



渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED

Stock Code : 75



2022
INTERIM REPORT



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Corporate Information

Executive Director

Wong Hy Sky
(former English name: Huang Yun)
(Chairman and Managing Director)
Yuen Wing Shing
Liu Jie*
Yang Shengxian*

Independent Non-executive Director

Ng Kwok Fu
Luk Yu King, James
Leung Yu Ming, Steven

Audit Committee

Luk Yu King, James *(Chairman)*
Ng Kwok Fu
Leung Yu Ming, Steven

Remuneration Committee

Leung Yu Ming, Steven *(Chairman)*
Wong Hy Sky
Ng Kwok Fu

Nomination Committee

Wong Hy Sky *(Chairman)*
Ng Kwok Fu
Leung Yu Ming, Steven

Authorised Representative

Wong Hy Sky
Yuen Wing Shing

Company Secretary

Tong Wui Tung

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

25th Floor, China Resources Building
26 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2500 5555
Fax: (852) 2507 2120
Website: www.ytrealtygroup.com.hk
Email: investors@ytrealtygroup.com.hk

External Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited

Legal Adviser

Bermuda:
Conyers Dill & Pearman

Hong Kong:
Woo, Kwan, Lee & Lo
Ronald Tong & Co

Registrar & Transfer Office

Bermuda:
MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong:
Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1700
Fax: (852) 2890 9350

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 75

* Appointed on 30 May 2022

The Company's branch share registrar and transfer office in Hong Kong has relocated from Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022

Management Discussion and Analysis

The board of directors is pleased to present the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2022.

Business Review

In the first half of 2022, the global economy remained challenging and uncertainties persisted. Despite the take-up rate of vaccinations had increased, infection cases of COVID-19 variants continued and the pandemic could not be satisfactorily controlled. During the period, even though lockdown measures in many countries were relaxed substantially, economic activities were still below the pre-COVID level due to cross-border restriction and various degrees of social distancing measures imposed by governments in some countries. In addition, due to geopolitical conflicts, the supply chains of various goods, commodities and energy resources were interrupted and became major causes for rising inflationary pressure in U.S. and many major economies. To counter high inflation rate, the U.S. had increased interest rate which further dampened the economic recovery of many countries.

In Mainland China, COVID-19 was very much in check under strict preventive measures and concerted efforts taken by the central government. The central government had provided accommodative monetary policy and necessary fiscal stimulus to ensure economic recovery. During the period, the property market continued its downturn carried forward from last year as many property developers experienced serious credit and liquidity crunch as a result of the central government effort to rectify the overleveraged property market. The overall sentiment of the property market inevitably affected the Group's property business in Mainland China.

In the UK, the economy had gradually rebounded due to increase in vaccinations, ease on social distancing and lockdown measures. Even though the property market was still affected, certain sectors such as hospitality and logistics had recovered. The property market in London where the Group has property investment was more resilient as compared with the rest of the UK.

In Hong Kong, the local economy had picked up from its low as the number of vaccinations had improved. The pace of economic recovery remained uneven as consumption-based activities and exports of goods had improved slightly while tourism remained very weak due to restriction on cross-border travels imposed by the government. During the period, the property market, especially the commercial sector remained weak.

For the first half of 2022, the Group's total revenue amounted to HK\$509.7 million, representing a decrease of 6.4% from HK\$544.3 million recorded in the last corresponding period. Revenue from property sale amounted to HK\$497.0 million decrease 4.2% from HK\$518.9 million. Rental income from investment properties amounted to HK\$12.7 million, down 48.2% from HK\$24.4 million. No treasury management income was recorded during the first half of 2022 (2021: HK\$1.0 million).

The Group's net loss attributable to shareholders for the first six months of 2022 amounted to HK\$73.9 million as compared to loss of HK\$81.9 million in the last corresponding period. Loss per share for the first six-month period of 2022 was HK9.2 cents (2021: loss per share HK10.2 cents).

The Group's investment property portfolio was independently valued at the end of the period resulting in revaluation gain of HK\$17.3 million (2021: HK\$0.1 million loss). The revaluation gain was reported in the consolidated statement of profit or loss.

Management Discussion and Analysis

Property Development and Trading

During the first half of 2022, the Group had pre-sales for three property projects in Sichuan, the PRC. The total contract sales was approximately HK\$1,840.9 million (2021: HK\$4,297.5 million) and the revenue recognised amounted to HK\$497.0 million (2021: HK\$518.9 million) in the first half of the year.

The breakdown of contract sales in the first half of 2022 is as follows:

Projects	Location	Contract Sales	Contract Sales GFA	Average Selling Price
		<i>RMB'M</i>	<i>Sqm</i>	<i>RMB/sqm</i>
Binjiang Wisdom City	Meishan, Sichuan	327.5	29,719	11,022
The City of Islands	Meishan, Sichuan	730.3	79,358	9,202
Rare Land	Chengdu, Sichuan	473.6	20,357	23,264

Property Investment

As at 30 June 2022, the Group's major investment properties include 1 Harrow Place in London, the UK and investment properties under construction in Sichuan, the PRC.

Gross rental income for the period amounted to HK\$12.7 million, a decrease of 48.2% when compared with rental income of HK\$24.4 million in last corresponding period. Decrease in rental income is primarily due to the disposal of 1 Chapel Place during the second half of 2021. As at 30 June 2022, the occupancy rate of the Group's investment property in the UK is 100%.

Treasury Management

During the first half of 2022, the Group did not have treasury management income as compared to HK\$1.0 million recorded in the last corresponding period.

Material Acquisition

On 20 January 2022, the Group entered into an agreement to acquire the entire issued share capital of Golden Honour Global Limited, which indirectly holds 53.6% of the interest in property development sites with aggregate site area of approximately 558,000 sqm in Meishan, Sichuan Province, the PRC. The total purchase consideration was HK\$230.0 million. Completion took place on 27 January 2022. Further details of the acquisition were already disclosed in the relevant announcement dated 20 January 2022 issued by the Company.

Event after the Reporting Period

On 5 July 2022, the Group successfully bid for the land use rights of Land Parcels (as defined in the Company's announcement dated 5 July 2022) in Meishan Tianfu New District, Sichuan Province, the PRC at a total consideration of RMB241,970,000 through the public auction held by Meishan Tianfu New District Government Service and Public Resource Transaction Service Center as appointed by Sichuan Tianfu New District Meishan Management Committee Planning and Natural Resources Bureau and entered into the Land Use Rights Grant Contracts on 18 July 2022. The site area of the Land Parcels is approximately 101,965.1 sqm. Further details of the land acquisition were already disclosed in the relevant announcement issued by the Company.

On 2 August 2022, the Group entered into a cancellation agreement with Dazhou City Natural Resources and Planning Bureau to cancel and undo the Land Use Rights Grant Contracts in relation to Phase 1 Land Parcels and Phase 2 Land Parcels (as both defined in the Company's announcement dated 12 April 2021 and circular dated 26 May 2021) in Dazhou City, Sichuan Province, the PRC. Further details of the cancellation agreement were already disclosed in the relevant announcement dated 3 August 2022 issued by the Company.

Prospects

For the second half of 2022, it is anticipated that the global economy will still be volatile and challenging. Factors such as continuous threat of COVID-19 and its variants, increase in interest rates in the United States and many major economies, disruption in supply chain due to the pandemic and regional geopolitical tension will undermine economic recovery. It is difficult to predict when the global economy can be recovered and resume its normal pace. However, it is anticipated that many countries may take suitable measures to provide flexible and accommodative monetary policies and fiscal stimulus to support economic recovery in case of extreme economic downturn.

In Mainland China, it is expected that the economy will be stable with growth as the pandemic has been under control and the central government will continue its effort to provide accommodative monetary policy and fiscal stimulus to support economic growth. Appropriate support measures by government are expected to be formulated to ease the downturn of the property market which is essential to the economy. It is anticipated that the property market will gradually recover and remain resilient in the long run.

For the UK, the economy will still be affected by factors such as the uncertain development of the pandemic, rising inflation, and high interest rate. It is hard to predict when the economy will be fully back to its normal pace. It is anticipated that property market in London will still be more resilient as compared to other regions in the UK as London is the major business hub in Europe and preferred location of international investment.

In Hong Kong, the pace of recovery of the local economy remains uncertain and volatile. Even though the local economy had somewhat improved in the first half of 2022, the degree of sustainable economic recovery depends very much on the successful control of the pandemic locally and around the world, and the substantial re-opening of cross-border travels. It is expected that the commercial property market will still be challenging.

Under the challenging and volatile economic conditions, the Group will continue to adopt a prudent and proactive approach for its business operations and investment, and to look for business opportunities in property markets with stable and long-term economic prospects. The Group remains positive about the overall and long-term economic prospect of China and the PRC property market. The Group will continue its efforts for its property business in Mainland China for sustainable development of the Group.

Management Discussion and Analysis

Liquidity and Financial Resources

As at 30 June 2022, the Group had net borrowing of HK\$2,630.4 million (31 December 2021: HK\$1,189.4 million), consisting cash and bank balances of HK\$764.9 million (31 December 2021: HK\$1,675.4 million) and total borrowings of HK\$3,395.3 million (31 December 2021: HK\$2,864.8 million). The gearing ratio of the Group was 176.3% (31 December 2021: 71.0%). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2022, the total cash and bank balances amounted to HK\$764.9 million (31 December 2021: HK\$1,675.4 million), approximately 88.4% was denominated in RMB, 8.9% in HKD, 1.4% in USD, and 1.3% in GBP.

As at 30 June 2022, the Group's total borrowings amounted to HK\$3,395.3 million (31 December 2021: HK\$2,864.8 million) which is secured by the pledge of certain property interest and equity interests in certain subsidiaries of the Group. Approximately 87.6% of total borrowings was denominated in RMB and 12.4% in HKD. The Group proactively managed its financial resources and devised appropriate funding plan for working capital and capital expenditure.

The maturity profile of the Group's bank and other borrowings as at 30 June 2022 is as follows:

	RMB <i>HK\$'M</i>	HKD <i>HK\$'M</i>	Total <i>HK\$'M</i>	Percentage
Repayable:				
Within one year or on demand	437.2	—	437.2	12.9%
In the second year	1,382.0	—	1,382.0	40.7%
In the third to fourth years, inclusive	1,156.6	419.5	1,576.1	46.4%
Total	<u>2,975.8</u>	<u>419.5</u>	<u>3,395.3</u>	<u>100.0%</u>

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

Contingent Liabilities / Financial Guarantees

As at 30 June 2022, the Group provided financial guarantees to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties in the PRC amounting to HK\$3,852.5 million (31 December 2021: HK\$3,352.1 million).

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

Staff

As at 30 June 2022, the Group employed 98 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the board depending upon the financial performance of the Group.

Interim Dividend

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

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions

The register kept by the Company under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following directors' interests and long positions in shares and/or in debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2022:

Interests in the Company

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Wong Hy Sky	Interest of controlled corporation	79,772,000 ¹		
	Beneficial owner	<u>88,000,000</u>	167,772,000	20.98%
Ng Kwok Fu	Beneficial owner	50,000		
	Interest of spouse	<u>40,000</u>	90,000	0.01%

Note:

- ¹ Mr. Wong Hy Sky ("Mr. Wong") was deemed to be interested in 79,772,000 shares in the Company by virtue of his indirect control of Hong Kong Petrochemical Industrial Group Limited ("HK Petrochemical") which owned those shares. HK Petrochemical was a wholly owned subsidiary of Ever Lead Developments Limited ("Ever Lead"), and Ever Lead was in turn a wholly owned subsidiary of Joybeam Global Limited ("Joybeam Global", a company wholly owned by Mr. Wong).

Save as disclosed herein, as at 30 June 2022, there were no other interests or short positions in shares and underlying shares and in debentures, of the Company, or of any of its associated corporations, recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Code for Securities Transactions by Directors adopted by the Company.

Share Options

The share option scheme adopted by the Company on 21 May 2015 (the "Scheme") is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015.

No option lapsed and no option was granted, exercised or cancelled under the Scheme during the half-year period ended 30 June 2022. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of the period.

Other Persons' Interests and Short Positions

As at 30 June 2022, the interests and long positions of other persons (not being directors or chief executives) in shares of the Company recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity	No. of shares held	Approximate % of interest
Joybeam Global	Interest of controlled corporation	79,772,000 ¹	9.98%
Ever Lead	Interest of controlled corporation	79,772,000 ¹	9.98%
HK Petrochemical	Beneficial owner	79,772,000 ¹	9.98%
Cheung Chung Kiu	Interest of controlled corporation	48,736,150 ²	6.09%
Windsor Dynasty Limited	Interest of controlled corporation	48,736,150 ²	6.09%
First Rose Global Limited	Beneficial owner	48,736,150 ²	6.09%

Notes:

- ¹ Each parcel of 79,772,000 shares represents HK Petrochemical's direct interest in the Company. Joybeam Global and Ever Lead were deemed to be interested in those shares by virtue of their direct or indirect control of HK Petrochemical.
- ² Each parcel of 48,736,150 shares represents First Rose Global Limited's direct interest in the Company. Windsor Dynasty Limited was deemed to be interested in those shares by virtue of its direct control of First Rose Global Limited. Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in those shares by virtue of his indirect control of First Rose Global Limited. First Rose Global Limited was a wholly owned subsidiary of Windsor Dynasty Limited, a company wholly owned by Mr. C.K. Cheung.

Apart from the above and the interests of Mr. Wong already disclosed on page 7, there were no other interests or short positions in shares and underlying shares of the Company recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as at 30 June 2022.

Other Information

Corporate Governance Code

Throughout the accounting period covered by this interim report, the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) save for the deviations described below.

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

The Company has no formal letters of appointment for directors except Mr. Wong setting out the key terms and conditions of their appointment, and has therefore deviated from C.3.3 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company’s bye-laws, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Model Code for Securities Transactions

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

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

Purchase, Sale or Redemption of Shares

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

Review by Audit Committee

This interim report has been reviewed by the audit committee. The audit committee has also reviewed the accounting principles and practices adopted by the Company and discussed internal control, risk management and financial reporting matters with management.

Directors' Information

The Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to shareholders.

Appreciation

On behalf of the board, I wish to express our gratitude and sincere appreciation to the management and staff for their hard work and contributions.

On behalf of the board

Wong Hy Sky

Chairman and Managing Director

Hong Kong, 23 August 2022

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
REVENUE	4		
Sales of properties		496,998	518,857
Rental income		12,666	24,432
Interest income		—	974
Total revenue		<u>509,664</u>	<u>544,263</u>
Cost of sales		<u>(308,166)</u>	<u>(352,960)</u>
Gross profit		201,498	191,303
Other income and gains		4,740	3,119
Other expenses and losses		(1,719)	(1,560)
Selling and marketing expenses		(93,906)	(201,220)
Administrative expenses		(100,806)	(54,122)
Finance costs	5	(133,957)	(68,608)
Changes in fair value of investment properties		<u>17,348</u>	<u>(112)</u>
LOSS BEFORE TAX	6	<u>(106,802)</u>	<u>(131,200)</u>
Income tax credit	7	<u>1,233</u>	<u>19,942</u>
LOSS FOR THE PERIOD		<u><u>(105,569)</u></u>	<u><u>(111,258)</u></u>
Attributable to:			
Equity holders of the Company		(73,901)	(81,863)
Non-controlling interests		<u>(31,668)</u>	<u>(29,395)</u>
		<u><u>(105,569)</u></u>	<u><u>(111,258)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u><u>(HK9.2 cents)</u></u>	<u><u>(HK10.2 cents)</u></u>

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<u>(105,569)</u>	<u>(111,258)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(112,651)</u>	<u>23,879</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(112,651)</u>	<u>23,879</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(218,220)</u></u>	<u><u>(87,379)</u></u>
Attributable to:		
Equity holders of the Company	<u>(182,791)</u>	<u>(58,047)</u>
Non-controlling interests	<u>(35,429)</u>	<u>(29,332)</u>
	<u><u>(218,220)</u></u>	<u><u>(87,379)</u></u>

Consolidated Statement of Financial Position

30 June 2022

	<i>Notes</i>	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	207,564	194,982
Investment properties	10	801,283	873,999
Goodwill		274,191	286,593
Other intangible asset		9,760	9,760
Equity investment designated at fair value through other comprehensive income		2,400	2,400
Deferred tax assets		100,180	43,945
Deposits		—	10
Total non-current assets		<u>1,395,378</u>	<u>1,411,689</u>
CURRENT ASSETS			
Properties under development	11	13,355,691	10,867,177
Interests in land use rights for property development	11	1,360,841	583,805
Other receivables, deposits and prepayments		1,380,362	1,230,644
Prepaid income tax		226,860	181,867
Cash and bank balances	12	764,947	1,675,439
Total current assets		<u>17,088,701</u>	<u>14,538,932</u>
CURRENT LIABILITIES			
Trade and retention payables	13	669,741	624,863
Other payables and accrued expenses		1,030,520	580,979
Interest-bearing bank and other borrowings	14	437,209	97,472
Contract liabilities		11,494,829	9,847,054
Tax payable		379	175
Total current liabilities		<u>13,632,678</u>	<u>11,150,543</u>
NET CURRENT ASSETS		<u>3,456,023</u>	<u>3,388,389</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,851,401</u>	<u>4,800,078</u>

Consolidated Statement of Financial Position

30 June 2022

	<i>Notes</i>	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,851,401</u>	<u>4,800,078</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		404,796	396,802
Interest-bearing bank and other borrowings	14	2,958,099	2,767,340
Other payables		<u>80</u>	<u>147</u>
Total non-current liabilities		<u>3,362,975</u>	<u>3,164,289</u>
Net assets		<u><u>1,488,426</u></u>	<u><u>1,635,789</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	15	79,956	79,956
Reserves		<u>1,412,251</u>	<u>1,595,042</u>
		1,492,207	1,674,998
Non-controlling interests		<u>(3,781)</u>	<u>(39,209)</u>
Total equity		<u><u>1,488,426</u></u>	<u><u>1,635,789</u></u>

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Unaudited											
	Attributable to equity holders of the Company										Non-controlling interests	Total
	Issued share capital	Share premium account	Capital redemption reserve	Capital reserve	Contributed surplus	Exchange fluctuation reserves	Other reserves [#]	Retained profits	Total	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2022	79,956	95,738	1,350	1,800	4,767	166,919	1,660	1,322,808	1,674,998	(39,209)	1,635,789	
Loss for the period	—	—	—	—	—	—	—	(73,901)	(73,901)	(31,668)	(105,569)	
Other comprehensive loss for the period	—	—	—	—	—	(108,890)	—	—	(108,890)	(3,761)	(112,651)	
Total comprehensive loss for the period	—	—	—	—	—	(108,890)	—	(73,901)	(182,791)	(35,429)	(218,220)	
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	70,857	70,857	
At 30 June 2022	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>4,767*</u>	<u>58,029*</u>	<u>1,660*</u>	<u>1,248,907*</u>	<u>1,492,207</u>	<u>(3,781)</u>	<u>1,488,426</u>	
At 1 January 2021	79,956	95,738	1,350	1,800	4,767	137,673	1,530	1,443,785	1,766,599	8,828	1,775,427	
Loss for the period	—	—	—	—	—	—	—	(81,863)	(81,863)	(29,395)	(111,258)	
Other comprehensive income for the period	—	—	—	—	—	23,816	—	—	23,816	63	23,879	
Total comprehensive income/(loss) for the period	—	—	—	—	—	23,816	—	(81,863)	(58,047)	(29,332)	(87,379)	
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	—	—	2,401	2,401	
At 30 June 2021	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>4,767</u>	<u>161,489</u>	<u>1,530</u>	<u>1,361,922</u>	<u>1,708,552</u>	<u>(18,103)</u>	<u>1,690,449</u>	

* These reserve accounts comprise the consolidated reserves of HK\$1,412,251,000 (31 December 2021: HK\$1,595,042,000) in the consolidated statement of financial position.

Other reserves represent the fair value reserve arising from an equity investment designated at fair value through other comprehensive income with no recycling of gains or losses to profit or loss on derecognition.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		957,588	1,471,546
Interest received from debt investments at amortised cost		—	325
PRC corporate income tax paid		(38,665)	(45,671)
PRC land appreciation tax paid		(39,969)	(61,104)
Overseas profits tax paid		(972)	(182)
Net cash flows from operating activities		877,982	1,364,914
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		(215,096)	—
Proceeds from disposal of subsidiaries	17	30,800	—
Additions to investment properties		(16,001)	(15,112)
Purchases of items of property, plant and equipment		(4,288)	(56,587)
Proceed from redemption of a debt investment at amortised cost		—	7,742
Decrease in non-pledged time deposits with original maturity of over three months		36,188	—
Other cash flows arising from investing activities		4,127	1,998
Net cash flows used in investing activities		(164,270)	(61,959)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from a non-controlling shareholder		—	2,401
New interest-bearing bank and other borrowings		893,077	1,768,427
Repayment of interest-bearing bank and other borrowings		(2,073,474)	(3,076,988)
Principal portion of lease payments		(991)	(396)
Interest paid		(218,908)	(223,732)
Net cash flows used in financing activities		(1,400,296)	(1,530,288)
Net decrease in cash and cash equivalents		(686,584)	(227,333)
Cash and cash equivalents at 1 January		1,149,482	697,822
Effect on foreign exchange rate changes, net		(22,796)	5,150
CASH AND CASH EQUIVALENTS AT 30 JUNE		440,102	475,639
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	764,947	876,024
Less: Restricted bank balances		(324,845)	(400,385)
		440,102	475,639

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

1 Basis of Preparation and Accounting Policies

This unaudited interim condensed consolidated financial information has 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 the disclosure requirements of Appendix 16 to the Listing Rules.

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

The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the revised HKFRSs and changes in accounting policies as disclosed in note 2 to this unaudited interim condensed consolidated financial information.

2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 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:

- (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.

2 Changes in Accounting Policies and Disclosures *(continued)*

- (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:
- 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.
 - 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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

3 Operating Segment Information

For management purposes, the Group is organised into business units based on its business activities and has four reportable operating segments during the first six months of 2022 as follows:

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

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

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

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

3 Operating Segment Information *(continued)*

	Property development and trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Six months ended 30 June 2022 (Unaudited)					
Segment revenue	<u>496,998</u>	<u>12,666</u>	<u>—</u>	<u>—</u>	<u>509,664</u>
Segment results	7,316	26,577	(9)	—	33,884
Specific finance costs	(133,779)	—	—	—	(133,779)
General finance costs					(178)
Unallocated other income and gains					4
Corporate and other unallocated expenses and losses					<u>(6,733)</u>
Loss before tax					(106,802)
Income tax credit/(expense)	5,909	(4,676)	—	—	<u>1,233</u>
Loss for the period					<u>(105,569)</u>

	Property development and trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
At 30 June 2022 (Unaudited)						
Assets and liabilities						
Total assets	<u>17,580,429</u>	<u>812,700</u>	<u>—</u>	<u>—</u>	<u>90,950</u>	<u>18,484,079</u>
Total liabilities	<u>16,542,225</u>	<u>444,634</u>	<u>—</u>	<u>—</u>	<u>8,794</u>	<u>16,995,653</u>

Six months ended 30 June 2022
(Unaudited)

Other segment information:

Capital expenditure*	234,288	16,001	—	—	—	250,289
Depreciation	10,144	—	—	—	425	10,569
Fair value gains of investment properties	—	17,348	—	—	—	17,348
Loss on disposal of subsidiaries	<u>—</u>	<u>1,605</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,605</u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

3 Operating Segment Information *(continued)*

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

	Property development and trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
At 31 December 2021 (Audited)						
Assets and liabilities						
Total assets	<u>14,916,315</u>	<u>939,551</u>	<u>—</u>	<u>—</u>	<u>94,755</u>	<u>15,950,621</u>
Total liabilities	<u>13,856,512</u>	<u>446,885</u>	<u>—</u>	<u>—</u>	<u>11,435</u>	<u>14,314,832</u>

At 31 December 2021 (Audited)

Assets and liabilities

Total assets	<u>14,916,315</u>	<u>939,551</u>	<u>—</u>	<u>—</u>	<u>94,755</u>	<u>15,950,621</u>
Total liabilities	<u>13,856,512</u>	<u>446,885</u>	<u>—</u>	<u>—</u>	<u>11,435</u>	<u>14,314,832</u>

Six months ended 30 June 2021

(Unaudited)

Other segment information:

Capital expenditure*	56,579	15,112	—	—	8	71,699
Depreciation	22,853	—	—	—	536	23,389
Fair value losses of investment properties	<u>—</u>	<u>112</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>112</u>

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

3 Operating Segment Information *(continued)***Geographical information**

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Mainland China	496,998	518,857
United Kingdom	12,615	24,312
Hong Kong	51	1,094
	<u>509,664</u>	<u>544,263</u>

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

(b) Non-current assets

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Mainland China	730,570	746,906
United Kingdom	552,161	594,946
Hong Kong	10,067	23,492
	<u>1,292,798</u>	<u>1,365,344</u>

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

Information about major customers

During the six months ended 30 June 2022 and 2021, no revenue from transactions with a single external customer amounted to 10% or more of the total revenue of the Group.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

4 Revenue

An analysis of revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Sales of properties	<u>496,998</u>	<u>518,857</u>
Revenue from other sources		
Rental income from investment properties operating leases:		
Fixed lease payments	<u>12,666</u>	<u>24,432</u>
Interest income from debt investments at amortised cost	<u>—</u>	<u>974</u>
	<u><u>509,664</u></u>	<u><u>544,263</u></u>

Revenue from contracts with customers

Disaggregated revenue information

Segment

Property development and trading

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Type of goods		
Sales of properties	<u><u>496,998</u></u>	<u><u>518,857</u></u>
Geographical market		
Mainland China	<u><u>496,998</u></u>	<u><u>518,857</u></u>
Timing of revenue recognition		
Goods transferred over time	<u><u>496,998</u></u>	<u><u>518,857</u></u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

5 Finance Costs

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest on bank and other borrowings	219,221	196,953
Interest expenses arising from revenue contracts	1,302,778	131,983
Interest on lease liabilities	22	20
Imputed interest on retention payables	22,389	13,448
Total interest expenses	1,544,410	342,404
Less: Interest capitalised	(1,410,453)	(273,796)
	<u>133,957</u>	<u>68,608</u>

6 Loss Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Depreciation of owned assets	9,243	20,379
Depreciation of right-of-use asset	1,326	3,010
	<u>10,569</u>	<u>23,389</u>
Staff costs (including executive directors' remuneration):		
Wages and salaries	24,867	10,887
Pension scheme contributions	118	79
	<u>24,985</u>	<u>10,966</u>
Foreign exchange differences, net**	79	772
Loss on disposal of subsidiaries**	1,605	—
Bank interest income*	(3,958)	(1,998)

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

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

7 Income Tax Credit

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current - United Kingdom		
Charge for the period	1,127	3,064
Under-provision in prior years	<u>122</u>	<u>128</u>
	<u>1,249</u>	<u>3,192</u>
Current - Mainland China		
PRC corporate income tax	—	1,081
PRC land appreciation tax	<u>26,579</u>	<u>15,968</u>
	<u>26,579</u>	<u>17,049</u>
Deferred	<u>(29,061)</u>	<u>(40,183)</u>
Total tax credit for the period	<u>(1,233)</u>	<u>(19,942)</u>

8 Loss Per Share Attributable to Ordinary Equity Holders of the Company

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

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2022 and 2021.

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
<u>Loss</u>		
Loss for the period attributable to ordinary equity holders of the Company	<u>(73,901)</u>	<u>(81,863)</u>
	Number of shares	
	Six months ended 30 June	
	2022	2021
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u>799,557,415</u>	<u>799,557,415</u>

9 Dividends

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10 Investment Properties

The revaluation of the Group's investment properties was carried out by H&W Property Valuers Limited and Knight Frank Petty Limited (six months ended 30 June 2021: John D Wood, Savills Valuation and Professional Services Limited and Knight Frank Petty Limited), independent firms of professionally qualified valuers, on an open market, existing use basis at the end of the reporting period.

During the six months ended 30 June 2022, the Group incurred approximately HK\$16,001,000 (six months ended 30 June 2021: approximately HK\$15,112,000) on the addition of investment properties.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

11 Additions to Property, plant and equipment, Properties under Development and Interests in Land Use Rights for Property Development

During the six months ended 30 June 2022, the Group incurred approximately HK\$32,884,000 (six months ended 30 June 2021: approximately HK\$56,587,000) on the addition of items of property, plant and equipment including those from the acquisition of subsidiaries.

During the six months ended 30 June 2022, the Group incurred approximately HK\$2,009,237,000 (six months ended 30 June 2021: approximately HK\$1,257,966,000) and HK\$846,147,000 (six months ended 30 June 2021: approximately HK\$549,312,000) on the additions to properties under development and interests in land use rights for property development, respectively, including those from the acquisition of subsidiaries.

12 Cash and Bank Balances

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Restricted bank balances	324,845	489,282
Non-pledged time deposits with original maturity of over three months	—	36,675
Cash and cash equivalents	440,102	1,149,482
Cash and bank balances	<u>764,947</u>	<u>1,675,439</u>

13 Trade and Retention Payables

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables:		
Within 1 month	38,048	169,042
1 to 2 months	703	12,531
2 to 3 months	1,204	3,486
Over 3 months	85,308	9,975
	<u>125,263</u>	<u>195,034</u>
Retention payables	544,478	429,829
	<u>669,741</u>	<u>624,863</u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

14 Interest-bearing Bank and Other Borrowings

	As at 30 June 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current						
Bank loans - secured	N/A	N/A	—	8% to 9%	2022	97,472
Other borrowings - secured	12%	2023	437,209	N/A	N/A	—
			<u>437,209</u>			<u>97,472</u>
Non-current						
Bank loans - secured	8% to 9%	2023-2024	934,837	8% to 9%	2023-2024	1,282,920
Other borrowings - secured	8% to 15%	2023-2025	2,023,262	8% to 12.5%	2023-2025	1,484,420
			<u>2,958,099</u>			<u>2,767,340</u>
Total			<u><u>3,395,308</u></u>			<u><u>2,864,812</u></u>

30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
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Analysed into:

Bank loans repayable:

Within one year or on demand	—	97,472
In the second year	934,837	499,651
In the third year	—	783,269
	<u>934,837</u>	<u>1,380,392</u>

Other borrowings repayable:

Within one year	437,209	—
In the second year	447,130	957,422
In the third to fourth years, inclusive	1,576,132	526,998
	<u>2,460,471</u>	<u>1,484,420</u>

Total bank and other borrowings	<u><u>3,395,308</u></u>	<u><u>2,864,812</u></u>
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Notes to Interim Condensed Consolidated Financial Information

30 June 2022

14 Interest-bearing Bank and Other Borrowings *(continued)*

Notes:

- (a) As at 30 June 2022, bank borrowings with an aggregate amount of HK\$934,837,000 (31 December 2021: HK\$1,380,392,000) were secured by the pledge of 67% equity interest of a non-wholly-owned subsidiary of the Group and 100% equity interest of a wholly-owned subsidiary of the Group, and other borrowings with an aggregate amount of HK\$2,052,402,000 (31 December 2021: HK\$1,008,870,000) were secured by the pledge of the entire equity interest held by the Group of the 80% equity interest, the 67% equity interest and the 53.1% equity interest of certain non-wholly-owned subsidiaries of the Group and share charge in respect of the entire equity interest of certain wholly-owned subsidiaries of the Group.
- (b) As at 30 June 2022, bank borrowings and other borrowings with an aggregate amounts of HK\$934,837,000 (31 December 2021: HK\$1,380,392,000) and HK\$1,894,720,000 (31 December 2021: HK\$1,024,450,000), respectively, were secured by the Group's properties under development with an aggregate carrying amounts of HK\$5,340,739,000 (31 December 2021: HK\$4,962,031,000) and HK\$4,933,487,000 (31 December 2021: HK\$3,580,802,000), respectively.
- (c) As at 30 June 2022, the Group's other borrowings with an aggregate amount of HK\$710,636,000 (31 December 2021: HK\$895,075,000) were secured by the Group's investment properties with a carrying amount of HK\$801,283,000 (31 December 2021: HK\$836,999,000).
- (d) As at 30 June 2022, the Group's bank borrowings and other borrowings with an aggregate amounts of HK\$233,918,000 (31 December 2021: HK\$588,042,000) and HK\$738,112,000 (31 December 2021: Nil), respectively, were secured by the Group's construction in progress with a carrying amount of HK\$141,383,000 (31 December 2021: HK\$143,761,000) and HK\$26,783,000 (31 December 2021: Nil), respectively.
- (e) As at 30 June 2022, the Group's bank borrowings and other borrowings with an aggregate amounts of HK\$934,837,000 (31 December 2021: HK\$1,380,392,000) and HK\$738,112,000 (31 December 2021: Nil) were guaranteed by certain third parties, respectively.
- (f) The Company has guaranteed certain of the Group's other borrowings up to HK\$420,000,000 (31 December 2021: HK\$420,000,000) as at the end of the reporting period.
- (g) As at 30 June 2022, bank and other borrowings of HK\$419,525,000 (31 December 2021: HK\$419,525,000) and HK\$2,975,783,000 (31 December 2021: HK\$2,445,287,000) were denominated in Hong Kong dollars and Renminbi, respectively.
- (h) As at 30 June 2022, all bank and other borrowings bear interest at fixed interest rates.
- (i) The carrying amount of bank and other borrowings of the Group approximates to their fair value.

15 Share Capital

Shares

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
Authorised:		
1,500,000,000 ordinary shares of HK\$0.1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
799,557,415 ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

16 Acquisitions of Subsidiaries that are not a Business

On 20 January 2022, the Group entered into a sale and purchase agreement with an independent third party, and pursuant to which the Group agreed to acquire a 100% equity interest in Golden Honour Global Limited and its subsidiaries (the "Golden Honour Global Group"), which indirectly holds 53.6% of the interests in certain land parcels located in Sichuan Province, China, at a total consideration of HK\$230,000,000. The acquisition of the Golden Honour Global Group was completed on 27 January 2022 and the Golden Honour Global Group became subsidiaries of the Group.

Prior to completion of the acquisition, Golden Honour Global Group had not carried on any significant business activities except for holding of interests in certain land parcels. This acquisition was accounted for by the Group as acquisition of assets, as the operations of Golden Honour Global Group did not constitute a business.

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17 Disposal of Subsidiaries

Details of the net assets of the subsidiaries disposed of during the current period and the financial impacts were as follows:

	30 June 2022 HK\$'000 (Unaudited)
Net assets disposed of:	
Investment properties	37,000
Other current assets	27
Other current liabilities	(44)
Deferred tax liabilities	<u>(4,578)</u>
	32,405
Loss on disposal of subsidiaries (<i>note 6</i>)	<u>(1,605)</u>
	<u><u>30,800</u></u>
Satisfied by:	
Cash	<u><u>30,800</u></u>

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	30 June 2022 HK\$'000 (Unaudited)
Cash consideration and net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>30,800</u></u>

18 Financial Guarantees

The Group had the following financial guarantees:

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	<u>3,852,526</u>	<u>3,352,113</u>

During the period, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. The banks are entitled to take over the legal titles and will realise the pledged properties through open auction or other appropriate means in the event of default on mortgage repayments by these purchasers.

The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in this unaudited interim condensed consolidated financial information for the guarantees.

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19 Capital Commitments

At the end of the reporting period, the Group had the following capital commitments:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Contracted but not provided for:		
Capital expenditure for construction of properties under development and investment properties	4,539,973	3,732,041
Capital expenditure for construction of property, plant and equipment	37,804	47,298
Acquisition of land use rights for property development	155,918	551,716
	<u>4,733,695</u>	<u>4,331,055</u>

20 Related Party Transactions

Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Short term employee benefits	3,016	2,524
Post-employment benefits	100	18
Total compensation paid to key management personnel	<u>3,116</u>	<u>2,542</u>

21 Fair Value and Fair Value Hierarchy of Financial Instruments

The fair value of an equity investment designated at fair value through other comprehensive income is based on quoted market prices. The fair values of cash and bank balances, trade and retention payables, financial assets included in other receivables, deposits and prepayments, the current portion of interest-bearing bank and other borrowings, financial liabilities included in other payables and accrued expenses approximate to their carrying amounts largely due to the short term maturities of these instruments.

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21 Fair Value and Fair Value Hierarchy of Financial Instruments *(continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
At 30 June 2022 (Unaudited)				
Equity investment designated at fair value through other comprehensive income	<u>2,400</u>	<u>—</u>	<u>—</u>	<u>2,400</u>
At 31 December 2021 (Audited)				
Equity investment designated at fair value through other comprehensive income	<u>2,400</u>	<u>—</u>	<u>—</u>	<u>2,400</u>

During the period for the six months ended 30 June 2022/the year ended 31 December 2021, there were no transfers into or out of Level 1 fair value measurements.

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 (31 December 2021: Nil).

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22 Event after the Reporting Period

- (a) Subsequent to the reporting period, on 5 July 2022, the Group successfully bid for the land use rights of certain land parcels at Meishan Tianfu New District, Sichuan Province, China, at a total consideration of RMB241,970,000 through the public auction held by the local government authority and entered into the respective land use rights grant contracts on 18 July 2022. The total site area of the land parcels is approximately 101,965.1 sqm.
- (b) Subsequent to the reporting period, on 2 August 2022, the Group entered into a cancellation agreement with the local government authority to cancel and undo the land use rights grant contracts in relation to the acquisition of land use rights in certain parcels of land located at Dazhou Municipality, Sichuan Province, China. Pursuant to the cancellation agreement, the consideration of RMB451,304,000 paid shall be refunded to the Group, and the respective land parcels shall be reverted back to local government authority as land reserve in accordance with the land reversion procedures. Upon cancellation, the Group was released from its obligations to pay the balance of the land consideration and carry out constructions on the respective land parcels.

23 Approval of the Interim Financial Information

This unaudited interim condensed consolidated financial information was approved by the board of directors on 23 August 2022.