

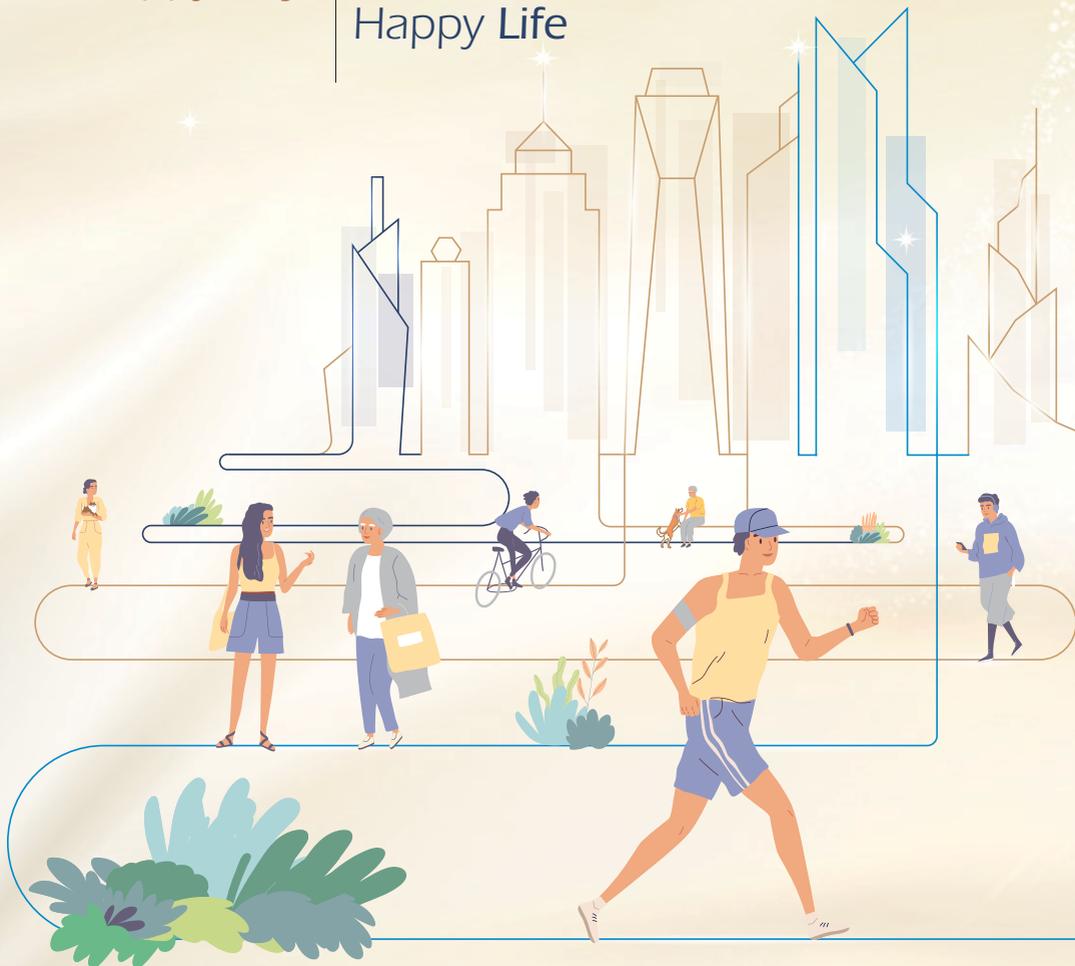


Poly Property Group Co., Limited  
保利置業集團有限公司

Stock Code: 00119

幸福城市  
Happy City

美好生活  
Happy Life



2022 INTERIM REPORT

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

WAN Yuqing (*Chairman*)

XUE Ming (*retired on 4 March 2022*)

WANG Jian (*Managing Director*)

YE Liwen

#### Non-executive Director

GUO Jianquan

#### Independent Non-executive Directors

IP Chun Chung, Robert

FUNG Chi Kin

LEUNG Sau Fan, Sylvia

WONG Ka Lun

### AUDIT COMMITTEE

LEUNG Sau Fan, Sylvia (*Chairlady*)

IP Chun Chung, Robert

FUNG Chi Kin

WONG Ka Lun

### REMUNERATION COMMITTEE

WONG Ka Lun (*Chairman*)

IP Chun Chung, Robert

FUNG Chi Kin

LEUNG Sau Fan, Sylvia

### NOMINATION COMMITTEE

WAN Yuqing (*Chairman*)

YE Liwen

IP Chun Chung, Robert

FUNG Chi Kin

LEUNG Sau Fan, Sylvia

WONG Ka Lun

### RISK MANAGEMENT COMMITTEE

FUNG Chi Kin (*Chairman*)

WANG Jian

YE Liwen

GUO Jianquan

IP Chun Chung, Robert

LEUNG Sau Fan, Sylvia

WONG Ka Lun

### COMPANY SECRETARY AND AUTHORIZED REPRESENTATIVE

WONG Cheuk Him

### LEGAL ADVISER

Morrison & Foerster

### AUDITOR

Baker Tilly Hong Kong Limited

### PRINCIPAL BANKERS

Agricultural Bank of China Limited

Bank of China Limited

Bank of Communications Co., Ltd.

China CITIC Bank International Limited

China Construction Bank Corporation

China Construction Bank (Asia) Corporation Limited

China Everbright Bank Co., Ltd.

China Zheshang Bank Co., Ltd.

Chong Hing Bank Limited

CMB Wing Lung Bank Limited

Hang Seng Bank Limited

Industrial Bank Co., Ltd.

Industrial and Commercial Bank of China Limited

Industrial and Commercial Bank of China (Asia) Limited

Malayan Banking Berhad

Shanghai Pudong Development Bank Co., Ltd.

### INVESTOR RELATIONS CONSULTANT

Wonderful Sky Financial Group

### SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East, Hong Kong

### REGISTERED OFFICE

Room 2503, Admiralty Centre, Tower 1

18 Harcourt Road

Hong Kong

### COMPANY WEBSITE

[www.polyhongkong.com](http://www.polyhongkong.com)

## MANAGEMENT DISCUSSION AND ANALYSIS

For the first half of 2022, the Group recorded a revenue of HK\$22,258 million (corresponding period of 2021: HK\$14,074 million), representing an increase of HK\$8,184 million or 58.2% when comparing with the corresponding period of last year. Profit attributable to shareholders amounted to HK\$1,510 million (corresponding period of 2021: HK\$1,663 million), indicating a decrease of HK\$153 million or 9.2% from the corresponding period of last year. Basic earnings per share stood at HK40.67 cents (corresponding period of 2021: HK45.42 cents). As at 30 June 2022, shareholders' equity amounted to HK\$37,975 million (31 December 2021: HK\$38,416 million), indicating a 1.1% decrease from last year end. Net asset value per share amounted to HK\$10.23 (31 December 2021: HK\$10.35), representing a decrease of 1.1% when comparing with last year end.

### BUSINESS REVIEW

In the first half of 2022, the Chinese economy overcame the adverse factors beyond expectations and sustained a stable development. Major economic indicators stabilized and recovered in June, which reflected the effectiveness of a series of economic stimulus measures following to a successful pandemic control. The tremendous tenacity and great potential of China's economy were highlighted during such difficulties.

In face of repeatedly severe pandemic in different area, there is an increasing downturn pressure on the real estate market. In the first half of 2022, the sales of commodity properties amounted to RMB6,600 billion, representing a year-on-year decrease of 28.9%, and the amount of property development investment recorded a year-on-year decrease of 5.4%. During the year, the departments and committees under the State Council and local governments actively released positive signals and refined regulatory policies. The adjustment in the property market has been under progress but the pace varied in different cities. The change of the competitive landscape of property developers have accelerated. Property developers with outstanding credit standing have been able to increase their market shares in terms of land reserves and first-hand property sales during the industrial decline.

During the period, Poly Property Group recorded contracted sales of RMB16.5 billion and sales collection amounted to RMB16.2 billion with a collection ratio of 98%, increased by 14 percentage points as compared with the corresponding period of last year. During the first half of the year, the contracted sales for the top 100 property developers decreased by nearly 50% as compared with last year. Under the unfavorable market condition, Poly Property Group has put greater efforts to secure sales collections and eventually recorded a 39% decrease in sales collection as compared with last year, which was significantly lower than the decrease in sales.

Benefitting from the strategic adjustment of land reserves in recent years, the Group focused on projects in high capability cities supported by favorable industry policies. During the first half of the year, a total of six development projects were acquired in Ningbo, Jinan and Shanghai, and the Group entered Changshu for the first time. As at 30 June 2022, the percentage of attributable land reserves in Yangtze River Delta and Greater Bay Area was 42%, representing an increase of two percentage points as compared with the end of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

In respect of finance, other than focusing on improving our sales quality and sales collection, the Group also grasped the financing opportunities. During the first half of 2022, the Group completed the issuance of the RMB5 billion corporate bonds and the RMB1 billion medium-term notes. The coupon rate for the first tranche of 3+2 years corporate bonds issued in the beginning of the year was 2.99%. Upon such issuance, the debt structure of the Company was further improved, which also helped to decrease its average funding cost by 0.18 percentage points to 4.34% as compared with the end of last year.

The Conference of the Central Politburo held in late July suggested that in the second half of the year, China should maintain the economy running within appropriate range, stabilise the property market, adhere to the policy of “no speculation of residential properties (房住不炒)” and make good use of the policy toolkit to implement policies in response to the actual situations in their respective cities. The Group will cautiously evaluate and get a clear understanding of trends in order to response to market changes calmly. In the second half of the year, the Group will endeavor and overcome difficulties to ensure all operational indicators meet the target of the “14th Five-Year Plan” in achieving steady and high-quality development.

### PROPERTY SALES

In the first half of 2022, Poly Property Group recorded contracted area sold of approximately 862,000 square metres, or approximately RMB16.5 billion in value.

During the period, Poly Property Group had 124 major projects for sale, with seven of them being debut projects, including Shanghai Poly Moonrise Mansion, Ninghai Poly Origin of Nebula, Guangzhou Poly Longyue, Kunshan Moonlight Jade, Kunshan East City, Ningbo Poly Spring Poetry and Ningbo Poly Brocade Scroll.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Region and City	Contracted Sales for the First Half of 2022 (RMB million)	Percentage (%)
<b>Yangtze River Delta Region</b>	<b>7,266</b>	<b>44%</b>
Shanghai	1,319	
Kunshan	1,507	
Taicang	568	
Changzhou	62	
Suzhou	1,654	
Ningbo	1,869	
Hangzhou	178	
Ninghai	100	
Deqing	7	
Yuyao	1	
<b>Pearl River Delta Region</b>	<b>2,980</b>	<b>18%</b>
Guangzhou	2,002	
Foshan	441	
Shenzhen	274	
Huizhou	263	
<b>Southwestern Regions</b>	<b>2,656</b>	<b>16%</b>
Guiyang	314	
Zunyi	149	
Nanning	1,560	
Liuzhou	163	
Kunming	471	
<b>Other Regions</b>	<b>2,722</b>	<b>17%</b>
Wuhan	180	
Harbin	324	
Mudanjiang	6	
Jinan	1,531	
Yantai	118	
Weihai	248	
Weifang	63	
Zibo	32	
Tai'an	212	
Wanning	8	
<b>Hong Kong</b>	<b>831</b>	<b>5%</b>
Hong Kong	831	
<b>Total</b>	<b>16,455</b>	<b>100%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

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

In the second half of 2022, subject to construction progress and market conditions, Poly Property Group plans to launch at least 10 new projects which include Guangzhou Lihu Street Project, Foshan Rong Gui Project, Jinan Wuli Paifang Project II, Suzhou Sheng Pu Project, Shenzhen Long Gang Project, Shenzhen Long Hua Project, Shenzhen Ping Shan Project, Hong Kong Kai Tak 6553 Project, Changshu Hong Qiao Project and Shanghai Yang Pu Project.

### NEWLY COMMENCED CONSTRUCTION

In the first half of 2022, Poly Property Group commenced construction on a total of nine new projects with a gross floor area of approximately 1,065,000 square metres. Among which, seven projects commenced construction for the first time, namely, Shanghai Yang Pu Project, Suzhou Sheng Pu Project, Ningbo Poly Spring Poetry, Ningbo Poly Brocade Scroll, Ninghai Poly Origin of Nebula, Guangzhou Lihu Street Project and Jinan Wuli Paifang Project II.

Project	Gross Floor Area of Newly Commenced Construction ('000 square metres)	Interests Attributable to the Group (%)
Shanghai Yang Pu Project	86	100%
Suzhou Sheng Pu Project	152	36%
Ningbo Poly Spring Poetry	88	100%
Ningbo Poly Brocade Scroll	132	100%
Ninghai Poly Origin of Nebula	91	100%
Guangzhou Lihu Street Project	88	100%
Guiyang Poly Bright Moon on Top	69	100%
Nanning Poly Town Phase II	97	100%
Jinan Wuli Paifang Project II	262	100%
<b>Total</b>	<b>1,065</b>	

Note:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### RECOGNISED PROPERTY SALES

In the first half of 2022, the Group recognised a total sales value of approximately RMB17,782 million and a total gross floor area of approximately 1,055,000 square metres. Details of recognised property sales are as follows:

Region and City	Sales Recognised in the First Half of 2022 (RMB million)	Percentage (%)
<b>Yangtze River Delta Region</b>	<b>5,864</b>	<b>33%</b>
Shanghai	110	
Suzhou	902	
Ningbo	4,843	
Yuyao	1	
Deqing	8	
<b>Pearl River Delta Region</b>	<b>3,330</b>	<b>19%</b>
Guangzhou	2,254	
Foshan	149	
Huizhou	927	
<b>Southwestern Regions</b>	<b>6,504</b>	<b>36%</b>
Guiyang	410	
Zunyi	105	
Nanning	3,292	
Liuzhou	41	
Kunming	2,656	
<b>Other Regions</b>	<b>1,716</b>	<b>10%</b>
Wuhan	74	
Harbin	217	
Mudanjiang	2	
Jinan	760	
Yantai	336	
Weihai	1	
Zibo	322	
Wanning	5	
<b>Hong Kong</b>	<b>368</b>	<b>2%</b>
<b>Total</b>	<b>17,782</b>	<b>100%</b>

Note:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### NEW LAND RESERVES

In the first half of 2022, Poly Property Group acquired six projects, which are located in Ningbo, Changshu, Jinan and Shanghai. The planned total gross floor area of the new projects amounted to approximately 784,000 square metres with land cost at a reasonable level.

New Project	Planned Property Type	Total Site Area ('000 square metres)	Planned Total Gross Floor Area ('000 square metres)	Interests Attributable to the Group (%)
Ningbo Hai Shu Project	Residential	29	72	100%
Ningbo Jiang Bei Project	Residential	47	179	100%
Ningbo Yin Zhou Project	Residential	70	234	100%
Changshu Hong Qiao Project	Residential	24	41	100%
Jinan Xian Wen Project	Residential and Commercial	51	154	100%
Shanghai Feng Xian Project	Residential	30	104	100%
<b>Total</b>		<b>251</b>	<b>784</b>	

#### Ningbo Hai Shu Project

The project is located in Jishigang Town, Haishu District, Ningbo, which is 2.2 kilometres from the government office of the Jishigang Town and the west gateway to the central district of Ningbo. In proximity to well-developed residential communities, the site is approximately 2 kilometres from the outlet commercial district. The project enjoys full-fledged ancillary facilities, abundant educational and medical resources and convenient transportation. The south side of the project is a river with certain landscape values. The project, with a planned total gross floor area of approximately 72,000 square metres, is intended to be developed into high-rise residential buildings.

#### Ningbo Jiang Bei Project

The project is located at the Zhuangqiao Area in Jiangbei District, Ningbo, which has geographical advantage and is the centre of transportation hub in Northern Ningbo. Hongda Road Station of Metro Line No. 4 is south to the site and a river is west to the site which provides a scenic view. The site is only 1 kilometre from Ningbo World Foreign Language School. The site has a range of amenity facilities including Wanda Plaza and other centralized businesses and has abundant of educational and medical resources. The project, with a planned total gross floor area of approximately 179,000 square metres, is intended to be developed into high-rise residential buildings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Ningbo Yin Zhou Project

The project is located at Fuming Street, Yinzhou District, Ningbo. The Northern area of Jiangdong is a traditional community with centralized resources in the city with a full range of commercial, educational and medical facilities. The site is 4 kilometres from the municipal government office of Ningbo and approximately 300 metres from the Zhongxing Bridge South Station of Metro Line 3, enjoying convenient transportation. The riverside green zone of Yongjiang Park is 500 metres to the north of the site which has a scenical advantage. The project, with a planned total gross floor area of approximately 234,000 square metres, is intended to be developed into high-rise residential buildings.

### Changshu Hong Qiao Project

The project is located at Taishan North Road, Hongqiao Area, Changshu, which belongs to a prime area of the city centre and close to the people's court, the natural resources and planning bureau and other government authorities. The area has extensive quality educational resources with Tianhong Shopping Centre, Star Palace and other centralized businesses. The project is located at the junction of Shiji Boulevard and Huanghe Road and is planned to have metro which is easily accessible. The project, with a planned total gross floor area of approximately 41,000 square metres, is intended to be developed into high-rise residential buildings.

### Jinan Xian Wen Project

The three land parcels of the project granted in bundle are located in Xianwen Area in Jinan High-Tech Zone, a core area of the city centre. The site neighbours CBD in the west, Olympic sports governmental area in the south and is 2.8 kilometres from the municipal government office, which has geographical advantage. The area is well developed with a range of quality educational and medical facilities and is close to two core business circles. The site enjoys convenient transportation and is approximately 400 metres from Ding Jia East Station of Metro Line No. 3. The project, with a planned total gross floor area of approximately 154,000 square metres, is intended to be developed into high-rise residential buildings.

### Shanghai Feng Xian Project

The project is located in Nanqiao New Town, Fengxian District, Shanghai, a high-quality core district being developed by the Fengxian district government. The site is south to Shanghai Fish and close to Poly Moon Light and Poly Twilight Mansion, two projects developed by the Group. The area is well equipped with rich educational and medical resources. The site is in proximity to Metro Line No. 5 and several bus lines which has convenient transportation. The project, with a planned total gross floor area of approximately 104,000 square metres, is intended to be developed into high-rise residential buildings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INVESTMENT PROPERTIES

The Group has various investment properties and hotels located in first-tier cities and second-tier provincial capitals. Its investment properties have a total gross floor area of approximately 703,000 square metres and asset value of approximately HK\$11.4 billion. Due to the unremitting pandemic, the Group's hotel operation was affected to a larger extent while the occupancy rate of the Group's office buildings and shopping malls decreased slightly.

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

### PROPERTY MANAGEMENT

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

In the first half of 2022, the Group's property management companies recorded revenue of RMB507 million in aggregate, representing an increase of 9.0% when comparing with the corresponding period of last year. The companies managed a total of 281 property projects with a gross floor area under management of approximately 48,000,000 square metres, representing an increase of 26.4% when comparing with the corresponding period of last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Liquidity and Capital Structure

As at 30 June 2022, total equity attributable to shareholders of the Company amounted to HK\$37,975,271,000 (2021: HK\$38,415,644,000), while the net asset value per share was HK\$10.23 (2021: HK\$10.35). As at 30 June 2022, the Group's gearing ratio (on the basis of the amount of total liabilities divided by the amount of total assets) was 79.3% (2021: 80.3%).

As at 30 June 2022, the Group had an outstanding bank and other borrowings (including the notes payable) of HK\$93,844,606,000. In terms of maturity, the outstanding bank and other borrowings (including notes payable) can be divided into HK\$23,045,994,000 (25%) to be repaid within one year, HK\$25,226,197,000 (27%) to be repaid after one year but within two years, HK\$35,189,889,000 (37%) to be repaid after two years but within five years, HK\$10,382,526,000 (11%) to be repaid after five years. In terms of currency denomination, the outstanding bank and other borrowings (including the notes payable) can be divided into HK\$84,153,148,000 (90%) in Renminbi, HK\$3,900,000,000 (4%) in United State dollars, and HK\$5,791,458,000 (6%) in Hong Kong dollars.

40% of the bank and other borrowings (including the notes payable) of the Group are subject to fixed interest rates and the remaining 60% are subject to floating interest rates. Therefore, under circumstances of interest rates uncertainty or fluctuations or otherwise as appropriate, the Group will consider the use of hedging instruments (including interest rates swaps), in order to manage interest rate risks.

As at 30 June 2022, the Group had a net current assets of HK\$94,441,132,000 and total bank balances of HK\$40,575,957,000 (2021: HK\$82,131,689,000 and HK\$36,601,563,000, respectively). With the available banking facilities and cash revenue from business operations, it is believed that the Group has sufficient resources to meet the foreseeable working capital demands and capital expenditure.

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

### Pledged Assets

At the end of the reporting period, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Investment properties	<b>7,538,743</b>	5,920,475
Hotel properties	<b>451,163</b>	474,390
Buildings	<b>230,932</b>	154,067
Right-of-use assets	<b>254,749</b>	271,882
Properties under development	<b>30,259,959</b>	30,321,064
Properties held for sale	<b>4,073,057</b>	4,388,314
Bank deposits	<b>152,968</b>	323,696
	<b>42,961,571</b>	41,853,888

## MANAGEMENT DISCUSSION AND ANALYSIS

In addition to above pledge of assets, at 30 June 2022 and 31 December 2021, the Group's interests in certain subsidiaries were pledged to secure credit facilities granted to the Group. The details of net assets value of subsidiaries are as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Total assets	<b>25,939,413</b>	15,937,391
Total liabilities	<b>(23,225,406)</b>	(13,615,021)
Net assets value	<b>2,714,007</b>	2,322,370

### Contingent Liabilities

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amounted to HK\$27,624,567,000 as at 30 June 2022 (31 December 2021: HK\$28,330,102,000). Such guarantees will terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loan guaranteed by the Group in the event the purchasers default payments to the banks.

At 30 June 2022, the Group had given guarantees to certain banks in respect of credit facilities granted to certain associates and joint ventures of the Group amounting to HK\$10,254,311,000 (31 December 2021: HK\$8,274,492,000), of which HK\$6,672,644,000 (31 December 2021: HK\$5,490,468,000) had been utilised by these associates and joint ventures.

### EMPLOYEES

As at 30 June 2022, the Group employed 8,799 (30 June 2021: 8,496) employees with remuneration for the period amounted to approximately RMB449,337,000. The Group provides its employees with various benefits including year-ended double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. On-the-job training is also provided as and when required.

## INTERIM RESULTS

The directors (the "Directors/Board") of Poly Property Group Co., Limited (the "Company") hereby announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	2	22,258,191	14,074,060
Cost of sales		(15,959,544)	(8,733,952)
Gross profit		6,298,647	5,340,108
Decrease in fair value of investment properties		(27,381)	—
Increase in fair value of financial assets		43,488	28,082
Other (losses)/gains, net	3	(93,549)	501,576
Selling expenses		(539,227)	(518,231)
Administrative expenses		(575,701)	(615,236)
Other operating expenses		(227,102)	(191,750)
Gain on disposal of a joint venture	23	—	300,000
Gain on disposal of a subsidiary	24	—	21,305
Impairment loss on properties held for sale		(55,696)	—
Finance costs		(869,167)	(825,576)
Share of results of associates		(87,270)	45,482
Share of results of joint ventures		(25,115)	211,241
Profit before income tax expense	4	3,841,927	4,297,001
Income tax expense	5	(2,377,770)	(2,538,393)
Profit for the period		1,464,157	1,758,608
Attributable to:			
Owners of the Company		1,510,223	1,663,180
Non-controlling interests		(46,066)	95,428
		1,464,157	1,758,608
<b>Earnings per share (expressed in HK cents)</b>	7		
— Basic		40.67	45.42
— Diluted		40.67	45.42

## INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Profit for the period</b>	<b>1,464,157</b>	1,758,608
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	(1,859,947)	395,037
Items that will not be reclassified to profit or loss:		
Surplus arising on revaluation of properties	51,348	54,064
<b>Other comprehensive income before tax</b>	<b>(1,808,599)</b>	449,101
Deferred tax liability arising on revaluation of properties	(12,837)	(13,516)
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,821,436)</b>	435,585
<b>Total comprehensive income for the period</b>	<b>(357,279)</b>	2,194,193
Attributable to:		
Owners of the Company	59,846	2,007,437
Non-controlling interests	(417,125)	186,756
	<b>(357,279)</b>	2,194,193

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022	31 December 2021
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	9	11,399,910	11,991,125
Property, plant and equipment	9	3,354,492	3,518,846
Right-of-use assets		594,560	632,910
Interests in associates		1,758,515	1,737,530
Interests in joint ventures		6,907,710	7,089,568
Financial assets at fair value through profit or loss	25	737,741	729,018
Loan receivables		222,824	213,823
Deposits paid for acquisition of land use rights		1,493,120	1,794,824
Deferred tax assets		265,719	298,876
<b>Total non-current assets</b>		<b>26,734,591</b>	<b>28,006,520</b>
<b>Current assets</b>			
Properties under development		116,887,453	125,193,099
Properties held for sale		26,149,553	22,103,035
Other inventories		107,888	105,999
Contract costs		549,343	575,020
Trade and other receivables	10	10,135,206	10,164,313
Amounts due from associates	11	2,298,461	3,014,246
Amounts due from joint ventures	12	4,674,199	5,107,602
Amounts due from non-controlling shareholders of subsidiaries		1,652,585	1,260,765
Taxation recoverable		3,705,873	3,559,174
Pledged bank deposits		152,968	323,696
Bank balances, deposits and cash		40,422,989	36,277,867
<b>Total current assets</b>		<b>206,736,518</b>	<b>207,684,816</b>

## INTERIM RESULTS

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Current liabilities</b>			
Trade and other payables	13	31,523,947	33,789,229
Contract liabilities		43,559,828	53,742,308
Property rental deposits		123,866	113,098
Amounts due to associates	11	799,999	561,955
Amounts due to joint ventures	12	645,188	713,729
Amount due to the ultimate holding company	14	21,802	22,810
Amount due to an intermediate holding company	15	619,631	463,441
Amount due to a fellow subsidiary	16	564	591
Amounts due to non-controlling shareholders of subsidiaries		4,000,943	4,110,964
Taxation payable		7,953,624	8,854,173
Bank and other borrowings — due within one year	17	23,045,994	23,180,829
<b>Total current liabilities</b>		<b>112,295,386</b>	125,553,127
<b>Net current assets</b>		<b>94,441,132</b>	82,131,689
<b>Total assets less current liabilities</b>		<b>121,175,723</b>	110,138,209
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	19	17,792,968	17,792,968
Reserves		20,182,303	20,622,676
<b>Equity attributable to owners of the Company</b>		<b>37,975,271</b>	38,415,644
<b>Non-controlling interests</b>		<b>10,403,835</b>	8,103,170
<b>Total equity</b>		<b>48,379,106</b>	46,518,814
<b>Non-current liabilities</b>			
Bank and other borrowings — due after one year	17	59,193,961	56,836,938
Notes payable — due after one year	18	11,604,651	4,663,415
Lease liabilities		35,235	47,370
Loan from a fellow subsidiary		209,302	219,512
Deferred tax liabilities		1,753,468	1,852,160
<b>Total non-current liabilities</b>		<b>72,796,617</b>	63,619,395
		<b>121,175,723</b>	110,138,209

# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

Attributable to owners of the Company

	Share capital	Share option reserve	Hotel properties		PRC statutory reserves	Other capital reserve	Asset revaluation reserve	Other reserve	Accumulated profits	Total	Non-controlling interests	Total
			revaluation reserve	Translation reserve								
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1st January 2022</b>	17,792,968	52,446	653,785	1,504,820	2,302,758	175,771	22,054	(297,277)	16,208,319	38,415,644	8,103,170	46,518,814
Total comprehensive income for the period	—	—	37,653	(1,488,030)	—	—	—	—	1,510,223	59,846	(417,125)	(357,279)
Transfer	—	—	—	—	6,645	—	—	—	(6,645)	—	—	—
Recognition of equity-settled share-based payment expense	—	1,086	—	—	—	—	—	—	—	1,086	—	1,086
Share option cancelled	—	(3,031)	—	—	—	—	—	—	3,031	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(501,305)	(501,305)	—	(501,305)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(78,294)	(78,294)
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	2,824,572	2,824,572
Derecognised non-controlling interests due to subsidiaries' share capital reduction	—	—	—	—	—	—	—	—	—	—	(28,488)	(28,488)
<b>At 30 June 2022</b>	17,792,968	50,501	691,438	16,790	2,309,403	175,771	22,054	(297,277)	17,213,623	37,975,271	10,403,835	48,379,106

For the six months ended 30 June 2021

Attributable to owners of the Company

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

## INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Operating activities</b>		
Cash generated from operations	(5,454,548)	(3,090,726)
Tax paid	(3,198,710)	(3,012,581)
Interest paid	(2,011,468)	(2,098,091)
<b>Net cash used in operating activities</b>	<b>(10,664,726)</b>	<b>(8,201,398)</b>
<b>Investing activities</b>		
Acquisition of associates	(252,134)	(48,317)
Bank interest income received	164,136	224,461
Disposal of a joint venture	—	300,000
Decrease/(increase) in pledged bank deposits	170,728	(28,306)
Repayment from/(advance to) associates	575,657	(1,336,400)
Repayment from joint ventures	345,204	577,713
Advance to non-controlling shareholders of subsidiaries	(450,460)	(425,957)
Proceeds from disposal of financial assets	—	99,325
Other cash flows arising from investing activities	66,305	22,020
<b>Net cash generated from/(used in) investing activities</b>	<b>619,436</b>	<b>(615,461)</b>
<b>Financing activities</b>		
Borrowings raised	20,654,748	18,802,581
Notes payable raised	6,976,744	—
Capital contribution by non-controlling shareholders of subsidiaries	2,824,572	708,748
Dividends paid to non-controlling shareholders of subsidiaries	(78,294)	—
Repayment of borrowings	(14,990,053)	(16,554,446)
Repayment of notes payable	—	(3,900,000)
Advance from/(repayment to) non-controlling shareholders of subsidiaries	51,884	(402,567)
Repayment to joint ventures	(35,344)	(33,758)
Advance from an intermediate holding company	156,348	—
Advance from associates	264,181	53,494
Payment of lease liabilities	(8,802)	(2,961)
Other cash flows arising from financing activities	53	4,995
<b>Net cash generated from/(used in) financing activities</b>	<b>15,816,037</b>	<b>(1,323,914)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,770,747</b>	<b>(10,140,773)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>36,277,867</b>	<b>42,963,626</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,625,625)</b>	<b>466,130</b>
<b>Cash and cash equivalents at end of the period</b>	<b>40,422,989</b>	<b>33,288,983</b>
Analysis of the balance of cash and cash equivalents, represented by		
— bank balances, deposits and cash	40,422,989	33,288,983

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the most recent consolidated financial statements for the year ended 31 December 2021, except for the changes in accounting policy made when the Group initially applies financial reporting standards newly applicable to the annual accounting period beginning on 1 January 2022.

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

This report contains condensed consolidated financial statements and selected explanatory notes. The explanatory notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the most recent consolidated financial statements for the year ended 31 December 2021. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2021 that is included in this report of the interim results for the six months ended 30 June 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Amendments to HKFRS 3 Reference to the Conceptual Framework  
Amendments to HKAS 16 Property, Plant and Equipment — Proceeds before Intended Use  
Amendments to HKAS 37, Onerous contracts — cost of fulfilling a contract  
Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

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

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

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

HKFRS 17 Insurance Contracts<sup>1</sup>  
Amendments to HKAS 1, Classification of liabilities as current or non-current<sup>1</sup>  
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies<sup>1</sup>  
Amendments to HKAS 8, Definition of accounting estimates<sup>1</sup>  
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction<sup>1</sup>  
Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>2</sup>

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

<sup>2</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 2. REVENUE AND SEGMENT INFORMATION

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

Principal activities are as follows:

Property development business — property development

Property investment and management — property investment and management

Hotel operations — hotel and restaurant business and its related services

Other operations — manufacturing and sales of digital discs and others

Information about these segments is presented below:

For the six months ended 30 June 2022

	Property development business HK\$'000	Property investment and management HK\$'000	Hotel operations HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Total HK\$'000
<b>REVENUE</b>						
Revenue from contracts with customers within the scope of HKFRS 15:						
— Recognised at point in time	21,227,120	—	—	32,644	—	21,259,764
— Recognised overtime	—	614,284	106,069	—	—	720,353
Revenue from other sources outside the scope of HKFRS 15:						
— Rental income	—	278,074	—	—	—	278,074
External revenue	21,227,120	892,358	106,069	32,644	—	22,258,191
Inter-segment revenue*	—	68,579	—	—	(68,579)	—
<b>Total revenue</b>	<b>21,227,120</b>	<b>960,937</b>	<b>106,069</b>	<b>32,644</b>	<b>(68,579)</b>	<b>22,258,191</b>
<b>SEGMENT RESULTS</b>	<b>4,940,603</b>	<b>126,799</b>	<b>(94,246)</b>	<b>46,328</b>	<b>—</b>	<b>5,019,484</b>
Unallocated income						193,924
Unallocated expenses						(389,929)
Finance costs						(869,167)
Share of results of associates	(87,186)	—	—	(84)	—	(87,270)
Share of results of joint ventures	(25,117)	—	—	2	—	(25,115)
Profit before income tax expense						3,841,927
Income tax expense						(2,377,770)
<b>Profit for the period</b>						<b>1,464,157</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022

*Assets and liabilities*

	Property development business HK\$'000	Property investment and management HK\$'000	Hotel operations HK\$'000	Other operations HK\$'000	Total HK\$'000
Assets					
Segment assets	164,236,715	12,057,586	2,975,875	952,907	180,223,083
Interests in associates	1,757,006	—	—	1,509	1,758,515
Interests in joint ventures	6,905,043	—	—	2,667	6,907,710
Unallocated corporate assets					<u>44,581,801</u>
Total assets					<u>233,471,109</u>
Liabilities					
Segment liabilities	78,714,275	1,482,268	174,893	15,306	80,386,742
Unallocated corporate liabilities					<u>104,705,261</u>
Total liabilities					<u>185,092,003</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2021  
*Assets and liabilities*

	Property development business HK\$'000	Property investment and management HK\$'000	Hotel operations HK\$'000	Other operations HK\$'000	Total HK\$'000
<b>Assets</b>					
Segment assets	170,007,445	12,439,230	2,962,495	952,814	186,361,984
Interests in associates	1,735,937	—	—	1,593	1,737,530
Interests in joint ventures	7,086,773	—	—	2,795	7,089,568
Unallocated corporate assets					<u>40,502,254</u>
<b>Total assets</b>					<u>235,691,336</u>
<b>Liabilities</b>					
Segment liabilities	91,368,380	1,777,308	113,889	22,031	93,281,608
Unallocated corporate liabilities					<u>95,890,914</u>
<b>Total liabilities</b>					<u>189,172,522</u>

### 3. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Gain on disposal of financial assets	—	61,575
Loss on disposal of investment properties	(10,697)	—
Dividend income	—	18,166
Exchange (loss)/gain	(377,839)	98,459
Government subsidy	3,990	1,960
Interest income from banks	164,136	224,461
Interest income from loans to associates	17,042	—
Interest income from loans to joint ventures	36,199	38,752
Interest income from non-controlling interests	20,475	—
Others	53,145	58,203
	<u>(93,549)</u>	<u>501,576</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Profit before income tax expense is arrived at after charging:		
Depreciation of property, plant and equipment	88,925	92,379
Depreciation of right-of-use assets	17,084	10,862
Interest on lease liabilities	1,761	705
Short term leases expenses	11,389	8,359
Low value leases expenses	238	179
Share of tax of associates (included in share of results of associates)	14,976	44,395
Share of tax of joint ventures (included in share of results of joint ventures)	1,148	74,527
Loss on disposal of investment properties	10,697	—

### 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
The charge comprises:		
Hong Kong Profits Tax	10,328	34,952
People's Republic of China Enterprise Income Tax ("PRC EIT")	1,128,987	868,241
Land Appreciation Tax ("LAT")	1,244,735	1,905,987
Deferred taxation	2,384,050 (6,280)	2,809,180 (270,787)
	<b>2,377,770</b>	<b>2,538,393</b>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2021: 16.5%) based on the estimated assessable profit for the period ended 30 June 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime.

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

### 6. DIVIDENDS

The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$Nil).

### 7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2022 is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Earnings:</b>		
Profit for the period attributable to owners of the Company	<b>1,510,223</b>	1,663,180
	<b>2022</b>	2021
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<b>3,713,368,382</b>	3,661,537,046

The diluted earnings per share for the six months period ended 30 June 2022 and 2021 are the same as basic earnings per share presented as there were no potentially dilutive ordinary shares in 2022 and 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. TRANSFER TO AND FROM RESERVES

During the six months ended 30 June 2022, the Group's subsidiaries in the PRC appropriated HK\$6,645,000 (six months ended 30 June 2021: HK\$65,329,000) net of non-controlling interests' share out of accumulated profits to the PRC statutory reserves, and the Group's subsidiaries in the PRC did not release any amount net of non-controlling interests' share out of the PRC statutory reserves and hotel properties revaluation reserve to accumulated profits respectively (six months ended 30 June 2021: HK\$Nil and HK\$Nil, respectively).

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

The Group's investment properties decreased HK\$591,215,000 during the period ended 30 June 2022 (30 June 2021: increased HK\$120,583,000).

During the period ended 30 June 2022, Renminbi depreciated against Hong Kong dollars incurred HK\$548,358,000 decrease in investment properties (30 June 2021: appreciated HK\$126,338,000). Also, decrease in fair value of investment properties of HK\$27,381,000 (30 June 2021: HK\$ nil) and disposal of investment properties of HK\$15,476,000 were noted (30 June 2021: HK\$ nil).

During the period ended 30 June 2021, the increase was offset by transferal of HK\$5,755,000 investment properties to property, plant and equipment.

The Group's property, plant and equipment decreased HK\$164,354,000 during the period ended 30 June 2022 (30 June 2021: increased HK\$16,711,000).

During the period ended 30 June 2022, Renminbi depreciated against Hong Kong dollars incurred HK\$160,099,000 decrease in property, plant and equipment (30 June 2021: appreciated HK\$36,444,000). Also, depreciation charge of HK\$88,925,000 during the current period was noted (30 June 2021: HK\$92,379,000).

The decrease was offset by the additions of motor vehicles, furniture and fixture and plant and machinery of HK\$35,416,000 (30 June 2021: HK\$13,208,000) and the surplus arising on revaluation of hotel properties of HK\$51,348,000 (30 June 2021: surplus HK\$54,064,000).

The Group's investment properties and hotel properties at 30 June 2022 were valued by AA Property Services Limited, an independent professional surveyor and property valuer not connected with the Group. AA Property Services Limited is a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the same valuation techniques as were used by this valuer when carrying out the valuations at 31 December 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. TRADE AND OTHER RECEIVABLES

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

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
0 to 30 days	<b>56,334</b>	148,619
31 to 90 days	<b>77,603</b>	12,684
More than 90 days	<b>191,196</b>	289,049
Total trade receivables	<b>325,133</b>	450,352
Other receivables	<b>9,810,073</b>	9,713,961
	<b>10,135,206</b>	10,164,313

### 11. AMOUNTS DUE FROM/(TO) ASSOCIATES

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Amounts due from associates:		
— Interest-free	<b>2,082,182</b>	1,310,200
— Fixed rate of 5%	—	702,032
— Fixed rate of 7%	—	775,185
— Fixed rate of 8%	<b>216,279</b>	226,829
	<b>2,298,461</b>	3,014,246
Amounts due to associates:		
— Interest-free	<b>799,999</b>	561,955

The amounts are unsecured and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. AMOUNTS DUE FROM/(TO) JOINT VENTURES

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Amounts due from joint ventures:		
— Interest-free	<b>1,633,176</b>	1,902,734
— Fixed rate of 7%	<b>77,567</b>	81,350
— Fixed rate of 8%	<b>164,140</b>	172,146
— Hong Kong Interbank Offered Rate ("HIBOR") +1.5%	<b>2,799,316</b>	2,951,372
	<b>4,674,199</b>	5,107,602
Amounts due to joint ventures:		
— Interest-free	<b>438,731</b>	440,860
— Fixed rate of 4.35%	<b>206,457</b>	272,869
	<b>645,188</b>	713,729

The amounts are unsecured and repayable on demand.

### 13. TRADE AND OTHER PAYABLES

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

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
0 to 30 days	<b>2,264,051</b>	5,601,973
31 to 90 days	<b>940,321</b>	388,589
More than 90 days	<b>16,333,262</b>	12,782,459
Total trade payables	<b>19,537,634</b>	18,773,021
Other payables	<b>11,986,313</b>	15,016,208
	<b>31,523,947</b>	33,789,229

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Interest-free	<b>21,802</b>	22,810

The amount is unsecured and repayable on demand.

### 15. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Interest-free	<b>619,631</b>	463,441

The amount is unsecured and repayable on demand.

### 16. AMOUNT DUE TO A FELLOW SUBSIDIARY

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Interest-free	<b>564</b>	591

The amount is unsecured and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. BANK AND OTHER BORROWINGS

The Group's bank and other borrowings increased HK\$2,222,188,000 during the period ended 30 June 2022 (30 June 2021: HK\$3,100,182,000).

During the period ended 30 June 2022, the Group obtained new bank and other borrowings in the amounts of HK\$20,654,748,000 (30 June 2021: HK\$18,802,581,000), which bear interest at market rates.

The increase was offset by repayment of bank and other borrowings of HK\$14,990,053,000 (30 June 2021: HK\$16,554,446,000) during the period. Also, Renminbi depreciated against Hong Kong dollars incurred HK\$3,442,507,000 decrease in bank and other borrowings (30 June 2021: appreciated HK\$852,047,000).

### 18. NOTES PAYABLE

The Group has issued the following notes payable:

- (i) On 10 November 2020, the Group issued the 4% notes due in 2025 in the aggregate principal amount of US\$500,000,000 (equivalent to HK\$3,900,000,000) (31 December 2021: US\$500,000,000 equivalent to HK\$3,900,000,000). The notes bear interest at the rate of 4% per annum. The notes are payable semi-annually in arrears on the interest payment date falling on 10 May and 10 November, in each year.
- (ii) On 8 September 2021, the Group issued the 3.29% notes due in 2024 in the aggregate principal amount of RMB626,000,000 (equivalent to HK\$727,907,000) (31 December 2021: RMB626,000,000 equivalent to HK\$763,415,000). The notes bear interest at the rate of 3.29% per annum. The notes are payable annually in arrears on the interest payment date falling 8 September, in each year.
- (iii) On 18 February 2022, the Group issued the 2.99% and 3.66% notes due in 2025 and 2027 in the aggregate principal amount of RMB1,500,000,000 (equivalent to HK\$1,744,186,000) and RMB500,000,000 (equivalent to HK\$581,395,000) respectively (31 December 2021: HK\$ nil). The notes bear interest at the rate of 2.99% and 3.66% per annum respectively. The notes are payable annually in arrears on the interest payment date falling 18 February, in each year.
- (iv) On 13 April 2022, the Group issued the 3.35% notes due in 2025 in the aggregate principal amount of RMB1,500,000,000 (equivalent to HK\$1,744,186,000) (31 December 2021: HK\$ nil). The notes bear interest at the rate of 3.35% per annum. The notes are payable annually in arrears on the interest payment date falling 13 April, in each year.
- (v) On 6 June 2022, the Group issued the 3.2% and 3.66% notes due in 2025 and 2027 in the aggregate principal amount of RMB1,000,000,000 (equivalent to HK\$1,162,792,000) and RMB500,000,000 (equivalent to HK\$581,395,000) respectively (31 December 2021: HK\$ nil). The notes bear interest at the rate of 3.2% and 3.66% per annum respectively. The notes are payable annually in arrears on the interest payment date falling 6 June, in each year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (vi) On 20 June 2022, the Group issued the 3.17% and 3.68% notes due in 2025 and 2027 in the aggregate principal amount of RMB500,000,000 (equivalent to HK\$581,395,000) and RMB500,000,000 (equivalent to HK\$581,395,000) respectively (31 December 2021: HK\$ nil). The notes bear interest at the rate of 3.17% and 3.68% per annum respectively. The notes are payable annually in arrears on the interest payment date falling 20 June, in each year.

### 19. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares, issued and fully paid: At 31 December 2021 and 30 June 2022	<b>3,713,368,382</b>	<b>17,792,968</b>

### 20. CONTINGENT LIABILITIES

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amounted to HK\$27,624,567,000 as at 30 June 2022 (31 December 2021: HK\$28,330,102,000). Such guarantees will terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loan guaranteed by the Group in the event the purchasers default payments to the banks.

At 30 June 2022, the Group had given guarantees to certain banks in respect of credit facilities granted to certain associates and joint ventures of the Group amounting to HK\$10,254,311,000 (31 December 2021: HK\$8,274,492,000), of which HK\$6,672,644,000 (31 December 2021: HK\$5,490,468,000) had been utilised by these associates and joint ventures.

### 21. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property development expenditures and acquisition of land use right amounted to HK\$22,513,201,000 (31 December 2021: HK\$20,812,401,000) and HK\$3,688,157,000 (31 December 2021: HK\$3,257,004,000), respectively, as at 30 June 2022.

The Group did not have any capital expenditure authorised but not contracted for as at 30 June 2022 (31 December 2021: HK\$Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 22. MATERIAL RELATED PARTY TRANSACTIONS

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

#### (I) Related parties

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Property rental income ( <i>note a</i> )	8,043	9,185
Interest expenses ( <i>note b</i> )	87,200	40,264
Interest income ( <i>note c</i> )	53,241	38,752
Management fee income	1,060	1,060
Rental expenses paid	1,204	1,171
Dividend income	—	18,166

*Notes:*

- (a) The property rental income received from subsidiaries of the ultimate holding company, which were charged in accordance with the relevant tenancy agreement.
- (b) The interest expenses derived from loans advanced from China Poly Group and joint ventures, which carried interest at fixed rates from 4.35% to 4.75%, variable rates of 98% of benchmark rate in the PRC and loan prime rate plus 0.61% to 0.99%.
- (c) The interest income derived from loans advanced to associates and joint ventures, which carried interest at fixed rates from 5% to 8% and variable rate of HIBOR plus 1.5%.

#### (II) Compensation to key management personnel

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Short-term benefits	7,632	6,900
Post-employment benefits	1,462	1,308
	<b>9,094</b>	<b>8,208</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 23. DISPOSAL OF A JOINT VENTURE

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

### 24. DISPOSAL OF A SUBSIDIARY

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

The net assets disposed were as follows:

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 25. FAIR VALUE MEASUREMENTS

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

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

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

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

At 30 June 2022, the Group had following financial instruments carried at fair value all of which are based on the level 1 or level 3 of the fair value hierarchy:

	Fair value at 30 June 2022 HK\$'000	Fair value measurements as at 30 June 2022 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Listed	3,790	3,790	—	—
— Unlisted	733,951	—	—	733,951
	<b>737,741</b>	<b>3,790</b>	<b>—</b>	<b>733,951</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Fair value at	Fair value measurements as at		
	31 December 2021 HK\$'000	31 December 2021 Level 1 HK\$'000	31 December 2021 categorised into Level 2 HK\$'000	31 December 2021 categorised into Level 3 HK\$'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Listed	2,830	2,830	—	—
— Unlisted	726,188	—	—	726,188
	<u>729,018</u>	<u>2,830</u>	<u>—</u>	<u>726,188</u>

During the six months period ended 30 June 2022 and the year ended 31 December 2021, there were no significant transfers between financial instruments in level 1 and level 2, or transfer into and out of level 3. The Group policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$Nil).

### SHARE OPTION SCHEME

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

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

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

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

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

## OTHER INFORMATION

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

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

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

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

## OTHER INFORMATION

During the six months ended 30 June 2022, no options were granted under the Share Option Scheme and 7,068,974 share options were cancelled. As at 30 June 2022, 80,142,084 options are outstanding under the Share Option Scheme. The total number of options available for grant is 254,713,704 (30 June 2021: 254,713,704), representing approximately 6.95% (30 June 2021: 6.95%) of the issued shares of the Company. Details of such interests and movements of share options granted by the Company under the Share Option Scheme are shown below:

Name or category of grantees	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options					Balance as at 30 June 2022
				Balance at as 1 Jan 2022	Granted during the period	Cancelled during the period	Lapsed during the period	Exercised during the period	
<b>Director:</b>									
Mr. Wan Yuqing	10/1/2019	2.485	10/1/2021–9/1/2023	284,483	—	—	—	—	284,483
			10/1/2022–9/1/2024	284,483	—	—	—	—	284,483
			10/1/2023–9/1/2025	293,104	—	—	—	—	293,104
Mr. Wang Jian	10/1/2019	2.485	10/1/2021–9/1/2023	384,889	—	—	—	—	384,889
			10/1/2022–9/1/2024	384,889	—	—	—	—	384,889
			10/1/2023–9/1/2025	396,552	—	—	—	—	396,552
Mr. Ye Liwen	10/1/2019	2.485	10/1/2021–9/1/2023	284,483	—	—	—	—	284,483
			10/1/2022–9/1/2024	284,483	—	—	—	—	284,483
			10/1/2023–9/1/2025	293,104	—	—	—	—	293,104
Sub-total				<u>2,890,470</u>					<u>2,890,470</u>
<b>Employees:</b>									
In aggregate	10/1/2019	2.485	10/1/2021–9/1/2023	27,825,794	—	2,332,761	—	—	25,493,033
			10/1/2022–9/1/2024	27,825,794	—	2,332,761	—	—	25,493,033
			10/1/2023–9/1/2025	<u>28,669,000</u>	—	2,403,452	—	—	<u>26,265,548</u>
Sub-total				<u>84,320,588</u>	—	7,068,974	—	—	<u>77,251,614</u>
Total				<u>87,211,058</u>	—	7,068,974	—	—	<u>80,142,084</u>

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

On 27 July 2022, the Company adjusted the exercise price and the number of outstanding share options granted under the Share Option Scheme pursuant to the terms of the Share Option Scheme as a result of the issue and allotment of scrip shares by the Company in relation to the final dividend for the year ended 31 December 2021 (the "Adjustment"). Please refer to the announcement of the Company dated 27 July 2022 for more details. Pursuant to the Adjustment, the number of outstanding share options granted under the Share Option Scheme was adjusted from 80,142,084 to 82,466,204.

## OTHER INFORMATION

### Fair value of share options and assumptions

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

Fair value of share options and assumptions are as follows:

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

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

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

- \* Mr. Wan Yuqing and Mr. Wang Jian were appointed as the Directors of the Company on 26 October 2021 and 1 February 2019, respectively, and accordingly, they were classified as employees when the relevant share options were granted on 10 January 2019.

## OTHER INFORMATION

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

## Notes:

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

For the period ended 30 June 2022, total equity-settled share-based payment expense recognised was as follows:

	HK\$'000
Total equity-settled share-based payment expense as at 1 January 2022	5,020
Cancelled during the period	(1,627)
Amortisation during the period	(1,086)
	<hr/>
At 30 June 2022	2,307
	<hr/>

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES AND COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted a code of conduct regarding Directors' securities transactions ("Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code and the Company's Code of Conduct for the six months ended 30 June 2022.

As at 30 June 2022, according to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, the interests of the Directors in the shares and underlying shares of the Company were as follows:

#### Long position

##### *Ordinary shares of the Company*

Mr. Wan Yuqing is holding 862,070 options to subscribe 862,070 (0.02%) shares of the Company.

Mr. Wang Jian is holding 1,166,330 options to subscribe 1,166,330 (0.03%) shares of the Company.

Mr. Ye Liwen is holding 862,070 options to subscribe 862,070 (0.02%) shares of the Company.

Miss Leung Sau Fan, Sylvia is holding 33,000 (0.001%) shares of the Company.

Save as disclosed above, as at 30 June 2022, none of the Directors, chief executives or their associates had any personal, family, corporate or other interests and short positions in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded in the register maintained under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, the following shareholders had notified the Company of relevant interests in the issued shares of the Company:

#### Ordinary shares of the Company

Name of shareholder	Number of shares			Approximate percentage of the issued share capital of the Company
	Beneficial owner	Held by controlled corporation(s)	Total number of shares	
<b>Long position</b>				
China Poly Group Corporation Limited* (中國保利集團有限公司)	253,788,246	1,524,594,507	1,778,382,753 (Note 1)	47.89%
Poly Developments and Holdings Group Co., Ltd.* (保利發展控股集團股份有限公司)	—	1,524,594,507	1,524,594,507 (Note 2)	41.06%
Poly (Hong Kong) Holdings Limited	115,885,968	1,408,708,539	1,524,594,507 (Note 3)	41.06%
Ting Shing Holdings Limited	—	1,408,708,539	1,408,708,539 (Note 4)	37.94%
Congratulations Company Ltd.	1,070,067,062	—	1,070,067,062	28.82%
Source Holdings Limited	235,460,207	103,181,270	338,641,477 (Note 5)	9.12%

#### Notes:

- China Poly Group Corporation Limited directly holds 253,788,246 shares of the Company beneficially and owns 50% issued share capital of Poly (Hong Kong) Holdings Limited, and is accordingly deemed by the SFO to be interested in the shares directly and indirectly owned by Poly (Hong Kong) Holdings Limited.
- Poly Developments and Holdings Group Co., Ltd. owns 50% of the issued share capital of Poly (Hong Kong) Holdings Limited and is accordingly deemed by the SFO to be interested in the shares directly and indirectly owned by Poly (Hong Kong) Holdings Limited.
- Poly (Hong Kong) Holdings Limited is deemed by the SFO to be interested in 1,524,594,507 shares of the Company as a result of its direct holding of 115,885,968 shares and indirect holding of 1,408,708,539 shares through its wholly-owned subsidiary, Ting Shing Holdings Limited.

## OTHER INFORMATION

4. Ting Shing Holdings Limited is deemed by the SFO to be interested in 1,408,708,539 shares of the Company as a result of its indirect holding of 1,408,708,539 shares through its subsidiaries, Source Holdings Limited and Congratulations Company Ltd., of 338,641,477 shares and 1,070,067,062 shares, respectively.
5. Source Holdings Limited is deemed by the SFO to be interested in 338,641,477 shares of the Company as a result of its direct holding of 235,460,207 shares and indirect holding of 103,181,270 shares through its wholly-owned subsidiaries, Musical Insight Holdings Ltd. and Wincall Holding Ltd., of 46,039,555 shares and 57,141,715 shares, respectively.

\* *for identification purposes only*

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued shares or underlying shares of the Company as at 30 June 2022.

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## SPECIFIC PERFORMANCE OBLIGATIONS OF CONTROLLING SHAREHOLDER

### Disclosures pursuant to Rule 13.21 of the Listing Rules

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

## OTHER INFORMATION

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

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

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

3. On 27 December 2019, the Company (as borrower) and Bank of Communications Co., Ltd. Hong Kong Branch (as lender) entered into a facility agreement for an uncommitted revolving loan facility of up to HK\$400,000,000. The final maturity date of the banking facility shall be the date the bank reviews the banking facility, which shall fall on or before the date falling one year from the date of the facility letter or at such other times as the bank deems fit. On 22 December 2020, the Company and Bank of Communications Co., Ltd. Hong Kong Branch entered into a supplemental facility agreement to renew the banking facility. The maturity date is falling 364 days from the date of acceptance of the supplemental facility agreement or 27 December 2021, whichever is the earlier. On 25 January 2022, the borrower and the lender entered into the second supplemental facility agreement to renew the facility agreement. The lender agreed to provide the borrower with an uncommitted revolving loan facility of up to HK\$400,000,000 with the maturity date of 27 December 2022.

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

## OTHER INFORMATION

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

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

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

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

- On 12 March 2021, the Company (as borrower) and Malayan Banking Berhad (as lender) entered into a facility agreement. Pursuant to the facility agreement, the bank agreed to provide the Company with an uncommitted short-term revolving credit facility of up to HK\$400,000,000 with the maturity date falling 364 days after the date of the Company's acceptance of the facility agreement. On 25 March 2022, the borrower and the lender entered into a supplemental facility letter to renew the facility agreement. The lender agreed to provide the borrower with an uncommitted short-term revolving credit facility of up to HK\$400,000,000 with the maturity date falling on 28 October 2022.

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

## OTHER INFORMATION

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

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

8. On 24 February 2022, the Company (as borrower) and Industrial Bank Co., Ltd., Hong Kong Branch (as lender), entered into a facility letter. Pursuant to the facility letter, the bank agreed to provide the Company an uncommitted revolving loan facility of up to HK\$1,000,000,000. Pursuant to the terms of the facility letter, the final maturity date is 12 months from the date of acceptance of the facility letter.

Pursuant to the terms and conditions of the facility letter, it shall be an event of default if China Poly Group ceases to: (a) be the single largest shareholder of the Company; or (b) hold at least 40% of the issued share capital of the Company directly or indirectly through its controlled corporations; or (c) maintain management control of the Company; or (d) remain under the supervision of the SASAC.

9. On 23 May 2022, the Company (as borrower) and China Zheshang Bank Co., Ltd. Hong Kong Branch (as lender) entered into a facility letter. Pursuant to the facility letter, the bank agreed to make available to the borrower an uncommitted revolving loan facility of US\$100,000,000 or its equivalent in Hong Kong dollars. Pursuant to the terms and conditions of the facility letter, the facility is available from the date of the facility letter to 1 March 2023 with the final maturity date being one year from the date of acceptance of the facility letter.

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

## OTHER INFORMATION

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the period under review, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code"), other than code provisions F.2.2 of the CG Code. The reasons for deviation are explained below:

#### Code Provision F.2.2 of the CG Code — Attendance of Chairman of the Board at the Annual General Meetings

Under code provision F.2.2 of the CG Code, the chairman of the Board (the "Chairman") should attend the annual general meeting. Mr. Wan Yuqing, the Chairman, was not able to attend the annual general meeting of the Company held on 25 May 2022 due to precautionary measures against the COVID-19 pandemic adopted in China and Hong Kong. Mr. IP Chun Chung, Robert was appointed as the chairman of the meeting and addressed questions raised by shareholders at the meeting.

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

### CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) subsequent to the publication of the 2021 annual report is set out below:

Miss Leung Sau Fan, Sylvia was an independent non-executive director of China Aerospace International Holdings Limited (stock code: 00031), the shares of which is listed on The Stock Exchange of Hong Kong Limited until she retired from that office upon the conclusion of their annual general meeting held on 24 June 2022.

### AUDIT COMMITTEE

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

The members of the Audit Committee have reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited condensed financial statements of the Company for the six months ended 30 June 2022. The Audit Committee has approved the unaudited interim financial statements.