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金地商置

Gemdale Properties & Investment

Gemdale Properties and Investment Corporation Limited

金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2021	2020	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
		(Restated)	
Revenue	4,997,902	5,837,173	— 14
Gross profit	1,429,034	1,854,234	— 23
Other income and gains	564,129	299,639	+ 88
Share of results of joint ventures and associates	1,057,430	982,755	+ 8
Profit after tax	1,289,944	1,718,615	— 25
Profit attributable to owners of the Company	1,066,481	1,608,336	— 34
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	0.0645	0.1004	— 36
- Diluted (RMB)	0.0641	0.0995	— 36
	30 June	31 December	
	2021	2020	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Audited)	
Deposits, bank and cash balances	7,093,840	7,151,758	— 1
Total assets	72,034,421	64,407,140	+ 12
Net assets	21,177,699	21,099,052	0

2021 INTERIM RESULTS (UNAUDITED)

The board of directors (the “Directors”) of Gemdale Properties and Investment Corporation Limited (the “Company”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with the relevant comparative figures.

* For identification purpose only

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited) (Restated)
Revenue	3	4,997,902	5,837,173
Cost		<u>(3,568,868)</u>	<u>(3,982,939)</u>
Gross profit		1,429,034	1,854,234
Direct operating expenses		(789,383)	(523,294)
Other income and gains	3	564,129	299,639
Administrative expenses		(44,427)	(49,137)
Finance costs	4	(392,407)	(274,460)
Share of profits and losses of:			
Joint ventures		750,565	1,020,801
Associates		<u>306,865</u>	<u>(38,046)</u>
Profit before tax	5	1,824,376	2,289,737
Tax	6	<u>(534,432)</u>	<u>(571,122)</u>
Profit for the period		<u>1,289,944</u>	<u>1,718,615</u>
Attributable to:			
Owners of the Company		1,066,481	1,608,336
Non-controlling interests		<u>223,463</u>	<u>110,279</u>
		<u>1,289,944</u>	<u>1,718,615</u>
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	7	<u>0.0645</u>	0.1004
- Diluted (RMB)	7	<u>0.0641</u>	0.0995

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>1,289,944</u>	<u>1,718,615</u>
Other comprehensive income/(loss)		
- Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	124,561	(211,851)
Share of exchange differences on translation of foreign operations of joint ventures	<u>(26,955)</u>	<u>43,573</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	97,606	(168,278)
- Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	<u>(88,303)</u>	<u>129,316</u>
Other comprehensive income/(loss) for the period, net of tax	<u>9,303</u>	<u>(38,962)</u>
Total comprehensive income for the period	<u>1,299,247</u>	<u>1,679,653</u>
Attributable to:		
Owners of the Company	1,077,305	1,567,016
Non-controlling interests	<u>211,942</u>	<u>112,637</u>
	<u>1,299,247</u>	<u>1,679,653</u>

Condensed Consolidated Statement of Financial Position

30 June 2021

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment		76,237	62,032
Investment properties		12,227,318	11,887,090
Right-of-use assets		104,668	120,657
Intangible assets		19,278	23,392
Prepayments, deposits and other receivables		1,360,155	2,343,615
Investments in joint ventures		17,185,459	17,268,686
Investments in associates		4,269,008	3,639,731
Loan to a related company		-	1,554,394
Financial assets at fair value		658,288	391,445
Deferred tax assets		996,205	922,755
Total non-current assets		36,896,616	38,213,797
CURRENT ASSETS			
Properties held for sale		1,990,875	1,693,259
Properties under development		12,673,221	7,196,151
Prepayment for acquisition of a land use right		165,846	-
Trade receivables	8	110,278	73,407
Prepayments, deposits and other receivables		4,312,717	4,662,121
Loans to joint ventures		969,658	740,235
Loan to an associate		96,805	-
Loan to a related company		1,554,394	-
Loans to non-controlling shareholders		30,364	120,697
Due from the ultimate holding company		6,845	-
Due from fellow subsidiaries		15,803	16,499
Due from joint ventures		4,243,917	3,268,443
Due from associates		91,967	92,663
Due from non-controlling shareholders		794,817	834,146
Due from related companies		2,256	2,256
Prepaid tax		559,969	209,645
Restricted cash		424,233	132,063
Deposits, bank and cash balances		7,093,840	7,151,758
Total current assets		35,137,805	26,193,343

Condensed Consolidated Statement of Financial Position (continued)

30 June 2021

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
	Note		
CURRENT LIABILITIES			
Trade and bills payables	9	3,181,196	3,341,423
Advanced receipts, accruals and other payables		7,236,213	5,845,640
Interest-bearing bank and other borrowings		3,725,521	2,015,629
Lease liabilities		120,287	117,167
Loan from a non-controlling shareholder		1,629	1,629
Due to the ultimate holding company		3,663,384	1,492,803
Due to fellow subsidiaries		490,152	668,946
Due to joint ventures		5,724,806	6,191,625
Due to associates		2,619,805	1,743,837
Due to non-controlling shareholders		376,796	230,368
Due to a related company		2,984	2,984
Dividend payable		1,333,719	-
Tax payable		1,434,910	2,607,625
Total current liabilities		29,911,402	24,259,676
NET CURRENT ASSETS		5,226,403	1,933,667
TOTAL ASSETS LESS CURRENT LIABILITIES		42,123,019	40,147,464
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,613,287	2,679,904
Lease liabilities		1,327,847	1,352,026
Loans from the ultimate holding company		9,981,967	7,137,184
Loans from fellow subsidiaries		6,570,393	6,343,089
Loans from joint ventures		20,561	144,000
Deferred tax liabilities		1,431,265	1,392,209
Total non-current liabilities		20,945,320	19,048,412
NET ASSETS		21,177,699	21,099,052
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,501,973	1,495,908
Reserves		17,174,569	17,392,274
		18,676,542	18,888,182
Non-controlling interests		2,501,157	2,210,870
TOTAL EQUITY		21,177,699	21,099,052

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

Significant accounting policies

The accounting policies and methods of computation used in the preparation of this unaudited interim condensed consolidated financial information are consistent with those in the annual financial statements for the year ended 31 December 2020, except as described below. In the current period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all HKFRSs, HKASs and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial years beginning on or after 1 January 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform-Phase 2

Covid-19-Related Rent Concessions

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

Change in accounting policies

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. In April 2021, the HKICPA issued another amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 to extend the availability of the practical expedient for any reduction in lease payments that affects only payments originally due on or before 30 June 2022 (the “2021 Amendment”). The 2021 Amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the 2021 Amendment on 1 January 2021 and elected not to apply lease modification accounting during the six-months period ended 30 June 2021 for all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. No reduction in the lease payments arising from the rent concessions was noted for the six-months period ended 30 June 2021.

2. OPERATING SEGMENT INFORMATION

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

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

Due to continuous expansion of fitting-out business, management of the Group considered the provision of fitting-out services is one of the Group's principal activities and decided that for financial reporting purposes, the income from fitting-out business shall be presented as revenue. The property development business and the fitting-out business shall be presented as a single reportable operating segment as the resources allocation, performance assessment and decision making of these business are assessed together. The impacts of the abovementioned change in the Group's reportable operating segments for the six-months period ended 30 June 2020 is considered retrospectively and the Group's operating segment information for the prior period is restated.

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

	Property development and fitting-out RMB'000	Property investment and management RMB'000	Mirco- finance RMB'000	Corporate RMB'000	Total RMB'000
For the six months ended					
30 June 2021 (Unaudited)					
Segment revenue	4,417,858	421,361	158,683	-	4,997,902
Segment results	1,876,148	252,513	99,479	(60,187)	2,167,953
<u>Reconciliation</u>					
Bank interest income					14,629
Finance costs (other than interest on lease liabilities)					(358,206)
Profit before tax					1,824,376
<u>Other segment information:</u>					
Share of profits and losses of joint ventures	(647,165)	(103,400)	-	-	(750,565)
Share of profits and losses of associates	(306,865)	-	-	-	(306,865)
Changes in fair values of investment properties – right-of-use assets	-	56,724	-	-	56,724
Depreciation of property, plant and equipment	6,556	3,454	402	921	11,333
Depreciation of right-of-use assets	10,424	2,082	-	4,944	17,450
Impairment/(reversal of impairment) of receivables, net	(4,675)	580	24,740	-	20,645
Amortisation of intangible assets	-	4,114	-	-	4,114
Capital expenditure*	47,090	462,965	387	67	510,509
As at 30 June 2021 (Unaudited)					
Segment assets	47,916,720	18,559,832	2,515,835	47,442	69,039,829
<u>Reconciliation</u>					
Other unallocated assets					2,994,592
Total assets					72,034,421
Segment liabilities	24,415,003	9,009,889	300,349	1,392,599	35,117,840
<u>Reconciliation</u>					
Other unallocated liabilities					15,738,882
Total liabilities					50,856,722
<u>Other segment information:</u>					
Investments in joint ventures	15,411,101	1,774,358	-	-	17,185,459
Investments in associates	4,227,790	41,218	-	-	4,269,008

	Property development and fitting-out RMB'000 (Restated)	Property investment and management RMB'000	Micro- finance RMB'000	Corporate RMB'000	Total RMB'000
For the six months ended 30 June 2020 (Unaudited)					
Segment revenue	5,317,380	372,819	146,974	-	5,837,173
Segment results	2,522,266	(56,590)	98,831	(42,019)	2,522,488
<u>Reconciliation</u>					
Bank interest income					13,789
Finance costs (other than interest on lease liabilities)					(246,540)
Profit before tax					2,289,737
<u>Other segment information:</u>					
Share of profits and losses of joint ventures	(1,045,616)	24,815	-	-	(1,020,801)
Share of profits and losses of associates	38,046	-	-	-	38,046
Changes in fair values of investment properties – right-of-use assets	-	172,170	-	-	172,170
Depreciation of property, plant and equipment	6,654	998	299	4,206	12,157
Depreciation of right-of-use assets	5,789	1,710	-	5,390	12,889
Impairment/(reversal of impairment) of receivables, net	(16,176)	(244)	37,660	15	21,255
Amortisation of intangible assets	-	4,114	-	-	4,114
Capital expenditure*	52,052	851,620	29	3,154	906,855
As at 31 December 2020 (Audited)					
Segment assets	39,871,295	19,935,691	3,306,164	54,894	63,168,044
<u>Reconciliation</u>					
Other unallocated assets					1,239,096
Total assets					64,407,140
Segment liabilities	18,526,727	10,084,014	1,131,022	335,368	30,077,131
<u>Reconciliation</u>					
Other unallocated liabilities					13,230,957
Total liabilities					43,308,088
<u>Other segment information:</u>					
Investments in joint ventures	15,660,954	1,607,732	-	-	17,268,686
Investments in associates	3,626,064	13,667	-	-	3,639,731

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

3. REVENUE, OTHER INCOME AND GAINS

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

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue from contracts with customers		
Sale of properties	4,110,959	5,150,431
Property management fee income from:		
- fellow subsidiaries	855	698
- third parties	102,774	116,036
Utility income	6,165	6,188
Entrusted management fee income from a fellow subsidiary	12,453	12,453
Fitting-out works income from:		
- fellow subsidiaries	116,457	65,756
- joint ventures	17,540	2,838
- an associate	2,813	3,800
- third parties	170,089	94,555
Revenue from other sources		
Gross rental income from:		
- fellow subsidiaries	6,626	5,293
- third parties	292,488	232,151
Interest income on loans receivable	158,683	146,974
	4,997,902	5,837,173
Other income and gains		
Bank interest income	14,629	13,789
Interest income on loans to related companies	35,249	50,920
Interest income on loans to joint ventures	115,709	75,658
Interest income on loan to an associate	-	285
Interest income on loan to a non-controlling shareholder	-	821
Interest income from financial assets at fair value	9,344	-
Consulting services income from:		
- joint ventures	155,041	57,437
- associates	42,119	3,635
- third parties	16,501	17,885
Net gain on disposal and deemed disposal of subsidiaries (Note 12)	-	41,238
Net gain on disposal of joint ventures	7,823	-
Government subsidies*	90,559	-
Gain on bargain purchase from an acquisition of a subsidiary (Note 10)	38,082	-
Others	39,073	37,971
	564,129	299,639

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

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
- bank borrowings	30,070	42,312
- loans from the ultimate holding company	196,994	1,430
- loans from fellow subsidiaries	164,511	137,815
- loans from joint ventures	4,055	1,692
- loan from an associate	25,984	21,098
- loan from a non-controlling shareholder	-	212
- other borrowings and other payables	40,994	37,221
	462,608	241,780
Interest on lease liabilities	34,201	27,920
Other finance costs	7,479	6,053
Total finance costs incurred	504,288	275,753
Less: Interest capitalised in		
- investment properties	(16,035)	(763)
- properties under development	(95,846)	(530)
	392,407	274,460

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	3,088,223	3,493,486
Depreciation of property, plant and equipment	11,393	12,382
Less: Amounts capitalised in property development projects	(60)	(225)
	11,333	12,157
Outgoings (including repairs and maintenance) arising on rental-earning investment properties	25,447	24,445
Changes in fair values of investment properties - right-of-use assets	56,724	172,170
Impairment of other receivables and loans receivable, net	24,165	21,694
Reversal of impairment on amounts due from and loans to related parties, net	(3,520)	(439)
Lease payment not included in the measurement of lease liabilities	411	55
Amortisation of intangible assets	4,114	4,114
Depreciation of right-of-use assets	99,735	106,102
Less: Amounts capitalised in property development projects	(82,285)	(93,213)
	17,450	12,889
Employees benefits expenses (including directors' emoluments):		
Wages and salaries	465,431	262,120
Pension schemes contributions	21,392	15,087
Total employees benefits expenses	486,823	277,207
Auditor's remuneration	2,083	1,824
Foreign exchange loss, net	20,840	24,764
Net gain on disposal and deemed disposal of subsidiaries (<i>Note 12</i>)	-	(41,238)
Net gain on disposal of joint ventures	(7,823)	-
Gain on bargain purchase from an acquisition of a subsidiary (<i>Note 10</i>)	(38,082)	-

6. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2020: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the period at the rates of tax prevailing in the jurisdiction in which the Group operates.

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

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income tax in Hong Kong	-	-
Corporate income tax in Mainland China		
- Charge for the period	265,170	233,196
- Over provision in prior periods	(162)	(7,350)
LAT in Mainland China	319,604	196,269
Deferred	(50,180)	149,007
	534,432	571,122

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 16,527,077,076 (2020: 16,012,562,014) in issue during the period.

(b) Diluted earnings per share

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

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>1,066,481</u>	<u>1,608,336</u>
	<u>1,066,481</u>	<u>1,608,336</u>
	No. of shares	
	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	16,527,077,076	16,012,562,014
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>104,656,737</u>	<u>148,532,796</u>
	<u>16,631,733,813</u>	<u>16,161,094,810</u>

8. TRADE RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	110,278	73,407

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

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

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 month	92,401	53,529
1 to 3 months	7,597	8,939
Over 3 months	10,280	10,939
	110,278	73,407

9. TRADE AND BILLS PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade and bills payables	3,181,196	3,341,423

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 month	1,748,780	1,288,931
1 to 3 months	660,581	708,252
Over 3 months	771,835	1,344,240
	3,181,196	3,341,423

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

10. BUSINESS COMBINATION

In April 2021, the Group and a joint venture partner agreed to amend the Articles and Association of a joint venture, 杭州龍合實業有限公司 (Hangzhou Longhe Real Estate Company Limited*) ("Longhe") in which the Group and the joint venture partner hold 60% and 40% interests respectively. Longhe is engaged in property development in Mainland China. The amendment of the Articles and Association of Longhe changed the approval requirement of shareholders' resolutions from unanimous consent to more than 50% shareholder voting rights. While the Group holds 60% voting rights in Longhe and accordingly have control over the board of Longhe after the amendment of the Articles and Association. The registration of the amendment with the relevant government authority was completion in April 2021 and the change was accounted for as business combination.

In the prior period, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a joint venture partner to acquire a 51% equity interest in the joint venture, 蘇州津鑫共創置業有限公司 (Suzhou Jinxin Gongchuang Real Estate Company Limited*) ("Jinxin"), at a cash consideration of RMB62,220,000. Jinxin is engaged in property development in Mainland China. After completion of the acquisition in February 2020, the wholly-owned subsidiary holds 99.95% equity interests in Jinxin and has control over Jinxin. The acquisition was accounted for as business combination.

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

	Six months ended 30 June	
	2021	2020
	Longhe	Jinxin
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Property, plant and equipment	96	20
Deferred tax assets	27,742	-
Properties held for sale	2,876,109	148,160
Prepaid tax	89,404	-
Deposit, prepayment and other receivables	115,225	14,162
Due from shareholders	-	27,850
Bank balances	50,259	13,621
Trade payables	(133,090)	(40,547)
Advanced receipts, accruals and other payables	(2,912,986)	(15,655)
Tax payables	-	(876)
Deferred tax liabilities	(49,289)	(24,717)
Total identifiable net assets at fair value	63,470	122,018
Non-controlling interests	(25,388)	(42)
	38,082	121,976
Gain on bargain purchase	(38,082)	-
Transferred from investment in a joint venture	-	(59,756)
Total consideration:	-	62,220
Satisfied by:		
Cash	-	62,220

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

In prior period, the fair values and gross contractual amounts of deposits and other receivables of Jinxin as at the date of acquisition amounted to RMB1,353,000. No receivables were expected to be uncollectible.

* For identification purpose only

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

	Six months ended 30 June	
	2021	2020
	Longhe	Jinxin
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash consideration	-	(62,220)
Bank balances acquired	50,259	13,621
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	50,259	(48,599)

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

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

Since the acquisition, Jinxin contributed RMB1,301,000 to the Group's revenue for the six-months period ended 30 June 2020 and loss of RMB359,000 to the Group's consolidated profit for the six-months period ended 30 June 2020.

Had the combination taken place at the beginning of the prior period, the revenue and the consolidated profit of the Group for the prior period would have been RMB5,837,173,000 and RMB1,718,615,000 respectively.

11. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 10 February 2021, a wholly-owned subsidiary of the Company acquired 96% equity interest in 深圳市和正瀾城投資發展有限公司 (Shenzhenshi Hezheng Lancheng Investment Development Company Limited*) ("Hezheng Lancheng") from an independent third party at aggregate cash consideration of RMB4,800,000. Hezheng Lancheng has a wholly-owned subsidiary 深圳市華厚投資發展有限公司 ("Shenzhenshi Huahou Investment and Development Company Limited*). Hezheng Lancheng and its subsidiary ("Hezheng Lancheng Group") are engaged in property development in Mainland China.

The above transaction was accounted for as acquisition of assets rather than business combination because the acquired subsidiary has not carried out any significant business transactions prior to the date of acquisition. The net inflow of cash and cash equivalents from the acquisition has been reflected in the consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

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

	2021 Hezheng Lancheng Group RMB'000 (Unaudited)
Property, plant and equipment	7
Property under development	406,551
Deposit, prepayment and other receivables	13,864
Bank balances	44
Other payables	(4)
Loan from a shareholder	(415,462)
	<hr/>
Net assets	5,000
Non-controlling interests	(200)
	<hr/>
Total consideration	4,800
	<hr/>
Satisfied by:	
Other payables	4,800
	<hr/>

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

	2021 Hezheng Lancheng Group RMB'000 (Unaudited)
Cash consideration	-
Bank balances acquired	44
	<hr/>
Net inflow of cash and cash equivalents	44
	<hr/>

** For identification purpose only*

12. DISPOSAL AND DEEMED DISPOSAL OF SUBSIDIARIES

Hangzhou Jinyi Real Estate Development Co. Ltd*

In the prior period, the Group entered into a co-operative agreement with two independent third parties. Pursuant to the agreement, the independent third parties agreed to participate in capital injection in a wholly-owned subsidiary of the Company, 杭州金熠房地產開發有限公司 (Hangzhou Jinyi Real Estate Development Co. Ltd*) ("Jinyi"). Jinyi is engaged in property development. The Group and these independent third parties agreed to exercise joint control over Jinyi after the capital injection. The transaction was accounted for deemed disposal of a subsidiary and the Group had lost control over Jinyi after the completion of registration of the changes with the relevant government authorities in January 2020. The equity investment in Jinyi was accounted for as an investment in a joint venture.

Gemdale 2035 Blake Street, LLC.

In the prior period, the Group entered into an agreement with a joint venture partner in March 2020. Pursuant to the agreement, the joint venture partner agreed to participate in capital injection in a non-wholly-owned subsidiary of the Company, Gemdale 2035 Blake Street, LLC. ("Gemdale 2035"). Gemdale 2035 is engaged in property development. The Group and the joint venture partner agreed to exercise joint control over Gemdale 2035 after completion of the transaction. The Group had lost control over Gemdale 2035 in March 2020 and the equity investment in Gemdale 2035 was accounted for as an investment in a joint venture.

Shanghai Shangcheng Business Management Co., Ltd.*

In the prior period, the Group disposed of its 40% equity interest in a wholly-owned subsidiary, 上海尚騁企業管理有限公司 (Shanghai Shangcheng Business Management Co., Ltd.*) ("Shangcheng"), to an independent third party for a cash consideration of RMB8,839,400. Shangcheng is engaged in property leasing. The two parties agreed to exercise joint control over Shangcheng after the disposal. The Group had lost control over Shangcheng after completion of the disposal in February 2020. The remaining equity interest in Shangcheng was accounted for as an investment in a joint venture.

** For identification purpose only*

Details of the net assets disposed of are as follows:

	Six months ended 30 June 2020		
	Jinyi	Gemdale 2035	Shangcheng
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Property, plant and equipment	-	-	14,546
Deferred tax assets	13,447	-	9
Properties under development	2,361,312	132,610	-
Prepayments, deposits and other receivables	909	166	3,257
Bank balances	2,233	7,684	2,385
Trade and bills payables	(3,240)	(7,203)	(3)
Advanced receipts, accruals and other payables	(2,883)	-	(340)
Amount due to an intermediate holding company	(2,412,118)	-	-
Net (liabilities)/assets	(40,340)	133,257	19,854
Non-controlling interests	-	(9,783)	-
	(40,340)	123,474	19,854
Fair value of investments retained as investment in joint ventures upon disposal/deemed disposal	-	(123,474)	(11,912)
Gain on disposal and deemed disposal of subsidiaries	40,340	-	898
Total consideration	-	-	8,840
Satisfied by:			
Cash	-	-	8,840

An analysis of the net (outflow)/inflow of cash and cash equivalents in respect of the disposal and deemed disposal of subsidiaries is as follows:

	Six months ended 30 June 2020		
	Jinyi	Gemdale 2035	Shangcheng
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Cash consideration	-	-	8,840
Bank balances disposed of	(2,233)	(7,684)	(2,385)
Net (outflow)/inflow of cash and cash equivalents in respect of the disposal and deemed disposal of subsidiaries	(2,233)	(7,684)	6,455

13. COMPARATIVE AMOUNTS

Comparative amounts of certain other income and direct operating expenses relating to the fitting-out business have been re-presented as revenue and cost respectively in the statement of profit or loss to conform with the current period's presentation, as in the opinion of the directors the reclassification better reflects the financial performance of the Group.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the six months ended 30 June 2021 are consistent with those used in the last financial year ended 31 December 2020, except that the Group has applied, for the first time, the revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group’s financial years beginning on or after 1 January 2021.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The revenue of the Group decreased from RMB5,837.2 million for the corresponding six months ended 30 June 2020 to RMB4,997.9 million for the six months ended 30 June 2021, decreased by RMB839.3 million. The decrease was mainly due to decrease in revenue recognition from sales of properties during the period.

Other income and gains increased from RMB299.6 million for the corresponding six months ended 30 June 2020 to RMB564.1 million for the current period. The increase was mainly due to consulting services income and interest income increased by RMB134.7 million and RMB33.5 million respectively. In addition, various government subsidies of RMB90.6 million in total was received from the Mainland China during the period.

The Group's direct operating expenses increased from RMB523.3 million for the corresponding period ended 30 June 2020 to RMB789.4 million for the six months ended 30 June 2021. As certain property projects are prepared for the pre-sale, the marketing and related expenses increased accordingly. In addition, with the continuous expansion of property development and property investment businesses, the Group recruited a number of staff, resulting in higher staff costs incurred during the current period.

The finance cost went up from RMB274.5 million for the corresponding period ended 30 June 2020 to RMB392.4 million for the current period. Due to the successful bidding or acquisition of a number of PRC property projects led to an increase in loans from related parties, the loan interest expense paid to related parties during the period was increased by RMB 118.7 million (after deducting the capitalised interest).

Share of results of joint ventures and associates of the Group reported an aggregate profit of RMB1,057.4 million for the six months ended 30 June 2021 against RMB982.8 million for the corresponding period ended 30 June 2020, representing an increase of RMB74.6 million.

Overall, the profit attributable to owners of the Company for the six months ended 30 June 2021 was RMB1,066.5 million, against RMB1,608.3 million for the corresponding period ended 30 June 2020, a decrease of RMB541.8 million. The decrease was mainly due to decreased in property sales recognition.

The Group recorded basic earnings per share of RMB0.0645 for the six months ended 30 June 2021, against basic earnings per share of RMB0.1004 for the corresponding period ended 30 June 2020, representing a decrease of 36%. The diluted earnings per share for the current period and the previous period were RMB0.0641 and RMB0.0995 respectively.

BUSINESS SEGMENTS

Property development and fitting-out

The revenue of property development and fitting-out segment for the six months ended 30 June 2021 was RMB4,417.9 million, representing 88% of the total revenue, compared to RMB5,317.4 million, representing 91% of the total revenue for the corresponding period ended 30 June 2020. The segment result for the current period recorded a profit of RMB1,876.1 million, against RMB2,522.3 million for the corresponding period, decreased by RMB646.2 million. The decrease in the segment revenue and profit was primarily due to decrease of the area delivered in the sales of properties.

Property investment and management

The revenue recognised by the property investment and management segment for the six months ended 30 June 2021 increased to RMB421.4 million, representing 9% of the total revenue, compared to RMB372.8 million, representing 6% of the total revenue for the six months ended 30 June 2020. With the improved occupancy rate of and higher rental rate charged by Vision Shenzhen Business Park, Hangzhou Gemdale Plaza, Shanghai Jiuting Gemdale Plaza and subleasing business, the segment revenue for the current period increased by RMB48.6 million as compared with the corresponding period of 2020. Due to the gradual recovery of China economy from the COVID-19 epidemic, and the improved operational and management efficiencies of the property investment business, the segment result for the current period reported a profit of RMB252.5 million, against a loss of RMB56.6 million for the six months ended 30 June 2020, increased by RMB309.1 million. The increase in segment results was mainly due to increase in share of results of joint ventures of RMB128.2 million.

The Group is committed to acquiring investment properties situated in prime locations in economically developed cities and operating them on a sustainable basis. As at 30 June 2021, the Group (including associates and joint ventures) held a gross floor area of 1.785 million square meters (30 June 2020: 1.215 million square meters) of investment properties in operation (including sub-leases) in Mainland China, representing a year-on-year increase of 47%. The rental and related services revenue (included value-added tax) from those investment properties for the current period recorded RMB625.9 million, of which 50%, 34% and 16% come from shopping malls and offices, industrial parks and long-term leased apartments respectively. Compared with the revenue of RMB464.4 million for the corresponding period of 2020, there was a year-on-year increase of 35%. The investment properties held by the Group under proposed construction and construction will also be put into operation successively, which will continue to generate stable revenue and cash inflow to the Group.

Microfinance

The revenue of the microfinance segment for six months ended 30 June 2021 increased to RMB158.7 million, representing 3% of the total revenue, from RMB147.0 million, representing 3% of the total revenue for six months ended 30 June 2020. The segment reported a profit of RMB99.5 million during the current period, in line with the profit of RMB98.8 million for the corresponding period of 2020.

SHAREHOLDERS' EQUITY

The Group's total shareholders' equity decreased from RMB18,888.2 million as at 31 December 2020 to RMB18,676.5 million as at 30 June 2021. The final dividend of RMB1,326.0 million for the year ended 31 December 2020 and the profit attributable to owners of the Company of RMB1,066.5 million for the current year had a net decrease of RMB259.5 million in shareholders' equity.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposits, bank and cash balances decreased by RMB58.0 million or 1% to RMB7,093.8 million as at 30 June 2021 from RMB7,151.8 million as at 31 December 2020.

Borrowings

During the period under review, the Group has arranged two short-term bank borrowings, totally RMB773.9 million, for general working capital purpose and partially repaid other borrowings of RMB98.5 million. As at 30 June 2021, total bank and other borrowings of the Group amounted to RMB5,338.8 million with interest rates ranging from 1.4% to 5.0% per annum.

The net debt (measured by total borrowings minus cash and bank deposits including restricted cash) increased by RMB3,357.7 million to RMB14,395.3 million as at 30 June 2021 from RMB11,037.6 million as at 31 December 2020. The increase of net debt was mainly due to cash applied to development cost of PRC projects, dividend payment and investments/advances to joint ventures and associates. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) increased to 68% as at 30 June 2021, from 52% as at 31 December 2020. Compared with the peers, the Group's net debt ratio is at a reasonable level with adequate margin of safety for further investments.

The maturity profiles of the Group's outstanding borrowings as at 30 June 2021 and 31 December 2020 are summarised as below:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Short-term and long-term bank and other borrowings:		
Within the first year or on demand	3,725,521	2,015,629
In the second year	168,532	1,135,756
In the third to fifth years, inclusive	544,888	539,781
Over five years	899,867	1,004,367
	5,338,808	4,695,533
Loans from related parties:		
Within the first year or on demand	1,629	1,629
In second year	16,572,921	13,624,273
	16,574,550	13,625,902
Total borrowings	21,913,358	18,321,435

FINANCIAL MANAGEMENT

Foreign exchange risk

As at 30 June 2021, borrowings were denominated in United States dollar (“US\$”), Renminbi (“RMB”) and Hong Kong dollars (“HK\$”). As most of the operating income of the Group’s business is denominated in RMB, the Group is exposed to foreign currency risk. Moderate fluctuation of exchange rate of RMB against HK\$ and US\$ was expected, the foreign exchange risk exposure was considered acceptable. The Group will review and monitor its currency exposure from time to time and when appropriate to hedge its currency risk

The currency denominations of the Group’s outstanding borrowings as at 30 June 2021 and 31 December 2020 are summarised below:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
HK\$	3,043,262	2,329,633
RMB	11,538,254	8,880,808
US\$	7,331,842	7,110,994
Total	21,913,358	18,321,435

Interest rate risk

As at 30 June 2021, 63% (31 December 2020: 57%) of borrowings of the Group were subject to floating interest rates. The interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group will continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage its interest rate risk.

PLEDGE OF ASSETS

As at 30 June 2021, an investment property of the Group with carrying value of RMB349,149,000 (31 December 2020: RMB352,345,000) was pledged to secure other borrowings granted to the Group.

CONTINGENT LIABILITIES

- (a) As at 30 June 2021, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates. As at 30 June 2021, the Group's outstanding guarantees amounted to RMB3,154,622,000 (31 December 2020: RMB3,308,134,000).

The Directors consider that the fair value of the guarantees is not significant and in case of defaulting payments, the net realisable value of the related properties will be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the six months ended 30 June 2021 (2020: Nil) for these guarantees.

- (b) At the end of the reporting period, the Group provided a maximum guarantee of US\$71,500,000 (equivalent to RMB461,897,000) (31 December 2020: US\$71,500,000 (equivalent to RMB466,530,000)) to financial institutions for facilities granted to joint ventures of the Group. As at 30 June 2021, the facilities guaranteed by the Group to the joint ventures were utilised to the extent of approximately RMB461,897,000 (31 December 2020: RMB466,530,000).

REVIEW OF OPERATIONS

Properties sales and development

Though facing challenging market environment in the first half of 2021, the Group still achieved an aggregated contracted sales of RMB41,762 million for the six months ended 30 June 2021, representing a remarkable growth of 34% as compared to the corresponding period in 2020. In the meantime, its aggregated contracted sales area totalled 1.90 million square meters for the six months ended 30 June 2021, also representing a substantial increase of 41% as compared to the corresponding period in 2020. The average selling price in the first half of 2021 was approximately RMB22,000 per square meter.

Commercial properties and business parks

As at 30 June 2021, the occupancy rate of Vision Shenzhen Business Park in Nanshan District, Shenzhen was approximately 99%. Its major tenants include Intel, Amazon, Nvidia and DJI. In addition, Hangzhou Gemdale Plaza and Beijing Sohu.com Internet Plaza were nearly 100% occupied and Shanghai Jiuting Gemdale Plaza was over 90% occupied.

During the period, our commercial project namely Huai'an Gemdale Mall, Beijing Vision International Centre in Daxing District, Beijing and Nanjing Xuanwu Science and Technology Park have commenced business. Currently, the major commercial projects under development includes Vision Shenzhen Business Park Phase 3 in Nanshan District, Shenzhen; various mixed-use commercial complex situated at Nanjing, Chengdu, Hangzhou, Xuzhou as well as several commercial projects in Shanghai. As at 30 June 2021, the GFA of the Group's operating commercial projects was approximately 660,000 square meters. The total rental income during the period was approximately RMB316 million, representing a year-on-year increase of approximately 36%.

In the meantime, the total GFA of the Group's industrial park projects has reached 2,729,000 square meters, of which 877,000 square meters were in operation. For the six months ended 30 June 2021, the Group recorded a total rental/property management fee revenue of approximately RMB210 million from industrial park sector, representing an increase of 34% as compared to the corresponding period in 2020.

During the period, benefited from the increase in the rental rate as well as more new commercial projects commencing business, the Group recorded a total rental/management fee revenue of approximately RMB526 million from commercial and industrial park projects for the six months ended 30 June 2021, representing an increase of 35% as compared to the corresponding period in 2020.

PROSPECTS

With significant growth in China's economy in 2021, relatively abundant liquidity in the market and continuous rigid demand from first-time buyers and trade-up buyers, the real estate market in first- and second-tier cities will remain robust.

At the same time, as real estate austerity measures continues to widen, we expect the overall size of the real estate sector in 2021 to remain similar to that of 2020. Real estate companies will adapt to the "city-by-city" regulatory measures. The "three red lines" financing measures will put tremendous pressure on highly indebted real estate companies and will cause them to refrain from open land auction/land related M&A. In addition, the newly adopted policy of centralized land supply in more than 20 cities this year will keep land premiums under control and provide large-sized and less leveraged companies with projects of better profit margins in the long run, resulting in healthier industry development in the medium to long term. The Group will continue to implement the strategy of "rational land acquisition" and strictly select quality land projects to provide returns to shareholders.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2021, except for the following deviations:

1. Under CG Code A.6.7, generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to the outbreak of COVID-19 pandemic in the community, Mr. Loh Lian Huat, Ms. Zhang Feiyun and Mr. Xia Xinping were not able to come to Hong Kong to attend the annual general meeting of the Company held on 27 May 2021.
2. Under CG Code E.1.2, the chairman of the board should attend the annual general meeting. Due to the outbreak of COVID-19 pandemic in the community, Mr. Huang Juncan, the chairman of the board, was not able to come to Hong Kong to attend the annual general meeting of the Company held on 27 May 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all Directors had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021. The Model Code also applies to other specified senior management of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had approximately 3,700 (30 June 2020: approximately 3,100) employees. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis with reference to the performance of the Group as well as the individual’s performance. Other employee benefits include mandatory provident fund, insurance and medical cover, subsidised educational and training programmes as well as share option schemes.

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities on the Stock Exchange during the six months ended 30 June 2021.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information as of and for the six months ended 30 June 2021 and the interim report. The unaudited interim results of the Group for the six months ended 30 June 2021 have been reviewed by Messrs. Ernst & Young, external auditor of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

BOARD OF DIRECTORS

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

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

Hong Kong, 23 August 2021