



渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED

Stock Code : 00075

2024
INTERIM
REPORT





Contents

| | <i>Pages</i> |
|--|--------------|
| Corporate information..... | 1 |
| Management discussion and analysis | 2 |
| Disclosure of interests..... | 7 |
| Other information..... | 9 |
| Consolidated statement of profit or loss..... | 11 |
| Consolidated statement of comprehensive income..... | 12 |
| Consolidated statement of financial position..... | 13 |
| Consolidated statement of changes in equity..... | 15 |
| Condensed consolidated statement of cash flows..... | 16 |
| Notes to interim condensed consolidated financial information..... | 17 |



Corporate Information

EXECUTIVE DIRECTOR

Wong Hy Sky
(former English name: Huang Yun)
(Chairman and Managing Director)
Liu Jie

INDEPENDENT NON-EXECUTIVE DIRECTOR

Luk Yu King, James
Leung Yu Ming, Steven
Lai Degang

AUDIT COMMITTEE

Luk Yu King, James (Chairman)
Leung Yu Ming, Steven
Lai Degang

REMUNERATION COMMITTEE

Leung Yu Ming, Steven (Chairman)
Wong Hy Sky
Lai Degang

NOMINATION COMMITTEE

Wong Hy Sky (Chairman)
Leung Yu Ming, Steven
Lai Degang

AUTHORISED REPRESENTATIVE

Wong Hy Sky
Chan Sau Mui Juanna

COMPANY SECRETARY

Chan Sau Mui Juanna

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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26 Harbour Road
Wanchai
Hong Kong
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Fax: (852) 2507 2120
Website: www.ytrealtygroup.com.hk
Email: investors@ytrealtygroup.com.hk

EXTERNAL AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKER

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

LEGAL ADVISER

Bermuda:
Conyers Dill & Pearman

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

REGISTRAR & TRANSFER OFFICE

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

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

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00075

Management Discussion and Analysis

The board of directors (the “Board” or “Directors”) of Y. T. Realty Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024.

BUSINESS REVIEW

During the first half of 2024, the global economy was under pressure in the high-interest rate environment in the US and many major economies. In addition, geopolitical conflicts around the world especially Russia and Ukraine in Europe, and Israel and Palestine in the Middle-East further affected the stability of supply chains of commodities and transportation of goods which inevitably created uncertainty for economic recovery.

In Mainland China, the Central Government continued to provide accommodative monetary policy and necessary fiscal stimulus to support economic recovery. Despite the trade and political tension with the US continued, an approximate 5% growth in Growth Domestic Product (“GDP”) was recorded for the first half of 2024. However, the property sector continued its weakness as overall property sales and sales prices declined when compared to the previous year across most property sectors and regions as the overall sentiment and confidence in the property market was not yet restored.

In the UK, the economy was still under the impact of high interest rate and there was no significant sign of economic growth during the reporting period. The property market was under pressure due to high borrowing cost. The property market in London, despite its relatively ideal location in the UK was inevitably affected as well.

In Hong Kong, the economy had experienced moderate GDP growth as compared to the previous year and unemployment rate continued to stay at low level. However, the overall property market was weak due to relatively high interest rates and lack of demand and confidence in various key property sectors, especially retails and office sectors.

For the first half of 2024, the Group’s total revenue amounted to HK\$2,723.5 million, representing an increase of 137.2% from HK\$1,148.2 million recorded in the last corresponding period. Revenue from property sale increased by 138.9% from HK\$1,134.2 million to HK\$2,709.3 million. Rental income from investment properties amounted to HK\$13.7 million, up 2.3% from HK\$13.4 million. Treasury management income amounted to HK\$0.5 million, down 16.9% from HK\$0.6 million.

The Group’s net profit attributable to shareholders for the first six months of 2024 amounted to HK\$13.2 million as compared to loss of HK\$117.1 million in the last corresponding period. Earnings per share for the first six-month period of 2024 was HK1.7 cents (2023: loss per share HK14.6 cents).

The Group’s investment property portfolio was independently valued at the end of the period resulting in revaluation loss of HK\$0.9 million (2023: HK\$79.5 million loss). The revaluation loss was reported in the consolidated statement of profit or loss.



Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Property Development and Trading

During the first half of 2024, the Group had pre-sales for two property projects in Sichuan, the PRC. The total contract sales was approximately HK\$942.7 million (2023: HK\$2,544.0 million) and the revenue recognised amounted to HK\$2,709.3 million (2023: HK\$1,134.2 million) in the first half of the year.

The breakdown of contract sales in the first half of 2024 is as follows:

| Projects | Location | Contract Sales RMB'M | Contract Sales GFA Sqm | Average Selling Price RMB/sqm |
|----------------------|------------------|-------------------------|---------------------------|----------------------------------|
| Binjiang Wisdom City | Meishan, Sichuan | 78.8 | 11,399 | 6,917 |
| The City of Islands | Meishan, Sichuan | 793.2 | 101,457 | 7,818 |

Property Investment

As at 30 June 2024, the Group's major investment properties include 1 Harrow Place in London, the UK and investment properties under construction in Sichuan, the PRC.

Gross rental income for the period amounted to HK\$13.7 million, an increase of 2.3% when compared with rental income of HK\$13.4 million in last corresponding period. As at 30 June 2024, the occupancy rate of the Group's investment property in the UK is 100%.

Treasury Management

During the first half of 2024, the treasury management income amounted to HK\$0.5 million as compared to HK\$0.6 million recorded in the same period of 2023.

Material Disposal

On 30 May 2024, the Group entered into an agreement to dispose of the entire issued capital of Hillstar Corporate Limited ("Hillstar Corporate"), an indirect wholly-owned subsidiary of the Group. Hillstar Corporate indirectly held 100% interest of the Group's investment property known as 1 Harrow Place which is a hotel property in London, the UK. The total consideration for the disposal was HK\$33.75 million. Completion took place on 26 July 2024. Further details of the disposal were already disclosed in the relevant announcements dated 30 May 2024 and 28 June 2024 published by the Company.

PROSPECTS

For the second half of 2024, the global economy is expected to remain challenging and volatile. Even though inflation for the US and many major economies has decreased from its high and the interest rate is very likely to decrease with the downward trend during the period, sustainable global economic recovery will take time to materialize as uncertainties surrounding Russia-Ukraine war and the Middle East geopolitical conflicts will undermine the pace and magnitude of economic recovery.

In Mainland China, the economic growth depends on key factors such as domestic policies, global economic conditions, and the magnitude of trade and political tension with the US. It is anticipated that the Central Government will continue its effort to provide proactive and accommodative monetary policy and fiscal stimulus to ensure stable economic growth. More supportive policies and measures by the Central Government as well as local government are expected to be put in place to revive the property market which is a vital element of the overall economy. It is expected that the property market will gradually recover and improve in the long run.

In the UK, the economic conditions will depend on the effect of interest rate cut which just commenced in early August and the economic and political conditions around the world. It is anticipated that economic growth will be volatile and the recovery of the property market remains uncertain until the interest rate is reduced to substantial level to stimulate steady economic growth. After completion of the disposal of the Group's London investment property on 26 July 2024, the Group has no further investment project in the UK. However, the Group will continue to monitor the market conditions in the UK so that the Group will be able to assess the viability of the UK property market for future investment opportunities.

In Hong Kong, it is anticipated that the pace of economic growth will be moderate and continue to be affected by the interest rate cycle of the US and various key factors such as tourism, local consumer spending, and the economic growth of Mainland China. It is expected that the property market across sectors will remain weak until substantial interest rate decrease takes place and economic expansion and consumer confidence is restored to sustainable level.

In the challenging economic environment, the Group will continue to stay alert and adopt prudent and proactive approach for its business operations and development. The Group will prudently look for business opportunities in property markets with stable and economic prospects for sustainable growth, and endeavor to enhance the returns for our shareholders in the long run. The Group will continue its efforts in the property business in Mainland China which is expected to improve gradually with supportive policies and measures by the government to ensure economic growth and revive the property market.



Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had net borrowing of HK\$2,208.4 million (31 December 2023: HK\$1,012.3 million), consisting cash and bank balances of HK\$813.2 million (31 December 2023: HK\$997.5 million) and total borrowings of HK\$3,021.6 million (31 December 2023: HK\$2,009.8 million). The gearing ratio of the Group was 214.6% (31 December 2023: 98.4%). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2024, the total cash and bank balances amounted to HK\$813.2 million (31 December 2023: HK\$997.5 million), approximately 93.3% was denominated in RMB, 5.4% in HKD, and 1.3% in USD.

As at 30 June 2024, the Group's total borrowings amounted to HK\$3,021.6 million (31 December 2023: HK\$2,009.8 million). Certain borrowings are secured by the pledge of certain property interest and equity interests in certain subsidiaries of the Group. 100% of total borrowings was denominated in RMB. The Group proactively managed its financial resources and devised appropriate funding plan for working capital and capital expenditure.

The maturity profile of the Group's bank and other borrowings as at 30 June 2024 is as follows:

| | HK\$'M | Percentage |
|--|-----------------------|----------------------|
| Repayable: | | |
| Within one year or on demand | 316.9 | 10.5% |
| In the second year | 1,554.3 | 51.4% |
| In the third to fifth years, inclusive | <u>1,150.4</u> | <u>38.1%</u> |
| Total | <u><u>3,021.6</u></u> | <u><u>100.0%</u></u> |

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

CONTINGENT LIABILITIES/FINANCIAL GUARANTEES

As at 30 June 2024, the Group provided financial guarantees to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties in the PRC amounting to HK\$7,472.6 million (31 December 2023: HK\$7,338.2 million).

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

EVENT AFTER REPORTING PERIOD

On 30 May 2024, the Group entered into an agreement to dispose of the entire issued capital of Hillstar Corporate, an indirect wholly-owned subsidiary of the Group. Hillstar Corporate indirectly held 100% interest of the Group's investment property known as 1 Harrow Place which is a hotel property in London, the UK. The total consideration for the disposal was HK\$33.75 million. Completion took place on 26 July 2024. Further details of the disposal were already disclosed in the relevant announcements dated 30 May 2024 and 28 June 2024 published by the Company.

STAFF

As at 30 June 2024, the Group employed 325 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the Board depending upon the financial performance of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).



Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2024, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Interests in the Company

| Name of Director | Capacity | No. of shares held | Total no. of shares held | Percentage of interest |
|------------------|--|--------------------|--------------------------|------------------------|
| Wong Hy Sky | Interest of controlled corporation ^(Note) | 79,772,000 | | |
| | Beneficial owner | <u>88,000,000</u> | <u>167,772,000</u> | 20.98% |

Note:

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

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 21 May 2015 (the "Scheme") is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015. No option has been granted since the adoption of the Scheme and up to 30 June 2024. At the beginning and the end of the period, the number of options available for grant under the Scheme mandate is 79,955,741.

No option lapsed and no option was granted, exercised or cancelled under the Scheme during the half-year period ended 30 June 2024. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of this period.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 30 June 2024, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO as being interested or deemed to have interest in 5% or more of the issued share capital of the Company:

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

Notes:

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

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any other person or corporation (other than Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company or the Exchange under Part XV of the SFO.



CORPORATE GOVERNANCE CODE

Throughout the accounting period covered by this interim report, the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Listing Rules save for the deviations described below.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions for its Directors and its relevant employees (within the meaning of the CG Code) on terms no less exacting than the Model Code.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely Luk Yu King, James (Chairman of the Audit Committee), Leung Yu Ming, Steven and Lai Degang. The Audit Committee has reviewed this interim report. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed internal control, risk management and financial reporting matters with management.

APPRECIATION

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

On behalf of the board

Wong Hy Sky

Chairman and Managing Director

Hong Kong, 29 August 2024



Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

| | Notes | Unaudited | |
|---|-------|--------------------------|-----------------------|
| | | Six months ended 30 June | |
| | | 2024 | 2023 |
| | | HK\$'000 | HK\$'000 |
| REVENUE | 4 | | |
| Sale of properties | | 2,709,273 | 1,134,233 |
| Rental income | | 13,742 | 13,427 |
| Interest income | | 463 | 557 |
| | | <u>2,723,478</u> | <u>1,148,217</u> |
| Total revenue | | | |
| Cost of sales | | (2,138,924) | (897,394) |
| | | <u>584,554</u> | <u>250,823</u> |
| Gross profit | | | |
| Other income and gains | | 6,099 | 5,033 |
| Other expenses and losses | | (1,094) | (80) |
| Selling and marketing expenses | | (242,357) | (172,540) |
| Administrative expenses | | (82,743) | (36,145) |
| Finance costs | 5 | (105,470) | (117,573) |
| Changes in fair value of investment properties | | (859) | (79,482) |
| | | <u>158,130</u> | <u>(149,964)</u> |
| PROFIT/(LOSS) BEFORE TAX | 6 | | |
| Income tax credit/(expense) | 7 | (142,476) | 16,580 |
| | | <u>15,654</u> | <u>(133,384)</u> |
| PROFIT/(LOSS) FOR THE PERIOD | | | |
| Attributable to: | | | |
| Equity holders of the Company | | 13,222 | (117,128) |
| Non-controlling interests | | 2,432 | (16,256) |
| | | <u>15,654</u> | <u>(133,384)</u> |
| EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic and diluted | 8 | <u>HK1.7 cents</u> | <u>(HK14.6 cents)</u> |

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

| | Unaudited | |
|--|---------------------------------|-------------------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| PROFIT/(LOSS) FOR THE PERIOD | <u>15,654</u> | <u>(133,384)</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| <i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange differences on translation of foreign operations | <u>(18,104)</u> | <u>4,854</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | <u>(18,104)</u> | <u>4,854</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | <u><u>(2,450)</u></u> | <u><u>(128,530)</u></u> |
| Attributable to: | | |
| Equity holders of the Company | 202 | (120,192) |
| Non-controlling interests | <u>(2,652)</u> | <u>(8,338)</u> |
| | <u><u>(2,450)</u></u> | <u><u>(128,530)</u></u> |



Consolidated Statement of Financial Position

30 June 2024

| | Notes | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|--|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 193,166 | 204,406 |
| Investment properties | 10 | 317,938 | 759,637 |
| Goodwill | | 251,808 | 257,336 |
| Other intangible asset | | 11,080 | 11,080 |
| Equity investment designated at fair value through other comprehensive income | | 1,760 | 1,760 |
| Deferred tax assets | | 158,800 | 134,905 |
| Other receivables | | 61,138 | 61,388 |
| Total non-current assets | | <u>995,690</u> | <u>1,430,512</u> |
| CURRENT ASSETS | | | |
| Properties under development | 11 | 9,785,490 | 9,831,941 |
| Interests in land use rights for property development | 11 | 525,548 | 40,921 |
| Completed properties held for sale | | 2,271,088 | 1,841,803 |
| Other receivables, deposits and prepayments | | 1,613,634 | 1,704,857 |
| Prepaid income tax | | 123,706 | 117,681 |
| Cash and bank balances | 12 | 813,203 | 997,547 |
| Assets of a disposal group classified as held for sale | 16 | 471,543 | – |
| Total current assets | | <u>15,604,212</u> | <u>14,534,750</u> |
| CURRENT LIABILITIES | | | |
| Trade and retention payables | 13 | 1,888,942 | 1,519,781 |
| Other payables and accrued expenses | | 1,417,505 | 1,269,100 |
| Interest-bearing bank and other borrowings | 14 | 316,864 | 219,539 |
| Contract liabilities | | 8,658,290 | 10,176,114 |
| Tax payable | | 271,855 | 118,834 |
| Liabilities of a disposal group classified as held for sale | 16 | 471,657 | – |
| Total current liabilities | | <u>13,025,113</u> | <u>13,303,368</u> |
| NET CURRENT ASSETS | | <u>2,579,099</u> | <u>1,231,382</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>3,574,789</u> | <u>2,661,894</u> |

Consolidated Statement of Financial Position

30 June 2024

| | <i>Notes</i> | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|---|--------------|--|--|
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>3,574,789</u> | <u>2,661,894</u> |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | 49,077 | 46,819 |
| Interest-bearing bank and other borrowings | 14 | 2,704,750 | 1,790,308 |
| Other payables | | <u>7,639</u> | <u>9,210</u> |
| Total non-current liabilities | | <u>2,761,466</u> | <u>1,846,337</u> |
| Net assets | | <u>813,323</u> | <u>815,557</u> |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Issued share capital | 15 | 79,956 | 79,956 |
| Reserves | | <u>949,343</u> | <u>949,141</u> |
| | | 1,029,299 | 1,029,097 |
| Non-controlling interests | | <u>(215,976)</u> | <u>(213,540)</u> |
| Total equity | | <u>813,323</u> | <u>815,557</u> |



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

| | Unaudited | | | | | | | | | | | |
|--|---|-----------------------|----------------------------|-----------------|---------------------|-------------------------------|-----------------------------|------------------|------------------|------------------|---------------------------|-------|
| | Attributable to equity holders of the Company | | | | | | | | | | Non-controlling interests | Total |
| | Issued share capital | Share premium account | Capital redemption reserve | Capital reserve | Contributed surplus | Exchange fluctuation reserves | Other reserves [#] | Retained profits | Total | Total | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| At 1 January 2024 | 79,956 | 95,738 | 1,350 | 1,800 | 4,767 | 27,720 | 1,020 | 816,746 | 1,029,097 | (213,540) | 815,557 | |
| Profit for the period | - | - | - | - | - | - | - | 13,222 | 13,222 | 2,432 | 15,654 | |
| Other comprehensive loss for the period | - | - | - | - | - | (13,020) | - | - | (13,020) | (5,084) | (18,104) | |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | (13,020) | - | 13,222 | 202 | (2,652) | (2,450) | |
| Acquisition of a subsidiary that is not a business | - | - | - | - | - | - | - | - | - | 216 | 216 | |
| At 30 June 2024 | 79,956 | 95,738* | 1,350* | 1,800* | 4,767* | 14,700* | 1,020* | 829,968* | 1,029,299 | (215,976) | 813,323 | |
| At 1 January 2023 | 79,956 | 95,738 | 1,350 | 1,800 | 4,767 | 21,350 | 1,240 | 846,840 | 1,053,041 | (174,390) | 878,651 | |
| Loss for the period | - | - | - | - | - | - | - | (117,128) | (117,128) | (16,256) | (133,384) | |
| Other comprehensive income/(loss) for the period | - | - | - | - | - | (3,064) | - | - | (3,064) | 7,918 | 4,854 | |
| Total comprehensive loss for the period | - | - | - | - | - | (3,064) | - | (117,128) | (120,192) | (8,338) | (128,530) | |
| At 30 June 2023 | 79,956 | 95,738 | 1,350 | 1,800 | 4,767 | 18,286 | 1,240 | 729,712 | 932,849 | (182,728) | 750,121 | |

* These reserve accounts comprise the consolidated reserves of HK\$949,343,000 (31 December 2023: HK\$949,141,000) in the consolidated statement of financial position.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

| | Unaudited | |
|---|---------------------------------|-----------------------------|
| | Six months ended 30 June | |
| <i>Note</i> | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash generated from/(used in) operations | (1,083,556) | 749,217 |
| PRC corporate income tax paid | (5,268) | (22,875) |
| PRC land appreciation tax paid | (11,096) | (24,858) |
| Overseas profits tax paid | (890) | (1,613) |
| Interest received from time deposits | 463 | – |
| | <u> </u> | <u> </u> |
| Net cash flows from/(used in) operating activities | <u>(1,100,347)</u> | <u>699,871</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of subsidiaries that is not a business | 1,890 | – |
| Additions to investment properties | (33,291) | (37,028) |
| Purchases of items of property, plant and equipment | (1,141) | (2,105) |
| Deposit received for proposed disposal of subsidiaries | 30,000 | – |
| Other cash flows arising from investing activities | 4,654 | 557 |
| | <u> </u> | <u> </u> |
| Net cash flows from/(used in) investing activities | <u>2,112</u> | <u>(38,576)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New interest-bearing bank and other borrowings | 2,981,543 | 321,483 |
| Repayment of interest-bearing bank and other borrowings | (1,766,817) | (1,273,760) |
| Principal portion of lease payments | (1,871) | (1,284) |
| Interest paid | (149,686) | (133,245) |
| | <u> </u> | <u> </u> |
| Net cash flows from/(used in) financing activities | <u>1,063,169</u> | <u>(1,086,806)</u> |
| Net decrease in cash and cash equivalents | (35,066) | (425,511) |
| Cash and cash equivalents at 1 January | 94,661 | 663,810 |
| Effect on foreign exchange rate changes, net | 35,265 | (16,709) |
| | <u> </u> | <u> </u> |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | <u>94,860</u> | <u>221,590</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 813,203 | 1,246,131 |
| Less: Restricted bank balances | (724,246) | (1,024,541) |
| Add: Cash and bank balances of a disposal group | 5,903 | – |
| | <u> </u> | <u> </u> |
| | <u>94,860</u> | <u>221,590</u> |



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA, except for the adoption of the revised HKFRSs and changes in accounting policies as disclosed in note 2 to the unaudited interim condensed consolidated financial information.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|-------------------------------------|---|
| Amendments to HKFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to HKAS 1 | <i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”) |
| Amendments to HKAS 1 | <i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”) |
| Amendments to HKAS 7 and HKFRS 7 | <i>Supplier Finance Arrangements</i> |

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its business activities and has four reportable operating segments during the first six months of 2024 as follows:

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

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

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

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

3 OPERATING SEGMENT INFORMATION (Continued)

| | Property development and trading HK\$'000 | Property investment HK\$'000 | Treasury management HK\$'000 | Property management and related services HK\$'000 | Consolidated HK\$'000 |
|--|--|------------------------------------|------------------------------------|---|--------------------------|
| Six months ended 30 June 2024 (Unaudited) | | | | | |
| Segment revenue | <u>2,709,273</u> | <u>13,742</u> | <u>463</u> | <u>-</u> | <u>2,723,478</u> |
| Segment results | 267,651 | 11,846 | 453 | - | 279,950 |
| Specific finance costs | (94,492) | (8,459) | - | - | (102,951) |
| General finance costs | | | | | (2,519) |
| Unallocated other income and gains | | | | | 19 |
| Corporate and other unallocated expenses and losses | | | | | <u>(16,369)</u> |
| Profit before tax | | | | | 158,130 |
| Income tax expense | (140,912) | (1,564) | - | - | <u>(142,476)</u> |
| Profit for the period | | | | | <u>15,654</u> |

| | Property development and trading HK\$'000 | Property investment HK\$'000 | Treasury management HK\$'000 | Property management and related services HK\$'000 | Corporate and others HK\$'000 | Consolidated HK\$'000 |
|--|--|------------------------------------|------------------------------------|---|--|--------------------------|
|--|--|------------------------------------|------------------------------------|---|--|--------------------------|

At 30 June 2024 (Unaudited)

Assets and liabilities

| | | | | | | |
|-------------------|-------------------|----------------|---------------|----------|---------------|-------------------|
| Total assets | <u>15,734,951</u> | <u>790,526</u> | <u>45,153</u> | <u>-</u> | <u>29,272</u> | <u>16,599,902</u> |
| Total liabilities | <u>15,274,982</u> | <u>471,763</u> | <u>-</u> | <u>-</u> | <u>39,834</u> | <u>15,786,579</u> |

Six months ended 30 June 2024 (Unaudited)

Other segment information:

| | | | | | | |
|---|---------------|----------|----------|----------|----------|---------------|
| Capital expenditure* | 1,141 | 33,291 | - | - | - | 34,432 |
| Depreciation | 5,763 | - | - | - | 2,281 | 8,044 |
| Fair value losses on investment properties | - | 859 | - | - | - | 859 |
| Impairment of properties under development and completed properties held for sale | <u>18,599</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,599</u> |



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

3 OPERATING SEGMENT INFORMATION (Continued)

| | Property development and trading HK\$'000 | Property investment HK\$'000 | Treasury management HK\$'000 | Property management and related services HK\$'000 | Consolidated HK\$'000 |
|--|--|------------------------------------|------------------------------------|---|--------------------------|
| Six months ended 30 June 2023 (Unaudited) | | | | | |
| Segment revenue | <u>1,134,233</u> | <u>13,427</u> | <u>557</u> | <u>-</u> | <u>1,148,217</u> |
| Segment results | 49,683 | (67,256) | 548 | - | (17,025) |
| Specific finance costs | (116,787) | - | - | - | (116,787) |
| General finance costs | | | | | (786) |
| Unallocated other income and gains | | | | | 41 |
| Corporate and other unallocated expenses and losses | | | | | <u>(15,407)</u> |
| Loss before tax | | | | | (149,964) |
| Income tax credit | 1,842 | 14,738 | - | - | <u>16,580</u> |
| Loss for the period | | | | | <u>(133,384)</u> |

| | Property development and trading HK\$'000 | Property investment HK\$'000 | Treasury management HK\$'000 | Property management and related services HK\$'000 | Corporate and others HK\$'000 | Consolidated HK\$'000 |
|--|--|------------------------------------|------------------------------------|---|--|--------------------------|
|--|--|------------------------------------|------------------------------------|---|--|--------------------------|

At 31 December 2023 (Audited)

Assets and liabilities

| | | | | | | |
|-------------------|-------------------|----------------|----------|----------|---------------|-------------------|
| Total assets | <u>15,149,999</u> | <u>766,892</u> | <u>-</u> | <u>-</u> | <u>48,371</u> | <u>15,965,262</u> |
| Total liabilities | <u>14,681,847</u> | <u>455,357</u> | <u>-</u> | <u>-</u> | <u>12,501</u> | <u>15,149,705</u> |

Six months ended 30 June 2023
(Unaudited)

Other segment information:

| | | | | | | |
|---|----------|---------------|----------|----------|----------|---------------|
| Capital expenditure* | 1,324 | 37,028 | - | - | 781 | 39,133 |
| Depreciation | 4,777 | - | - | - | 1,774 | 6,551 |
| Fair value losses on investment properties | <u>-</u> | <u>79,482</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>79,482</u> |

* Capital expenditure consists of additions of property, plant and equipment and investment properties.

3 OPERATING SEGMENT INFORMATION (Continued)

Geographical information

- (a) Revenue from external customers

| | Unaudited | |
|------------------|--------------------------|------------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Chinese Mainland | 2,709,273 | 1,134,233 |
| United Kingdom | 13,742 | 13,427 |
| Hong Kong | 463 | 557 |
| Total | <u>2,723,478</u> | <u>1,148,217</u> |

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

- (b) Non-current assets

| | 30 June | 31 December |
|------------------|----------------|------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Chinese Mainland | 758,634 | 747,171 |
| United Kingdom | – | 467,650 |
| Hong Kong | 15,358 | 17,638 |
| Total | <u>773,992</u> | <u>1,232,459</u> |

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

Information about major customers

During the six months ended 30 June 2024 and 2023, no revenue from transactions with a single external customer amounted to 10% or more of the total revenue of the Group.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

4 REVENUE

An analysis of revenue is as follows:

| | Unaudited | |
|--|---------------------------------|-------------------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Revenue from contracts with customers | | |
| Sale of properties | <u>2,709,273</u> | <u>1,134,233</u> |
| Revenue from other sources | | |
| Rental income from investment property operating leases: | | |
| Fixed lease payments | 13,742 | 13,427 |
| Interest income from time deposits | <u>463</u> | <u>557</u> |
| Subtotal | <u>14,205</u> | <u>13,984</u> |
| Total | <u><u>2,723,478</u></u> | <u><u>1,148,217</u></u> |

Revenue from contracts with customers

Disaggregated revenue information

Segment

Property development and trading

| | Unaudited | |
|----------------------------|---------------------------------|------------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Type of goods | | |
| Sale of properties | <u>2,709,273</u> | <u>1,134,233</u> |
| Geographical market | | |
| Chinese Mainland | <u>2,709,273</u> | <u>1,134,233</u> |

5 FINANCE COSTS

An analysis of finance costs is as follows:

| | Unaudited | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Interest on bank and other borrowings | 158,560 | 130,664 |
| Interest expenses arising from revenue contracts | 480,705 | 580,931 |
| Interest on lease liabilities | 533 | 257 |
| Imputed interest on retention payables | 28,059 | 28,320 |
| | <u>667,857</u> | 740,172 |
| Total interest expenses | 667,857 | 740,172 |
| Less: Interest capitalised | (562,387) | (622,599) |
| | <u>105,470</u> | <u>117,573</u> |
| Total | 105,470 | 117,573 |



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

6 PROFIT/(LOSS) BEFORE TAX

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

| | Unaudited | |
|--|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Depreciation of owned assets | 5,652 | 4,982 |
| Depreciation of right-of-use assets | <u>2,509</u> | <u>1,685</u> |
| | 8,161 | 6,667 |
| Less: Amount capitalised | <u>(117)</u> | <u>(116)</u> |
| Total | <u>8,044</u> | <u>6,551</u> |
| Staff costs (including executive directors' remuneration): | | |
| Wages and salaries | 57,894 | 23,467 |
| Pension scheme contributions | <u>2,768</u> | <u>120</u> |
| Total | <u>60,662</u> | <u>23,587</u> |
| Foreign exchange differences, net** | 102 | 68 |
| Bank interest income* | (4,654) | (2,996) |
| Impairment of properties under development and completed properties held for sale*** | <u>18,599</u> | <u>–</u> |

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

** This item is included in "Other expenses and losses" in the consolidated statement of profit or loss.

*** This item is included in "Cost of sales" in the consolidated statement of profit or loss.

7 INCOME TAX

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

| | Unaudited | |
|---|---------------------------------|------------------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Current — United Kingdom | | |
| Charge for the period | 1,786 | 1,703 |
| Over-provision in prior years | (51) | (18) |
| Subtotal | <u>1,735</u> | <u>1,685</u> |
| Current — Chinese Mainland | | |
| PRC corporate income tax | 111,645 | 12 |
| PRC land appreciation tax | 52,778 | 7,978 |
| Subtotal | <u>164,423</u> | <u>7,990</u> |
| Deferred | <u>(23,682)</u> | <u>(26,255)</u> |
| Total tax expense/(credit) for the period | <u><u>142,476</u></u> | <u><u>(16,580)</u></u> |



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

8 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2024 and 2023.

The calculation of basic and diluted earnings/(loss) per share is based on:

| | Unaudited | |
|---|--------------------------|--------------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| <u>Profit/(loss)</u> | | |
| Profit/(loss) for the period attributable to ordinary equity holders of the Company | <u>13,222</u> | <u>(117,128)</u> |
| | | |
| | Number of shares | |
| | Six months ended 30 June | |
| | 2024 | 2023 |
| <u>Shares</u> | | |
| Weighted average number of ordinary shares in issue during the period | <u>799,557,415</u> | <u>799,557,415</u> |

9 DIVIDENDS

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10 INVESTMENT PROPERTIES

The revaluation of the Group's investment properties was carried out by Knight Frank Petty Limited (six months ended 30 June 2023: H&W Property Valuers Limited and Knight Frank Petty Limited), an independent firm of professionally qualified valuer, on an open market, existing use basis at the end of the reporting period.

During the six months ended 30 June 2024, the Group incurred approximately HK\$33,291,000 (six months ended 30 June 2023: approximately HK\$37,028,000) on the addition of investment properties.

11 ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT, PROPERTIES UNDER DEVELOPMENT AND INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

During the six months ended 30 June 2024, the Group incurred HK\$1,141,000 on the addition of items of property, plant and equipment, including owned assets of HK\$1,141,000. The Group also incurred HK\$1,488,603,000 and HK\$1,278,530,000 on the additions of properties under development and interests in land use rights for property development, respectively.

During the six months ended 30 June 2023, the Group incurred HK\$5,311,000 on the addition of items of property, plant and equipment, including owned assets of HK\$2,105,000 and right-of-use assets of HK\$3,206,000. The Group also incurred HK\$1,254,035,000 on additions of properties under development.

12 CASH AND BANK BALANCES

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|--|--|--|
| Restricted bank balances (<i>note</i>) | 724,246 | 902,886 |
| Cash and cash equivalents | 88,957 | 94,661 |
| Cash and bank balances | 813,203 | 997,547 |

Note:

Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place at designated bank accounts certain amounts of pre-sales proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects. As at 30 June 2024, such guarantee deposits amounted to HK\$724,246,000 (31 December 2023: HK\$902,886,000).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

13 TRADE AND RETENTION PAYABLES

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

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|-----------------------------------|--|--|
| Trade payables: | | |
| Within 1 month | 649,121 | 371,640 |
| Over 1 month but within 2 months | 334 | 8,704 |
| Over 2 months but within 3 months | 643 | 423 |
| Over 3 months | 52,242 | 77,277 |
| | <hr/> | <hr/> |
| Subtotal | 702,340 | 458,044 |
| Retention payables | 1,186,602 | 1,061,737 |
| | <hr/> | <hr/> |
| Total | 1,888,942 | 1,519,781 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

14 INTEREST-BEARING BANK AND OTHER BORROWINGS

| | As at 30 June 2024 (Unaudited) | | | As at 31 December 2023 (Audited) | | |
|----------------------|-----------------------------------|-----------|------------------|-------------------------------------|-----------|------------------|
| | Contractual interest rate | Maturity | HK\$'000 | Contractual interest rate | Maturity | HK\$'000 |
| Current | | | | | | |
| Bank loans — secured | 6% | 2024-2025 | 209,453 | 6% | 2024 | 219,539 |
| Other borrowings | | | | | | |
| — secured | 8.5% | 2025 | <u>107,411</u> | N/A | N/A | <u>—</u> |
| Total — current | | | <u>316,864</u> | | | <u>219,539</u> |
| Non-current | | | | | | |
| Bank loans — secured | 6% | 2025-2026 | 553,168 | 6% | 2025-2026 | 439,078 |
| Other borrowings | | | | | | |
| — secured | 8.5% to 12.5% | 2026 | 1,379,319 | 11.5% to 12.5% | 2025-2026 | 1,351,230 |
| — unsecured | 12% | 2025-2027 | <u>772,263</u> | N/A | N/A | <u>—</u> |
| Total — non-current | | | <u>2,704,750</u> | | | <u>1,790,308</u> |
| Total | | | <u>3,021,614</u> | | | <u>2,009,847</u> |

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|--|--|--|
| Analysed into: | | |
| Bank loans repayable: | | |
| Within one year or on demand | 209,453 | 219,539 |
| In the second year | 284,640 | 230,516 |
| In the third to fifth years, inclusive | <u>268,528</u> | <u>208,562</u> |
| Subtotal | <u>762,621</u> | <u>658,617</u> |
| Other borrowings repayable: | | |
| Within one year | 107,411 | — |
| In the second year | 1,269,680 | 446,025 |
| In the third to fifth years, inclusive | <u>881,902</u> | <u>905,205</u> |
| Subtotal | <u>2,258,993</u> | <u>1,351,230</u> |
| Total bank and other borrowings | <u>3,021,614</u> | <u>2,009,847</u> |



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

14 INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) As at 30 June 2024, bank borrowings with an aggregate amount of HK\$762,621,000 (31 December 2023: HK\$658,617,000) were secured by the pledge of 53.6% equity interest in two non-wholly-owned subsidiaries of the Group (31 December 2023: secured by the pledge of 53.6% equity interest in two non-wholly-owned subsidiaries of the Group), and other borrowings with an aggregate amount of HK\$1,486,730,000 (31 December 2023: HK\$1,181,113,000) were secured by the pledge of the equity interest of a 80%, a 67% and a 78.4% non-wholly-owned subsidiaries of the Group (31 December 2023: secured by the pledge of the equity interest of a 80% and a 67% non-wholly-owned subsidiaries of the Group) and share charge in respect of the entire equity interests of certain wholly-owned subsidiaries of the Group.
- (b) As at 30 June 2024, bank borrowings and other borrowings with aggregate amounts of HK\$762,621,000 (31 December 2023: HK\$658,617,000) and HK\$1,262,849,000 (31 December 2023: HK\$735,088,000), respectively, were secured by the Group's properties under development with aggregate carrying amounts of HK\$2,446,203,000 (31 December 2023: HK\$1,992,923,000) and HK\$2,859,090,000 (31 December 2023: HK\$2,249,093,000), respectively.
- (c) As at 30 June 2024, other borrowings with an aggregate amount of HK\$225,564,000 (31 December 2023: HK\$241,384,000) were secured by the Group's completed properties held for sale with an aggregate carrying amount of HK\$78,887,000 (31 December 2023: HK\$82,706,000).
- (d) As at 30 June 2024, the Group's other borrowings with an aggregate amount of HK\$203,718,000 (31 December 2023: HK\$687,403,000) were secured by the Group's investment properties with an aggregate carrying amount of HK\$317,938,000 (31 December 2023: HK\$759,637,000).
- (e) As at 30 June 2024, the Group's bank borrowings with an aggregate amount of HK\$306,122,000 (31 December 2023: HK\$175,632,000) were secured by the Group's construction in progress with a carrying amount of HK\$26,251,000 (31 December 2023: HK\$26,827,000).
- (f) As at 30 June 2024, the Group's bank borrowings of HK\$762,621,000 (31 December 2023: HK\$658,617,000), were guaranteed by certain third parties.
- (g) As at 31 December 2023, the Company has guaranteed certain of the Group's other borrowings up to HK\$480,000,000.
- (h) As at 30 June 2024, bank and other borrowings of HK\$3,021,614,000 (31 December 2023: HK\$1,563,822,000) were denominated in Renminbi. As at 31 December 2023, bank and other borrowings of HK\$446,025,000 were denominated in Hong Kong dollars.
- (i) As at 30 June 2024 and 31 December 2023, all bank and other borrowings bear interest at fixed interest rates.

15 SHARE CAPITAL

Shares

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|---|--|--|
| Authorised: | | |
| 1,500,000,000 ordinary shares of HK\$0.1 each | <u>150,000</u> | <u>150,000</u> |
| Issued and fully paid: | | |
| 799,557,415 ordinary shares of HK\$0.1 each | <u>79,956</u> | <u>79,956</u> |



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

16 ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 30 May 2024, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group conditionally agreed to sell and the purchaser conditionally agreed to purchase its entire equity interest in Hillstar Corporate Limited ("Hillstar Corporate"), at the aggregate consideration of HK\$33,750,000. Hillstar Corporate is an investment holding company and its subsidiaries are principally engaged in property investment in United Kingdom. Further details of the disposal were set out in the announcements of the Company dated 30 May 2024 and 28 June 2024. The transaction has been completed on 26 July 2024.

The assets and liabilities of Hillstar Corporate and its subsidiaries (excluding amounts due from/to group companies which were eliminated on consolidation) as at 30 June 2024 are as follows:

| | 30 June 2024 HK\$'000 (Unaudited) |
|---|--|
| Assets | |
| Investment property | 463,890 |
| Other receivables, deposits and prepayments | 1,750 |
| Cash and bank balances | <u>5,903</u> |
| Assets of a disposal group classified as held for sale | <u><u>471,543</u></u> |
| Liabilities | |
| Other payables and accrued expenses | 10,222 |
| Tax payable | 1,010 |
| Other borrowing | <u>460,425</u> |
| Liabilities of a disposal group classified as held for sale | <u><u>471,657</u></u> |
| Net liabilities of a disposal group | <u><u>(114)</u></u> |

The other borrowing bears interest at fixed interest rate and is denominated in Hong Kong dollar. The other borrowing is repayable in second year based on the scheduled repayment date. The other borrowing is secured by share charges in respect of the equity interests in Super Gain Ventures Limited and Unique Time Investments Limited, investment property which has been included in assets of a disposal group classified as held for sale with an aggregate carrying amount of HK\$463,890,000 and corporate guarantee by the Company up to HK\$480,000,000. The carrying amount of the other borrowing approximates to its fair value.

17 FINANCIAL GUARANTEES

The Group had the following financial guarantees:

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|--|--|--|
| Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties | <u>7,472,621</u> | <u>7,338,188</u> |

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

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

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

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



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

18 CAPITAL COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|--|--|--|
| Capital expenditure for construction of properties under development and investment properties | 3,815,135 | 4,702,487 |
| Capital expenditure for construction of property, plant and equipment | 30,007 | 39,910 |
| Capital expenditure for acquisition of land use rights for property development | 473,510 | – |
| Total | <u>4,318,652</u> | <u>4,742,397</u> |

19 RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

| | Unaudited Six months ended 30 June | |
|---|---|---------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 |
| Short term employee benefits | 4,142 | 3,260 |
| Post-employment benefits | 32 | 117 |
| Total compensation paid to key management personnel | <u>4,174</u> | <u>3,377</u> |

20 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the non-current portion of other receivables and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities which is categorised within Level 2 of the fair value hierarchy. The fair value of the non-current portion of other receivables approximates to its carrying amount. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 and 31 December 2023 were assessed to be insignificant.

Fair value hierarchy

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

Asset measured at fair value:

| | Fair value measurement using | | | Total HK\$'000 |
|---|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) HK\$'000 | Significant observable inputs (Level 2) HK\$'000 | Significant unobservable inputs (Level 3) HK\$'000 | |
| At 30 June 2024 (Unaudited) | | | | |
| Equity investment designated at fair value through other comprehensive income | <u>1,760</u> | <u>-</u> | <u>-</u> | <u>1,760</u> |
| At 31 December 2023 (Audited) | | | | |
| Equity investment designated at fair value through other comprehensive income | <u>1,760</u> | <u>-</u> | <u>-</u> | <u>1,760</u> |

During the period for the six months ended 30 June 2024/the year ended 31 December 2023, there were no transfers into or out of Level 1 fair value measurement.

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 (31 December 2023: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

21 EVENT AFTER REPORTING PERIOD

On 30 May 2024, the Group entered into an agreement to dispose of the entire issued capital of Hillstar Corporate, an indirect wholly-owned subsidiary of the Group. Hillstar Corporate indirectly held 100% interest of the Group's investment property known as 1 Harrow Place which is a hotel property in London, the United Kingdom. The total consideration for the disposal was HK\$33,750,000. Completion took place on 26 July 2024. Further details of the disposal were already disclosed in the relevant announcements dated 30 May 2024 and 28 June 2024 published by the Company.

22 APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This unaudited interim condensed consolidated financial information was approved by the board of directors on 29 August 2024.

