of the central government and local governments have issued favourable policies for the real estate industry, bringing the policy environment of the industry into a relaxed cycle. Following the containment of the pandemic and a gradual manifestation of policy effects, the sales area of key cities has rebounded significantly from the bottom since May.

In the second half of 2022, the industry is expected to recover gradually as policies conducive to the stable development of the real estate sector continue to be introduced. Different operators in the industry will adopt highly distinctive business strategies depending on their financing/sales. The Group will continue to adopt a scientific and rational investment layout, a flexible volume-price management strategy, and leading product creativity to accelerate the collection of sales payment and secure the cash flow. All in all, this is to make ends meet and optimize our investment and sales ratio and urban layout for maximum returns to our shareholders.

## **CORPORATE GOVERNANCE**

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2022, except for the following deviations:

1. Under the code provision C.1.6, generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to the outbreak of COVID-19 pandemic in the community, Mr. Loh Lian Huat, Ms. Zhang Feiyun and Mr. Xia Xiping were not able to come to Hong Kong to attend the annual general meeting of the Company held on 25 May 2022.
2. Under the code provision F.2.2, the chairman of the board should attend the annual general meeting. Due to the outbreak of COVID-19 pandemic in the community, Mr. Huang Juncan, the chairman of the board, was not able to come to Hong Kong to attend the annual general meeting of the Company held on 25 May 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all Directors had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2022. The Model Code also applies to other specified senior management of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities on the Stock Exchange during the six months ended 30 June 2022.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2022, the Group had approximately 3,800 (30 June 2021: approximately 3,700) employees. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis with reference to the Group's performance as well as the individual's performance. Other employee benefits include mandatory provident fund, insurance and medical cover, subsidised educational and training programmes as well as share option schemes.

The emoluments of the Directors are determined by the Remuneration Committee and the Board with reference to the Directors' duties and responsibilities as well as the Company's remuneration policy.

## **AUDIT COMMITTEE**

The audit committee of the Board (the "Audit Committee") currently comprises Mr. Xia Xinping (Chairman of the committee), Mr. Hui Chiu Chung and Mr. Chiang Sheung Yee, Anthony. All Audit Committee members are independent non-executive Directors.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information as of and for the six months ended 30 June 2022 and the interim report. The unaudited interim results of the Group for the six months ended 30 June 2022 have been reviewed by Messrs. Ernst & Young, external auditor of the Company.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board acknowledges that they have the overall responsibility for overseeing the Group's risk management and internal control systems to safeguard the Company's assets and shareholders' interests, and reviewing their effectiveness annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management and internal control, and the resourcing of the finance and internal audit functions. The legal department of the Group together with the internal audit department of the holding company of the Company (the "Internal Audit Departments") are delegated to assist the Board and/or the Audit Committee in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Directors through the Internal Audit Departments are kept regularly apprised of significant risks that may impact on the Group's performance. The internal audit function is independent of the operating businesses of the Group.

The Internal Audit Departments would review the effectiveness and adequacy of the risk management and internal control procedures, and the findings will be provided to the Audit Committee to assist them in performing their periodic reviews. The Audit Committee can make enquiries with the management from time to time to ensure that they are provided with sufficient information to review the internal control procedures.

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

This results announcement has been published on the website of The Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.gemdalepi.com](http://www.gemdalepi.com)). The 2022 Interim Report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**Gemdale Properties and Investment Corporation Limited**  
**Huang Juncan**  
*Chairman and Executive Director*

Hong Kong, 24 August 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Xu Jiajun and Mr. Wei Chuanjun; two non-executive Directors, namely Mr. Loh Lian Huat and Ms. Zhang Feiyun and three independent non-executive Directors, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Xia Xiping.*