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## Poly Property Group Co., Limited

### 保利置業集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00119)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 2023 with comparative figures for the six months ended 30 June 2022 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited and Restated)
Revenue	2	15,639,163	18,696,880
Cost of sales		(11,699,027)	(13,406,017)
Gross profit		3,940,136	5,290,863
Decrease in fair value of investment properties		—	(23,000)
Increase in fair value of financial assets		38,570	36,530
Other gains/(losses), net		130,120	(78,581)
Selling expenses		(531,964)	(452,951)
Administrative expenses		(541,831)	(483,587)
Other operating expenses		(149,739)	(190,766)
Loss on disposal of net assets classified as held for sale		(1,026)	—
Impairment loss on properties held for sale		—	(46,785)
Finance costs		(819,183)	(730,100)
Share of results of associates		42,068	(73,307)
Share of results of joint ventures		(9,207)	(21,097)
Profit before income tax expense	3	2,097,944	3,227,219
Income tax expense	4	(1,378,938)	(1,997,327)
Profit for the period		719,006	1,229,892

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
			(Unaudited and Restated)
		<b>(Unaudited)</b>	
Attributable to:			
Owners of the Company		<b>639,214</b>	1,268,587
Non-controlling interests		<b>79,792</b>	(38,695)
		<u><b>719,006</b></u>	<u>1,229,892</u>
<b>Earnings per share (expressed in RMB cents)</b>			
— Basic and diluted	<i>6</i>	<u><b>16.73</b></u>	<u>34.16</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited and Restated)</b>
<b>Profit for the period</b>	<b><u>719,006</u></b>	<b><u>1,229,892</u></b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss:		
Surplus arising on revaluation of properties	58,495	44,159
Exchange differences arising on translation of functional currency to presentation currency	<b><u>250,018</u></b>	<u>290,481</u>
<b>Other comprehensive income before income tax effect</b>	<b>308,513</b>	334,640
Deferred tax liability arising on revaluation of properties	<b><u>(14,624)</u></b>	<u>(11,040)</u>
<b>Other comprehensive income for the period, net of tax</b>	<b><u>293,889</u></b>	<u>323,600</u>
<b>Total comprehensive income for the period</b>	<b><u><u>1,012,895</u></u></b>	<b><u><u>1,553,492</u></u></b>
Attributable to:		
Owners of the Company	932,798	1,588,093
Non-controlling interests	<b><u>80,097</u></b>	<u>(34,601)</u>
	<b><u><u>1,012,895</u></u></b>	<b><u><u>1,553,492</u></u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 June 2023</b>	31 December 2022
<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Audited)</b>
<b>Non-current assets</b>		
Investment properties	9,671,429	9,666,939
Property, plant and equipment	3,385,168	3,411,831
Right-of-use assets	586,750	597,668
Interests in associates	1,660,787	1,603,728
Interests in joint ventures	6,148,705	6,050,172
Financial assets at fair value through profit or loss	682,391	643,763
Loan receivables	223,982	234,761
Deposits paid for acquisition of land use rights	1,253,443	1,214,373
Deferred tax assets	219,765	239,518
	<b>23,832,420</b>	<b>23,662,753</b>
<b>Current assets</b>		
Properties under development	112,551,147	105,321,305
Properties held for sale	24,957,948	26,517,017
Other inventories	42,558	41,611
Contract costs	615,101	509,474
Trade and other receivables	6,235,908	5,353,157
Amounts due from associates	1,014,040	1,123,551
Amounts due from joint ventures	4,254,256	4,176,617
Amounts due from non-controlling shareholders of subsidiaries	2,484,718	2,012,361
Taxation recoverable	3,745,321	2,761,744
Pledged bank deposits	343,606	444,639
Bank balances, deposits and cash	33,966,220	31,173,332
	<b>190,210,823</b>	<b>179,434,808</b>
Assets classified as held for sale	—	17,630
<b>Total current assets</b>	<b>190,210,823</b>	<b>179,452,438</b>

		<b>30 June 2023</b>	31 December 2022
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	9	29,555,121	30,144,306
Contract liabilities		48,013,449	34,988,848
Property rental deposits		95,885	86,454
Amounts due to associates		896,036	736,392
Amounts due to joint ventures		943,109	674,278
Amount due to the ultimate holding company		7,554	18,508
Amount due to an intermediate holding company		2,792	2,792
Amount due to a fellow subsidiary		485	485
Amounts due to non-controlling shareholders of subsidiaries		4,005,347	4,952,080
Taxation payable		7,685,404	7,926,281
Bank and other borrowings — due within one year		<u>17,380,066</u>	<u>18,363,445</u>
		<u>108,585,248</u>	<u>97,893,869</u>
Liabilities associated with assets classified as held for sale		—	14,262
<b>Total current liabilities</b>		<u>108,585,248</u>	<u>97,908,131</u>
<b>Net current assets</b>		<u>81,625,575</u>	<u>81,544,307</u>
<b>Total assets less current liabilities</b>		<u>105,457,995</u>	<u>105,207,060</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	10	15,712,159	15,712,159
Reserves		4,089,456	3,829,073
Accumulated profits		<u>13,872,928</u>	<u>13,389,012</u>
<b>Equity attributable to owners of the Company</b>		<u>33,674,543</u>	<u>32,930,244</u>
<b>Non-controlling interests</b>		<u>10,318,856</u>	<u>8,859,700</u>
<b>Total equity</b>		<u>43,993,399</u>	<u>41,789,944</u>

	<b>30 June 2023</b>	31 December 2022
<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Audited)</b>
<b>Non-current liabilities</b>		
Bank and other borrowings — due after one year	<b>42,007,824</b>	49,587,211
Notes payable — due after one year	<b>17,714,000</b>	12,097,000
Lease liabilities	<b>42,793</b>	41,647
Loan from a fellow subsidiary	<b>180,000</b>	180,000
Deferred tax liabilities	<b>1,519,979</b>	1,511,258
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>61,464,596</b>	63,417,116
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	<b>105,457,995</b>	105,207,060
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

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

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the most recent consolidated financial statements for the year ended 31 December 2022, 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 2023.

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

This announcement contains condensed consolidated financial statements and selected explanatory notes. The explanatory notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the most recent consolidated financial statements for the year ended 31 December 2022. 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 2022 that is included in this announcement of the interim results for the six months ended 30 June 2023 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 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

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

HKFRS 17, Insurance Contracts

Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

Amendments to HKAS 8, Definition of accounting estimates

Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction

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

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

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

Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current<sup>1</sup>

Amendments to HKAS 1, Non-current Liabilities with Covenants<sup>1</sup>

Amendments to HKFRS 16, Lease Liability in a Sales and Leaseback<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 2024.

<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.

## 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 2023

	Property development business RMB'000	Property investment and management RMB'000	Hotel operations RMB'000	Other operations RMB'000	Eliminations RMB'000	Total RMB'000
REVENUE						
Revenue from contracts with customers within the scope of HKFRS 15:						
— Recognised at point in time	14,633,975	—	—	25,911	—	14,659,886
— Recognised overtime	—	569,129	176,732	—	—	745,861
Revenue from other sources outside the scope of HKFRS 15:						
— Rental income	—	233,416	—	—	—	233,416
External revenue	14,633,975	802,545	176,732	25,911	—	15,639,163
Inter-segment revenue*	—	59,964	—	—	(59,964)	—
Total revenue	<u>14,633,975</u>	<u>862,509</u>	<u>176,732</u>	<u>25,911</u>	<u>(59,964)</u>	<u>15,639,163</u>
SEGMENT RESULTS	<u>2,746,881</u>	<u>103,331</u>	<u>(4,652)</u>	<u>37,479</u>	<u>—</u>	<u>2,883,039</u>
Unallocated income						265,309
Unallocated expenses						(263,056)
Finance costs						(819,183)
Loss on disposal of net assets classified as held for sale	(1,026)	—	—	—	—	(1,026)
Share of results of associates	42,068	—	—	—	—	42,068
Share of results of joint ventures	(9,207)	—	—	—	—	(9,207)
Profit before income tax expense						2,097,944
Income tax expense						(1,378,938)
Profit for the period						<u>719,006</u>

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

**As at 30 June 2023**  
*Assets and liabilities*

	<b>Property development business RMB'000</b>	<b>Property investment and management RMB'000</b>	<b>Hotel operations RMB'000</b>	<b>Other operations RMB'000</b>	<b>Total RMB'000</b>
Assets					
Segment assets	153,635,452	10,251,650	3,171,725	882,728	167,941,555
Interests in associates	1,660,787	—	—	—	1,660,787
Interests in joint ventures	6,147,355	—	—	1,350	6,148,705
Unallocated corporate assets					<u>38,292,196</u>
Total assets					<u><u>214,043,243</u></u>
Liabilities					
Segment liabilities	81,962,347	1,410,718	157,774	10,221	83,541,060
Unallocated corporate liabilities					<u>86,508,784</u>
Total liabilities					<u><u>170,049,844</u></u>

For the six months ended 30 June 2022

	Property development business <i>RMB'000</i> (Restated)	Property investment and management <i>RMB'000</i> (Restated)	Hotel operations <i>RMB'000</i> (Restated)	Other operations <i>RMB'000</i> (Restated)	Eliminations <i>RMB'000</i> (Restated)	Total <i>RMB'000</i> (Restated)
<b>REVENUE</b>						
Revenue from contracts with customers within the scope of HKFRS 15:						
— Recognised at point in time	17,830,781	—	—	27,419	—	17,858,200
— Recognised overtime	—	515,999	89,098	—	—	605,097
Revenue from other sources outside the scope of HKFRS 15:						
— Rental income	—	233,583	—	—	—	233,583
External revenue	17,830,781	749,582	89,098	27,419	—	18,696,880
Inter-segment revenue*	—	57,607	—	—	(57,607)	—
<b>Total revenue</b>	<b>17,830,781</b>	<b>807,189</b>	<b>89,098</b>	<b>27,419</b>	<b>(57,607)</b>	<b>18,696,880</b>
<b>SEGMENT RESULTS</b>	<b>4,150,107</b>	<b>106,512</b>	<b>(79,167)</b>	<b>38,916</b>	<b>—</b>	<b>4,216,368</b>
Unallocated income						162,897
Unallocated expenses						(327,542)
Finance costs						(730,100)
Share of results of associates	(73,237)	—	—	(70)	—	(73,307)
Share of results of joint ventures	(21,099)	—	—	2	—	(21,097)
Profit before income tax expense						3,227,219
Income tax expense						(1,997,327)
<b>Profit for the period</b>						<b>1,229,892</b>

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

As at 31 December 2022

*Assets and liabilities*

	Property development business <i>RMB'000</i>	Property investment and management <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Other operations <i>RMB'000</i>	Total <i>RMB'000</i>
Assets					
Segment assets	146,697,192	10,173,354	3,079,081	866,498	160,816,125
Interests in associates	1,603,728	—	—	—	1,603,728
Interests in joint ventures	6,047,755	—	—	2,417	6,050,172
Unallocated corporate assets					<u>34,645,166</u>
Total assets					<u><u>203,115,191</u></u>
Liabilities					
Segment liabilities	70,228,930	1,397,225	163,128	13,535	71,802,818
Unallocated corporate liabilities					<u>89,522,429</u>
Total liabilities					<u><u>161,325,247</u></u>

**3. PROFIT BEFORE INCOME TAX EXPENSE**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		(Restated)
Profit before income tax expense is arrived at after charging/ (crediting):		
Depreciation of property, plant and equipment	<b>93,178</b>	74,697
Depreciation of right-of-use assets	<b>21,214</b>	14,351
Share of tax of associates (included in share of results of associates)	<b>13,882</b>	12,580
Share of tax of joint ventures (included in share of results of joint ventures)	<b>12,081</b>	964
(Gain)/Loss on disposal of investment properties	<b>(21)</b>	8,985
	<u><u>138,334</u></u>	<u><u>109,577</u></u>

#### 4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
The charge comprises:		
Hong Kong Profits Tax	<b>1,605</b>	8,676
People's Republic of China Enterprise Income Tax ("PRC EIT")	<b>579,842</b>	948,349
People's Republic of China Land Appreciation Tax ("LAT")	<b>783,645</b>	1,045,577
	<b>1,365,092</b>	2,002,602
Deferred taxation	<b>13,846</b>	(5,275)
	<b><u>1,378,938</u></b>	<b><u>1,997,327</u></b>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2022: 16.5%) based on the estimated assessable profit for the period ended 30 June 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime.

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

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

The PRC EIT is calculated at 25% (six months ended 30 June 2022: 25%) based on the estimated assessable profit for the period.

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

#### 5. DIVIDENDS

The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$Nil).



## 8. TRADE AND OTHER RECEIVABLES

The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables arising from sales of properties as the Group has numerous customers. In respect of sales of goods granted to trade customers, the Group allows an average credit period of 30 days to 90 days. The following is an ageing analysis of trade receivables net of allowance for credit losses at the end of the reporting period presented based on invoice dates:

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
0 to 30 days	16,127	49,681
31 to 90 days	73,152	30,361
More than 90 days	<u>278,501</u>	<u>228,104</u>
Total trade receivables	367,780	308,146
Other receivables	<u>5,868,128</u>	<u>5,045,011</u>
	<u><u>6,235,908</u></u>	<u><u>5,353,157</u></u>

## 9. TRADE AND OTHER PAYABLES

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

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
0 to 30 days	459,421	1,105,844
31 to 90 days	125,213	174,963
More than 90 days	<u>17,587,510</u>	<u>18,887,635</u>
Total trade payables	18,172,144	20,168,442
Other payables	<u>11,382,977</u>	<u>9,975,864</u>
	<u><u>29,555,121</u></u>	<u><u>30,144,306</u></u>

## 10. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Amount RMB'000</b>
Ordinary shares, issued and fully paid: At 31 December 2022 and 30 June 2023	3,821,183,118	<u><u>15,712,159</u></u>

## **11. CONTINGENT LIABILITIES**

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amounted to approximately RMB26,988,999,000 as at 30 June 2023 (31 December 2022: RMB23,443,910,000). 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 2023, 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 approximately RMB7,930,343,000 (31 December 2022: RMB8,130,800,000), of which approximately RMB5,576,250,000 (31 December 2022: RMB5,586,393,000) had been utilised by these associates and joint ventures.

## **12. CAPITAL COMMITMENTS**

Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property development expenditures and acquisition of land use right amounted to RMB19,775,722,000 (31 December 2022: RMB19,955,769,000) and RMB2,119,430,000 (31 December 2022: RMB2,066,000,000), respectively, as at 30 June 2023.

The Group did not have any capital expenditure authorised but not contracted for as at 30 June 2023 (31 December 2022: RMBNil).

## MANAGEMENT DISCUSSION AND ANALYSIS

For the first half of 2023, the Group recorded a revenue of RMB15,639 million (corresponding period of 2022: RMB18,697 million), representing a decrease of RMB3,058 million or 16.4% when comparing with the corresponding period of last year. Profit attributable to shareholders amounted to RMB639 million (corresponding period of 2022: RMB1,269 million), indicating a decrease of RMB630 million or 49.6% from the corresponding period of last year. Basic and diluted earnings per share stood at RMB16.73 cents (corresponding period of 2022: RMB34.16 cents). As at 30 June 2023, shareholders' equity of the Group amounted to RMB33,675 million (31 December 2022: RMB32,930 million), indicating a 2.3% increase from last year end. Net asset value per share amounted to RMB8.81 (31 December 2022: RMB8.62).

## BUSINESS REVIEW

In the first half of 2023, China's economy and society fully resumed normal operation, with the economy gradually stabilising and improving. However, since the second quarter, the growth rate of some indicators has declined and the economic activity has weakened. The foundation of the recovery is not yet solid, and the promotion of a sustained upturn in the economy still requires precise and vigorous macro-policies.

The relationship between supply and demand in the property market has undergone major changes. In the first half of the year, the sales of commodity properties in China amounted to approximately RMB6.3 trillion, representing a slight increase of 1.1% when comparing with the corresponding period of last year. The amount of property development investment recorded a year-on-year decrease of 7.9%, and the National Real Estate Climate Index hit a new low in a year, indicating a lack of market demand and confidence. Especially after the second quarter, the sentiment of property purchasers declined rapidly, while the ability and willingness of real estate enterprises to launch new projects were weak. High-quality real estate enterprises further focused on the core cities, and the land market demonstrated a trend of partial positive and overall negative.

In recent years, the Group has continued to invest its expansion resources in high capability cities, giving priority to projects with quick turnover of cash flow and cash profit. In the first half of the year, the Company acquired five projects in Shanghai, Guangzhou, Suzhou, Kunshan and Nanning, with newly acquired land reserve of 1,050,000 square metres. As at 30 June 2023, the percentage of attributable land reserves in Yangtze River Delta and Greater Bay Area was 48%, representing an increase of five percentage points as compared with the end of last year, while the percentage of attributable land reserves in first-tier cities was 25%, representing an increase of three percentage points as compared with the end of last year.

The land reserve structure was optimised to support the Group’s operational resilience and risk resistance capability during market downturn. In the first half of the year, Poly Property Group recorded contracted sales of RMB37.4 billion, representing a year-on-year increase of 127%. Sales in Yangtze River Delta and Greater Bay Area accounted for 71%. Average contracted selling price increased by 32% year on year to RMB25,231 per square metre, driven by an increase in the proportion of high-tier cities. During the period, the Group achieved high-quality sales, with contracted sales collection of RMB35.9 billion and a collection ratio of 96%.

Through strong cash collection as well as prudent and steady expansion, the net gearing ratio significantly decreased by 18.6 percentage points to 97.3% as compared with the end of last year, and the total debt decreased by RMB2.9 billion or 3.7%. While reducing its borrowing scale, the Group was committed to continuously improving its existing debt structure. In the first half of the year, a total of RMB4.0 billion of corporate bonds and RMB1.5 billion of medium-term notes were issued, which further optimised the average financial cost to 4.05%, representing a decrease of 0.21 percentage points from the end of last year.

The Conference of the Central Politburo held in late July planned the layout for economic work in the second half of the year. The meeting concluded that it is necessary to adjust and optimise property policies when applicable, and make good use of the policy toolkit to implement policies in response to the actual situations in their respective cities to better satisfy the rigid and improved housing demand of residents and promote the stable and healthy development of the property market. Poly Property adheres to the corporate DNA of “red genes to forge the soul, blue genes to create success”, insists on the improvement of product strength and market share amid the adversity, continues to practice the principle of “ensuring safety, quality and delivery” and strives to realise a better life for the people and a high quality development for the industry.

## **PROPERTY SALES**

In the first half of 2023, Poly Property Group recorded contracted area sold of approximately 1,482,000 square metres, and contracted sales of approximately RMB37.4 billion in value. Poly Property Group had 130 major projects for sale, with three of them being debut projects, namely Shanghai Poly Dawn Light Residence, Kunshan Poly Brilliant Palace and Shenzhen Poly Jade Apartments.

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

<b>Region and City</b>	<b>Contracted Sales for the First Half of 2023 (RMB million)</b>	<b>Percentage (%)</b>
<b>Yangtze River Delta Region</b>	<b>16,661</b>	<b>45%</b>
Shanghai	4,289	
Kunshan	4,722	
Taicang	203	
Changzhou	486	
Suzhou	2,258	
Ningbo	4,294	
Hangzhou	230	
Ninghai	178	
Deqing	2	
<b>Pearl River Delta Region</b>	<b>6,054</b>	<b>16%</b>
Guangzhou	2,047	
Foshan	812	
Shenzhen	2,948	
Huizhou	246	
<b>Southwestern Regions</b>	<b>3,519</b>	<b>9%</b>
Guiyang	319	
Zunyi	2	
Nanning	2,063	
Liuzhou	198	
Kunming	937	
<b>Other Regions</b>	<b>7,147</b>	<b>19%</b>
Wuhan	920	
Harbin	381	
Mudanjiang	35	
Jinan	4,742	
Yantai	284	
Weihai	253	
Weifang	3	
Zibo	89	
Tai'an	162	
Wanning	280	
<b>Hong Kong</b>	<b>4,002</b>	<b>11%</b>
Hong Kong	4,002	
<b>Total</b>	<b>37,383</b>	<b>100%</b>

Notes:

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

In the second half of 2023, subject to construction progress and market conditions, Poly Property Group plans to launch 6 new projects which include Ningbo Hai Shu Project, Jinan Lixia District Project, Shanghai Qing Pu Project, Kunshan Jingwang Road Project, Nanning Zhongyao Road Project and Guangzhou Pan Yu Project.

#### **NEWLY COMMENCED CONSTRUCTION**

In the first half of 2023, Poly Property Group commenced construction on a total of 5 new projects with a gross floor area of approximately 700,000 square metres. Among which, 2 projects commenced construction for the first time, namely, Shenzhen Poly Jade Apartments and Jinan Lixia District Project.

<b>Project</b>	<b>Gross Floor Area of Newly Commenced Construction</b> <i>(’000 square metres)</i>	<b>Interests Attributable to the Group</b> <i>(%)</i>
Guangzhou Poly Polaris	114	94%
Foshan Poly Mansion	89	100%
Shenzhen Poly Jade Apartments	138	51%
Jinan Lixia District Project	216	100%
Wanning Poly Peninsula No.1	143	100%
<b>Total</b>	<b>700</b>	

## RECOGNISED PROPERTY SALES

In the first half of 2023, the Group recognised a total sales value of approximately RMB14,589 million and a total gross floor area of approximately 1,098,000 square metres. Details of recognised property sales are as follows:

Region and Project	Sales Recognised in the First Half of 2023 (RMB million)	Percentage (%)
<b>Yangtze River Delta Region</b>	<b>2,420</b>	<b>17%</b>
1. Shanghai Jiading Project	51	
2. Shanghai Jiading Affordable Housing Project	71	
3. Shanghai Poly Moon Light	1,935	
4. Suzhou Poly Tianyue Mansion	103	
5. Suzhou Wonderful Times	149	
6. Ningbo Poly City	41	
7. Ningbo Poly Lake Imprint	38	
8. Others	32	
<b>Pearl River Delta Region</b>	<b>1,556</b>	<b>11%</b>
9. Guangzhou Poly Gratified West Bay	343	
10. Guangzhou Nansha Poly City	64	
11. Guangzhou Poly Glory	130	
12. Foshan Guangfo Poly City	90	
13. Foshan Guangfo Poly City Phase II	637	
14. Huizhou Poly Sunshine Town	104	
15. Huizhou Poly Lujiang Lane	154	
16. Others	34	
<b>Southwestern Regions</b>	<b>5,329</b>	<b>36%</b>
17. Guiyang Poly Park 2010	287	
18. Guiyang Poly Phoenix Bay	58	
19. Nanning Poly Crescendo	64	
20. Nanning Poly Town	299	
21. Nanning Poly Town Phase II	2,592	
22. Liuzhou Poly Mountain Villa	430	
23. Kunming Poly City	1,524	
24. Others	76	

<b>Region and Project</b>	<b>Sales Recognised in the First Half of 2023 (RMB million)</b>	<b>Percentage (%)</b>
<b>Other Regions</b>	<b>5,095</b>	<b>35%</b>
25. Wuhan Poly Up Town	593	
26. Wuhan Poly Joyful Mansion	141	
27. Harbin Poly City	54	
28. Harbin Poly Tin Yor Phase II	204	
29. Harbin Poly Time Lane	99	
30. Harbin Guang Xin Project	1,390	
31. Jinan Poly Mountain Villa	120	
32. Jinan Poly Sheng Jing Tai	50	
33. Jinan Huai Yin Project	377	
34. Jinan Poly Grand Joy	1,047	
35. Weihai Poly Hanlin Mansion	77	
36. Weihai Poly Moon Fenghua	513	
37. Zibo Poly City	135	
38. Tai'an Poly Yuelu Mansion	199	
39. Others	96	
<b>Hong Kong</b>	<b>189</b>	<b>1%</b>
40. Hong Kong Vibe Centro	35	
41. Hong Kong Villa La Plage	154	
<b>Total</b>	<b>14,589</b>	

*Notes:*

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

## NEW LAND RESERVES

In the first half of 2023, Poly Property Group acquired five new projects, which are located in Shanghai, Kunshan, Nanning, Guangzhou and Suzhou. The planned total gross floor area of the new projects amounted to approximately 1,050,000 square metres with land cost at a reasonable level.

New Project	Planned Property Type	Total Site	Planned Total	Interests
		Area	Gross Floor	Attributable to
		( <i>'000 square metres</i> )	( <i>'000 square metres</i> )	the Group
				(%)
Shanghai Qing Pu Project	Residential and Commercial	156	570	51%
Kunshan Jingwang Road Project	Residential	46	137	100%
Nanning Zhongyao Road Project	Residential and Commercial	43	163	51%
Guangzhou Pan Yu Project	Residential	24	79	100%
Suzhou Industrial Park Project	Residential	46	101	100%
<b>Total</b>		<b>314</b>	<b>1,050</b>	

### Shanghai Qing Pu Project

The project is located in Qingpu New Town, Qingpu District, Shanghai, which belongs to the core area of the central business district built by Qingpu New Town, with high planning level and great development potential. In addition to the existing Metro Line 17, two metro lines will be built in the future. The project is mainly located in residential areas, with a planned 12-year school district from kindergarten to middle school, and the living atmosphere and facilities will continue to be improved. The project, with a planned total gross floor area of approximately 570,000 square metres, is intended to be developed into high-rise residential buildings.

### Kunshan Jingwang Road Project

The project is located in the east of Development Zone in Kunshan, four kilometres away from the centre of Kunshan and close to the East City and Brilliant Palace Project under development by the Group. Kunshan Central East Line is west to the site, with convenient transportation. The surrounding development is relatively mature, with complete educational, commercial and medical facilities. The site enjoys promising development prospect with the central business district, Qingyang Harbor Riverfront Urban Centre and Metro Line S1 corridor under planning. The project, with a planned total gross floor area of approximately 137,000 square metres, is intended to be developed into high-rise residential buildings.

### **Nanning Zhongyao Road Project**

The project is located in Xinyang Longteng area, Xixiangtang District, Nanning, which belongs to the traditional old town of Nanning, with dense population and rich living atmosphere. The project is close to Xinxu Park, railway station and Chaoyang business district, with all kinds of living ancillary facilities. The site is close to Jiangbei Avenue, Qingxiang North Expressway and other traffic arteries, enjoying a fairly convenient transportation. It has geographical advantage, and is widely recognized by local customers. The project, with a planned total gross floor area of approximately 163,000 square metres, is intended to be developed into high-rise residential buildings.

### **Guangzhou Pan Yu Project**

The project is located on the north side of Panyu Coach Terminal in Guangzhou, belonging to Shiqiao, 2.5 kilometres away from Panyu District government and only 800 metres away from Panyu Coach Terminal Station of the East Extension Line of Metro Line 3 under construction. Benefiting from its significant transportation advantage, it takes about half an hour to get to Zhujiang New Town. The site has a full range of commercial and educational facilities in the vicinity, as well as several mature residential communities with a strong residential atmosphere. The project, with a planned total gross floor area of approximately 79,000 square metres, is intended to be developed into high-rise residential buildings.

### **Suzhou Industrial Park Project**

The project is located in the Xietang Area of Suzhou Industrial Park. The site neighbours Olympic Plot in the north, which is approximately 2 kilometres away from the Olympic Sports Center. The west side neighbours the Shuanghu business district of the Park, which is approximately 3.5 kilometres away. The project enjoys convenient transportation and full-fledged ancillary facilities. Sangtian Island area is approximately 5 kilometres from the east of the project, which is currently a key high-tech industry cluster in Suzhou, gathering a large number of high-level technical talents. The project, with a planned total gross floor area of approximately 101,000 square metres, is intended to be developed into high-rise residential buildings.

## INVESTMENT PROPERTIES

The Group has various investment properties and hotels located in first-tier cities and second-tier provincial capitals. Its investment properties have a total gross floor area of approximately 697,000 square metres and asset value of approximately RMB9,671 million. As the economy and society resumed normal operation, the hotel business showed a clear recovery trend in the first half of the year.

Location	Major Investment Properties and Hotels	Gross Floor Area Held ( <i>'000 square metres</i> )	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 2023, the Group's property management companies recorded revenue of RMB569 million in aggregate, representing an increase of 12.2% when comparing with the corresponding period of last year. The companies managed a total of 276 property projects with a gross floor area under management of approximately 49,640,000 square metres, representing an increase of 3.4% when comparing with the corresponding period of last year.

## FINANCIAL REVIEW

### Liquidity and Capital Structure

As at 30 June 2023, total equity attributable to shareholders of the Company amounted to RMB33,674,543,000 (31 December 2022: RMB32,930,244,000), while the net asset value per share was RMB8.81 (31 December 2022: RMB8.62). As at 30 June 2023, the Group's gearing ratio (on the basis of the amount of total liabilities divided by the amount of total assets) was 79.4% (31 December 2022: 79.4%).

As at 30 June 2023, the Group had an outstanding bank and other borrowings (including the notes payable) of RMB77,101,890,000. In terms of maturity, the outstanding bank and other borrowings (including notes payable) can be divided into RMB17,380,066,000 (23%) to be repaid within one year, RMB18,962,277,000 (25%) to be repaid after one year but within two years, RMB31,617,153,000 (41%) to be repaid after two years but within five years, RMB9,142,394,000 (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 RMB68,191,444,000 (88%) in Renminbi, RMB3,588,000,000 (5%) in United State dollars, and RMB5,322,446,000 (7%) in Hong Kong dollars.

41% of the bank and other borrowings (including the notes payable) of the Group are subject to fixed interest rates and the remaining 59% 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 2023, the Group had a net current assets of RMB81,625,575,000 and total bank balances of RMB34,309,826,000 (31 December 2022: RMB81,544,307,000 and RMB31,617,971,000, 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:

	<b>30 June 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Investment properties	<b>6,519,329</b>	6,519,329
Hotel properties	<b>1,536,000</b>	1,536,000
Buildings	<b>231,235</b>	233,396
Right-of-use assets	<b>217,490</b>	221,523
Properties under development	<b>33,613,480</b>	30,735,407
Properties held for sale	<b>489,557</b>	489,665
Bank deposits	<b>343,606</b>	444,639
	<b><u>42,950,697</u></b>	<u>40,179,959</u>

In addition to above pledge of assets, at 30 June 2023 and 31 December 2022, 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:

	<b>30 June 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Total assets	<b>38,213,553</b>	47,803,727
Total liabilities	<b><u>(38,088,858)</u></b>	<u>(46,028,476)</u>
Net assets value	<b><u>124,695</u></b>	<u>1,775,251</u>

## 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 RMB26,988,999,000 as at 30 June 2023 (31 December 2022: RMB23,443,910,000). 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 2023, 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 RMB7,930,343,000 (31 December 2022: RMB8,130,800,000), of which RMB5,576,250,000 (31 December 2022: RMB5,586,393,000) had been utilised by these associates and joint ventures.

## **EMPLOYEES**

As at 30 June 2023, the Group employed 8,848 (30 June 2022: 8,799) employees with remuneration for the period amounted to approximately RMB500,350,000. The Group provides its employees with various benefits including year-ended double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. On-the-job training is also provided as and when required.

## **SHARE OPTIONS**

In order to provide incentives or rewards to the Directors and certain employees of the Company and certain eligible persons to contribute to the long term success of the business of the Group, the shareholders of the Company adopted a share option scheme (the “Share Option Scheme”) on 28 May 2014. The Company granted a total of 109,750,000 options (each option entitles its holder to subscribe for one share of the Company) under the Share Option Scheme to certain executive Directors and employees on 10 January 2019. During the six months ended 30 June 2023, no option was granted under the Share Option Scheme and 27,293,364 share options were cancelled due to the failure to achieve certain performance indicators or other conditions as stipulated in the Share Option Scheme.

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

During the six months period ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

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

Throughout the period under review, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”).

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

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

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") during the six months ended 30 June 2023. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code and the code of conduct regarding directors' securities transactions adopted by the Company for the six months ended 30 June 2023.

## **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 2023. The Audit Committee has approved the unaudited interim financial statements.

## **EVENTS AFTER THE REPORTING PERIOD**

From 30 June 2023 to the date of this announcement, there were no significant events after the reporting period which have material effect on the Group.

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

This interim results announcement is published on the Company's website and the website of The Stock Exchange of Hong Kong Limited. The 2023 Interim Report will also be available at the Company's website and the website of The Stock Exchange of Hong Kong Limited and will be despatched to shareholders of the Company in September 2023.

On behalf of the Board  
**Poly Property Group Co., Limited**  
**Wan Yuqing**  
*Chairman*

Hong Kong, 28 August 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Wan Yuqing, Mr. Wang Jian and Mr. Ye Liwen, the non-executive director of the Company is Mr. Chen Yuwen, and the independent non-executive directors of the Company are Mr. Ip Chun Chung, Robert, Mr. Fung Chi Kin, Miss Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.*