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合 生 創 展 集 團 有 限 公 司\*

**HOPSON DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 754)**

*website: <http://www.irasia.com/listco/hk/hopson>*

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2021**

### **FINANCIAL HIGHLIGHTS**

*(for the six months ended 30th June 2021)*

- Turnover was HK\$16,074 million.
- Profit attributable to equity holders was HK\$5,632 million.
- Basic earnings per share was HK\$2.341 per share.
- Interim dividends were HK\$50 cents per share.
- Bonus issue of one new share for every ten existing shares.

### **BUSINESS REVIEW**

#### **Industry overview**

In the first half of 2021, the Chinese economy continued to recover in a stable and unwavering pace. According to the spirit of Central Economic Work Conference and the deployment of policies under the Government Work Report, China continued to deepen its supply-side reforms, focus on unleashing the potential of domestic demand, and firmly facilitate high-quality development, striving to fulfill the annual targets for economic and social development. On the other hand, China bucked the trend by realising rapid growth through the new drivers of economic development dubbed the “Three News”, namely new industry, new business format and new business model. Hence, the economy exhibited tenacity and vigor, and became a strong backbone for the promotion of high-quality economic development.

\* For identification purposes only

- In the first half of 2021, Hopson Development seized the opportunity to rapidly grow under the “Three News”, concentrating on using technology to generate new momentum and promoting both innovative and diverse development of the Group. As a result, the Group successfully transformed itself into a comprehensive investment holding platform company empowered by technology and driven by the industry.
- The transformation towards a comprehensive investment holding platform company empowered by technology and driven by the industry is reflected in the strong marketing capabilities of the “Three News”. In the business environment ushered by the new era, in respect of the five major segments upon transformation, namely real estate, commerce, Hooplife, infrastructure and investment, Hopson Development adopted the marketing flow and mode for the “Three News” empowered by smart technologies. Although certain regions in China were affected by the pandemic during the first half of the year, with innovative operations flourished under the guise of the “Three News”, the five major segments of the Group continued to maintain upward trend, thus ensuring both revenue and profit of the Group and tirelessly improving the Group’s financial position.

### **Contracted sales performance**

Details of properties sold under sale and pre-sale contracts in the first half of 2021 totalling RMB21,227 million (2020: RMB13,014 million), of which contracted sales of properties of RMB20,145 million (2020: RMB12,525 million) and contracted sales of decoration of RMB1,082 million (2020: RMB489 million) are as follows:

- In Guangzhou, a total GFA of 253,687 square metres (2020: 212,039 square metres) with a carrying value of RMB7,365 million (2020: RMB4,254 million) was sold. The increase in sales was mainly attributable to the launch of the new products of Hopson Yunshan Regal (合生雲山帝景), as well as the increase in sold area of the Hushan Guoji Villa (湖山國際) and Hopson Joy Mansion (合生悅公館).
- In Shanghai, a total GFA of 132,481 square metres (2020: 270,477 square metres) with a carrying value of RMB3,116 million (2020: RMB4,309 million) was sold. The decrease in sales was mainly attributable to the period-on-period decrease in the area sold as The Town of Hangzhou Bay (合生杭州灣國際新城) and Kunshan Hopson International Garden (昆山合生國際花園) focused on selling the remaining units and did not launch any new products during the period.

- In Beijing and Tianjin, a total GFA of 147,383 square metres (2020: 236,132 square metres) with a carrying value of RMB10,296 million (2020: RMB3,805 million) was sold. The increase in sales was mainly attributable to the good sales of Jinmao Palace Phase II (金茂府二期), Hopson YUNĒ (合生縵雲) and Hopson No. 8 Royal Park (合生霄雲路8號); and the significant increase in sales driven by the launch of Hopson MIYĀ Project (合生me悦項目).
- In Huizhou, a total GFA of 40,827 square metres (2020: 68,651 square metres) with a carrying value of RMB450 million (2020: RMB646 million) was sold. The decrease in sales was mainly attributable to the period-on-period decrease in the area sold as Hopson International New City (合生國際新城) and Hopson Xiaogui Bay (合生小桂灣) focused on selling the remaining units and did not launch any new products during the period.

### **Properties sold but yet to be delivered**

As at 30th June 2021, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 2,631,923 square metres (31st December 2020: 2,548,699 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$34,499 million will be recognised as revenue in the Group's financial statements in the second half of 2021 and thereafter.

### **Delivery of properties**

A total GFA of 298,992 square metres (2020: 291,089 square metres) was delivered in the first half of 2021.

### **Project development progress**

- A total GFA of approximately 617,501 square metres was completed in the first half of 2021.
- A total GFA of approximately 1,966,351 square metres is expected to be completed in the second half of 2021.

### **Landbank**

As of 30th June 2021, the Group had a landbank of 30.48 million square metres (31st December 2020: 30.44 million square metres).

## **Outlook**

Looking forward to the second half of 2021, while the Chinese economic fundamentals and supply and demand steadily recovers, macroeconomic policies will continue to support the real economy, thus vitalizing the market. Although there will be uncertainties in the external macro-economic environment, the strengthening of domestic supply and demand loop, market confidence and domestic demand indicates that the Chinese economy will continue to make a steadfast recovery in the second half of 2021.

To combat challenges brought forward by the pandemic, it is expected that the PRC government will make extra efforts on coordination and adjustment, promulgating new policies to support emerging industries, deepening implementation of its strategies to promote innovative development of the internet and establishing pilot zones for innovation and application of artificial intelligence, thereby promoting the healthy growth of new industries and new business modes. Following the development trends of informationization and intelligentization, strategically emerging services will experience rapid growth. Facing both macro and micro changes in the business environment ushered in the new era, the Group will continue to accelerate its transformation into a comprehensive investment holding platform company empowered by technology and driven by the industry, striving to achieve the management of the operations of each investment and business operation using artificial intelligence and big data.

Affected by the pandemic, most physical enterprises began to develop their online operations. New consumption models and formats continuously develop in a rapid pace, new online retail business models constantly emerge, and the development of sales channels continuously expands. Under such backdrop, leveraging on its five major developed segments, the Group will continue to empower the industry using advanced technology such as blockchain, big data and artificial intelligence to attract upstream and downstream users to the industry platform, thus building a leading industry ecosystem, and creating value for shareholders by achieving rapid business growth.

The board (the “Board”) of directors (the “Directors”) of Hopson Development Holdings 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 30th June 2021 together with the comparative figures for the previous period.

The interim financial information of the Company for the six months ended 30th June 2021 has been reviewed by the Company’s audit committee and the Board.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>Six months ended</b>	
		<b>30th June</b>	
		<b>2021</b>	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenues	4	<b>16,074,329</b>	10,736,681
Cost of sales	6	<b>(5,949,442)</b>	(3,590,845)
<b>Gross profit</b>		<b>10,124,887</b>	7,145,836
Fair value gain on investment properties		<b>24,691</b>	478,377
Other gains, net	5	<b>83,278</b>	611,535
Selling and marketing expenses	6	<b>(421,555)</b>	(299,906)
General and administrative expenses	6	<b>(1,932,397)</b>	(888,530)
Finance income	7	<b>204,956</b>	153,433
Finance costs	7	<b>(1,302,207)</b>	(606,994)
Share of profit/(loss) of associates		<b>81,231</b>	(20)
Share of profit of joint ventures		<b>44,240</b>	13,084
Profit before taxation		<b>6,907,124</b>	6,606,815
Taxation	8	<b>(1,231,870)</b>	(1,491,486)
<b>Profit for the period</b>		<b><u>5,675,254</u></b>	<b><u>5,115,329</u></b>
Attributable to:			
Equity holders of the Company		<b>5,631,617</b>	5,101,795
Non-controlling interests		<b>43,637</b>	13,534
		<b><u>5,675,254</u></b>	<b><u>5,115,329</u></b>
<b>Earnings per share for profit attributable to equity holders of the Company during the period (in HK\$ per share)</b>			
— basic and diluted	9	<b><u>2.341</u></b>	<b><u>2.084*</u></b>
Dividends	10	<b><u>1,089,348</u></b>	<b><u>1,335,336</u></b>

\* Adjusted for the bonus share issue in 2021

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30th June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>5,675,254</b>	5,115,329
<b>Other comprehensive income/(loss)</b>		
Items that may be reclassified subsequently to profit or loss:		
Assets revaluation reserve realised upon disposal of completed properties held for sale	(30,047)	(85,843)
Deferred tax	14,609	37,640
Currency translation differences	770,668	(1,563,710)
Item that will not be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	506,843	(76,167)
Deferred tax	(129,678)	22,661
Currency translation differences	273,649	—
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>1,406,044</b>	(1,665,419)
<b>Total comprehensive income for the period</b>	<b>7,081,298</b>	3,449,910
Attributable to:		
Equity holders of the Company	6,879,735	3,485,226
Non-controlling interests	201,563	(35,316)
	<b>7,081,298</b>	3,449,910

## CONDENSED CONSOLIDATED BALANCE SHEET

	As at	
	30th June 2021	31st December 2020
<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Prepayments for acquisition of land	127,849	126,397
Loan receivables	778,769	321,591
Properties and equipment	4,413,210	4,245,066
Investment properties	62,563,696	61,396,797
Intangible assets	395,219	389,577
Investments in associates	1,646,682	114,847
Investments in joint ventures	12,071,881	11,479,966
Financial assets at fair value through other comprehensive income	4,103,487	6,143,202
Financial assets at fair value through profit or loss	1,667,283	—
Finance lease receivables	212,167	248,298
Right-of-use assets	1,669,816	1,627,933
Prepayments, deposits and other non-current assets	465,828	1,170,643
Deferred tax assets	1,485,718	1,342,998
	<u>91,601,605</u>	<u>88,607,315</u>
<b>Current assets</b>		
Prepayments for acquisition of land	30,835,261	30,105,213
Properties under development for sale	74,797,764	69,159,635
Completed properties for sale	45,721,912	45,041,301
Financial assets at fair value through profit or loss	27,120,195	22,020,697
Accounts receivable	3,254,655	2,622,871
Loan receivables	3,623,468	2,657,587
Prepayments, deposits and other current assets	10,834,036	9,023,528
Due from joint ventures	283,032	91,843
Due from associates	372,563	5,941
Due from related companies	246,158	246,111
Contract acquisition costs	1,813,969	1,639,200
Pledged/charged bank deposits	3,094,291	1,741,508
Cash and cash equivalents	39,760,721	27,908,584
	<u>241,758,025</u>	<u>212,264,019</u>
<b>Total assets</b>	<u><u>333,359,630</u></u>	<u><u>300,871,334</u></u>

**CONDENSED CONSOLIDATED BALANCE SHEET (Continued)**

	<i>Note</i>	As at	
		<b>30th June 2021 HK\$'000 (Unaudited)</b>	<b>31st December 2020 HK\$'000 (Audited)</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		217,870	219,137
Reserves	14	91,907,137	87,792,832
		<u>92,125,007</u>	<u>88,011,969</u>
Non-controlling interests		17,792,419	9,856,187
		<u>109,917,426</u>	<u>97,868,156</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Land cost payable		97,249	96,280
Borrowings	12	87,920,682	89,681,292
Lease liabilities		612,468	649,999
Due to non-controlling interests		3,787,556	6,833,733
Deferred tax liabilities		10,721,497	10,757,987
		<u>103,139,452</u>	<u>108,019,291</u>
<b>Current liabilities</b>			
Accounts payable, accruals and other payables	13	36,412,198	32,511,472
Borrowings	12	27,505,151	17,856,427
Margin loans		10,170,154	9,163,844
Contract liabilities		34,498,895	25,940,333
Dividend payable		2,396,565	—
Lease liabilities		150,302	64,541
Due to associates		417,405	6,348
Due to related companies		232,561	212,001
Due to joint ventures		1,569,290	1,416,623
Current tax liabilities		6,950,231	7,812,298
		<u>120,302,752</u>	<u>94,983,887</u>
<b>Total liabilities</b>		<u>223,442,204</u>	<u>203,003,178</u>
<b>Total equity and liabilities</b>		<u>333,359,630</u>	<u>300,871,334</u>
<b>Net assets</b>		<u>109,917,426</u>	<u>97,868,156</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30th June 2021			
	Attributable to equity holders of the Company			Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Non- controlling interests HK\$'000	
Balance at 1st January 2021	219,137	87,792,832	9,856,187	97,868,156
Total comprehensive income for the period	—	6,879,735	201,563	7,081,298
Transactions with owners:				
Repurchases of own shares	(1,267)	(368,865)	—	(370,132)
Dividends payable	—	(2,396,565)	—	(2,396,565)
Capital contribution by non-controlling interests of subsidiaries	—	—	7,734,669	7,734,669
	(1,267)	(2,765,430)	7,734,669	4,967,972
Balance at 30th June 2021	217,870	91,907,137	17,792,419	109,917,426

	Unaudited Six months ended 30th June 2020			
	Attributable to equity holders of the Company			Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Non- controlling interests HK\$'000	
Balance at 1st January 2020	222,556	72,358,121	2,434,725	75,015,402
Total comprehensive income/(loss) for the period	—	3,485,226	(35,316)	3,449,910
Transactions with owners:				
Dividends payable	—	(667,668)	—	(667,668)
Capital contribution by non-controlling interests of subsidiaries	—	—	176,872	176,872
Acquisition of additional interest in a subsidiary	—	—	(6,467)	(6,467)
	—	(667,668)	170,405	(497,263)
Balance at 30th June 2020	222,556	75,175,679	2,569,814	77,968,049

*Notes:*

**(1) GENERAL INFORMATION**

Hopson Development Holdings Limited (the “Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in Mainland China, and investments business.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated, and has been approved for issue by the Board of Directors on 25th August 2021.

**(2) BASIS OF PREPARATION**

This interim condensed consolidated financial information for the six months ended 30th June 2021 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”).

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2020, which have been prepared in accordance with HKFRSs.

### (3) ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2020, as described in those annual financial statements, except for the adoption of new and amendments to the existing accounting standards as described below.

#### Amendments to standards adopted by the Group

The Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1st January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, Interest Rate Benchmark Reform — Phrase 2  
HKFRS 4 and HKFRS 16

In addition, the Group has early adopted the following amendment to the accounting standards for accounting period commencing 1st January 2021:

Amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021

The adoption of these amendments to standards does not have any significant effect on the results and financial position of the Group.

#### New standard and amendments to existing standards, interpretation and accounting guideline that are not yet effective

The following new standard and amendments to standards, interpretation and accounting guideline have been published which are mandatory for the Group's accounting periods beginning on or after 1st January 2022 but have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Amendment to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendment to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
HKFRS Amendments	Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to HKAS 1	Disclosure of Accounting Policies	1 January 2023
Amendment to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendment to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new standard and amendments to standards, interpretation and accounting guideline and does not expect that they would have any significant impact on its results and financial position.

#### (4) SEGMENT INFORMATION

Executive Directors of the Company (the “Executive Directors”) are regarded as the chief operating decision maker of the Group. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both business and geographic perspectives. Reportable business segments identified are property development, commercial properties investment, property management, infrastructure and investments. Geographically, the property development segment and commercial properties investment segment are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan, Yangshuo and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan, Langfang and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang). Infrastructure segment primarily relates to construction, design and renovation services in Mainland China.

The Executive Directors assess the performance of the operating segments based on the segment results. Corporate income/expenses, finance income and costs are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist of all operating assets other than deferred tax assets.

Revenues comprise turnover which included revenue from property development, revenue from commercial properties investment, property management income, infrastructure income and investments income.

Sales between segments are carried out on terms similar to those that prevail in arm’s length transactions. The revenue reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

The following tables present revenue and profit information regarding to the Group’s operating segments:

	Six months ended 30th June	
	2021 <i>HK\$’000</i> (Unaudited)	2020 <i>HK\$’000</i> (Unaudited)
Revenue from property development	6,483,087	5,407,872
Revenue from commercial properties investment	2,026,140	1,458,508
Property management income	1,156,082	681,418
Infrastructure income	1,401,926	352,884
Investments income	5,007,094	2,835,999
	<u>16,074,329</u>	<u>10,736,681</u>

The segment results by business lines and by geographical areas for the six months ended 30th June 2021 (unaudited) are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th June 2021										
Total revenues	2,212,795	2,478,933	2,292,865	461,657	906,597	1,025,717	1,593,923	4,537,927	5,029,440	20,539,854
Intra/inter-segment revenues	(477,901)	(9,402)	(14,203)	(21,236)	(217,795)	(128,800)	(437,841)	(3,136,001)	(22,346)	(4,465,525)
Revenues	<u>1,734,894</u>	<u>2,469,531</u>	<u>2,278,662</u>	<u>440,421</u>	<u>688,802</u>	<u>896,917</u>	<u>1,156,082</u>	<u>1,401,926</u>	<u>5,007,094</u>	<u>16,074,329</u>
Revenue from contracts with customers:										
Recognised at a point in time	1,734,894	2,469,531	2,278,662	—	—	—	—	—	—	6,483,087
Recognised over time	—	—	—	15,193	134,137	34,619	1,156,082	1,401,926	—	2,741,957
Revenue from other ordinary activities:										
Rental income	—	—	—	425,228	554,665	862,298	—	—	—	1,842,191
Investments income	—	—	—	—	—	—	—	—	5,007,094	5,007,094
	<u>1,734,894</u>	<u>2,469,531</u>	<u>2,278,662</u>	<u>440,421</u>	<u>688,802</u>	<u>896,917</u>	<u>1,156,082</u>	<u>1,401,926</u>	<u>5,007,094</u>	<u>16,074,329</u>
Segment results	<u>569,237</u>	<u>642,635</u>	<u>264,043</u>	<u>337,245</u>	<u>400,606</u>	<u>433,214</u>	<u>342,670</u>	<u>721,967</u>	<u>4,296,222</u>	<u>8,007,839</u>
Depreciation of properties and equipment	(41,638)	(782)	(8,207)	(2,453)	(17,343)	(36,772)	(2,230)	(427)	—	(109,852)
Depreciation of right-of-use assets	(18,428)	(3,166)	(2,306)	(2,063)	(9,143)	(4,938)	(2,931)	(3,532)	—	(46,507)
Loss allowance of financial assets	—	—	—	—	—	—	(15,565)	—	(529,805)	(545,370)
Fair value gain/(loss) on investment properties	—	—	—	2,413	25,973	(3,695)	—	—	—	24,691
Share of (loss)/profit of associates	(1,244)	—	(345)	—	—	—	82,820	—	—	81,231
Share of profit/(loss) of joint ventures	<u>53,198</u>	<u>(5,218)</u>	<u>(10,054)</u>	<u>6,195</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>119</u>	<u>—</u>	<u>44,240</u>

The segment results by business lines and by geographical areas for the six months ended 30th June 2020 (unaudited) are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th June 2020										
Total revenues	2,572,766	2,561,096	438,377	312,947	503,514	751,653	897,553	2,775,139	2,835,999	13,649,044
Intra/inter-segment revenues	(163,976)	—	(391)	(16,337)	(7,951)	(85,318)	(216,135)	(2,422,255)	—	(2,912,363)
Revenues	<u>2,408,790</u>	<u>2,561,096</u>	<u>437,986</u>	<u>296,610</u>	<u>495,563</u>	<u>666,335</u>	<u>681,418</u>	<u>352,884</u>	<u>2,835,999</u>	<u>10,736,681</u>
Revenue from contracts with customers:										
Recognised at a point in time	2,408,790	2,561,096	437,986	—	—	—	—	—	—	5,407,872
Recognised over time	—	—	—	10,780	55,161	22,497	681,418	352,884	—	1,122,740
Revenue from other ordinary activities:										
Rental income	—	—	—	285,830	440,402	643,838	—	—	—	1,370,070
Investments income	—	—	—	—	—	—	—	—	2,835,999	2,835,999
	<u>2,408,790</u>	<u>2,561,096</u>	<u>437,986</u>	<u>296,610</u>	<u>495,563</u>	<u>666,335</u>	<u>681,418</u>	<u>352,884</u>	<u>2,835,999</u>	<u>10,736,681</u>
Segment results	<u>1,451,962</u>	<u>1,309,960</u>	<u>(65,073)</u>	<u>133,869</u>	<u>323,257</u>	<u>829,736</u>	<u>61,631</u>	<u>281,974</u>	<u>2,837,128</u>	<u>7,164,444</u>
Depreciation of properties and equipment	(46,398)	(711)	(9,267)	(2,728)	(16,383)	(39,980)	(1,740)	(763)	—	(117,970)
Depreciation of right-of-use assets	(9,198)	(1,898)	(2,133)	(1,909)	(8,458)	(4,571)	(3,424)	(3,267)	—	(34,858)
Loss allowance of financial assets	—	—	—	—	—	—	(7,608)	—	—	(7,608)
Fair value (loss)/gain on investment properties	—	—	—	(95,667)	55,063	518,981	—	—	—	478,377
Share of (loss)/profit of associates	(212)	—	192	—	—	—	—	—	—	(20)
Share of profit/(loss) of joint ventures	<u>13,085</u>	<u>(1)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,084</u>

The segment assets by business lines and by geographical areas as at 30th June 2021 (unaudited) are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the six months ended										
30th June 2021	<u>67,338,627</u>	<u>49,151,053</u>	<u>99,867,594</u>	<u>9,870,288</u>	<u>22,780,920</u>	<u>35,934,029</u>	<u>3,967,665</u>	<u>3,748,812</u>	<u>39,214,924</u>	<u>331,873,912</u>
Segment assets include:										
Investments in associates	33,408	—	102,793	—	—	—	1,510,481	—	—	1,646,682
Investments in joint ventures	<u>6,966,788</u>	<u>1,469,984</u>	<u>3,480,616</u>	<u>154,373</u>	—	—	—	<u>120</u>	—	<u>12,071,881</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>1,106,798</u>	<u>77,629</u>	<u>558</u>	<u>14,565</u>	<u>184,522</u>	<u>257,968</u>	<u>1,426</u>	<u>1,012</u>	—	<u>1,644,478</u>

The segment assets by business lines and which applicable by geographical areas as at 31st December 2020 (audited) are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended										
31st December 2020	<u>56,774,099</u>	<u>49,754,622</u>	<u>89,207,465</u>	<u>9,564,451</u>	<u>22,286,999</u>	<u>35,443,739</u>	<u>1,893,813</u>	<u>2,048,885</u>	<u>32,554,263</u>	<u>299,528,336</u>
Segment assets include:										
Investments in associates	12,879	—	101,968	—	—	—	—	—	—	114,847
Investments in joint ventures	<u>5,864,799</u>	<u>1,458,475</u>	<u>4,036,185</u>	<u>120,507</u>	—	—	—	—	—	<u>11,479,966</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>716,269</u>	<u>1,537,718</u>	<u>3,916,295</u>	<u>125,796</u>	<u>44,795</u>	<u>474,007</u>	<u>31,105</u>	<u>1,627</u>	—	<u>6,847,612</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	<b>Six months ended 30th June</b>	
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Reportable segment profit from operations	<b>8,007,839</b>	7,164,444
Unallocated corporate expenses (including exchange losses), net	<b>(3,464)</b>	(104,068)
Finance income	<b>204,956</b>	153,433
Finance costs	<b><u>(1,302,207)</u></b>	<u>(606,994)</u>
Profit before taxation	<b><u>6,907,124</u></b>	<u>6,606,815</u>

Reconciliation of reportable segment assets to total assets is as follows:

	<b>As at</b>	
	<b>30th June</b>	31st December
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Total segment assets	<b>331,873,912</b>	299,528,336
Deferred tax assets	<b><u>1,485,718</u></b>	<u>1,342,998</u>
Total assets	<b><u>333,359,630</u></b>	<u>300,871,334</u>

Investments segment relating to investments in equity and debt investments in Hong Kong, Mainland China and the United States of America. For other segments, all revenues for the six months ended 30th June 2021 and 2020 were from Mainland China; and their related segment assets as at 30th June 2021 and 31st December 2020 were mainly located in Mainland China.

As at 30th June 2021 and 31st December 2020, non-current assets were mainly located in Mainland China.

(5) OTHER GAINS, NET

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange gains/(losses)	17,376	(79,996)
Gain on disposal of assets classified as held for sale	—	628,149
Others	65,902	63,382
	<u>83,278</u>	<u>611,535</u>

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Advertising and promotion costs	166,334	89,692
Cost of completed properties sold	3,947,714	2,535,738
Depreciation of properties and equipment	109,852	117,970
Depreciation of right-of-use assets	46,507	34,858
Direct operating expenses arising from investment properties that		
— generated rental income	198,061	106,633
— did not generate rental income	—	1,735
Employees' benefits costs (including Directors' emoluments)	847,654	685,189
Loss on disposals of properties and equipment	540	380
Short-term and low-value assets lease expenses*	4,388	4,059
Loss allowance of financial assets	545,370	7,608

\* These lease expenses are directly charged to general and administrative expenses and are not included in the measurement of lease liabilities under HKFRS 16.

**(7) FINANCE INCOME AND COSTS**

	<b>Six months ended 30th June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Finance income</b>		
Interest income on bank deposits, advance to a joint venture and loan receivables	<b>(204,956)</b>	(153,433)
<b>Finance costs</b>		
Interest expense and other borrowing costs:		
— loans from banks and financial institutions	<b>3,543,008</b>	2,298,139
— senior notes, asset-backed securities and commercial mortgage-backed securities	<b>605,639</b>	517,107
Total borrowing costs incurred	<b>4,148,647</b>	2,815,246
Less: Amount capitalised as part of the cost of properties under development, investment properties under development and construction-in-progress	<b>(2,846,440)</b>	(2,208,252)
	<b>1,302,207</b>	606,994
Net finance costs	<b>1,097,251</b>	453,561

**(8) TAXATION**

	<b>Six months ended 30th June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Current tax</b>		
Hong Kong profits tax	<b>67,235</b>	33,789
Mainland China corporate income tax	<b>656,085</b>	671,238
Mainland China land appreciation tax	<b>624,742</b>	751,190
	<b>1,348,062</b>	1,456,217
<b>Deferred tax</b>		
Mainland China corporate income tax	<b>(118,666)</b>	47,321
Mainland China land appreciation tax	<b>2,474</b>	(12,052)
	<b>(116,192)</b>	35,269
	<b>1,231,870</b>	1,491,486

The Company is exempted from taxation in Bermuda until March 2035.

Hong Kong profits tax has been provided at 16.5% on the estimated assessable profit for the six months ended 30th June 2021 (2020: 16.5%).

Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% for the six months ended 30th June 2021 (2020: 25%).

Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land, development and construction expenditure.

Dividend distribution made by Mainland China subsidiaries and joint ventures to shareholders outside of Mainland China in respect of their profits earned after 1st January 2008 is subject to withholding income tax at tax rate of 5% or 10%, where applicable.

## (9) EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<u>5,631,617</u>	<u>5,101,795</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,405,399</u>	<u>2,448,116*</u>
Basic earnings per share (HK\$ per share)	<u>2.341</u>	<u>2.084</u>

\* Adjusted for the bonus issue in 2021

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares during the six months ended 30th June 2021 and 30th June 2020, diluted earnings per share is equal to basic earnings per share.

**(10) DIVIDEND**

	<b>Six months ended 30th June</b>	
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Declared interim dividend of HK\$0.50 (2020: HK\$0.60) per ordinary share	<u><b>1,089,348</b></u>	<u>1,335,336</u>

The interim dividend has not been recognised as a liability at the end of reporting period.

**(11) ACCOUNTS RECEIVABLE**

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable (including amounts due from related companies of trading in nature) is as follows:

	<b>As at</b>	
	<b>30th June</b>	31st December
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0 to 3 months	<b>2,026,648</b>	1,627,659
3 to 6 months	<b>233,459</b>	201,238
6 to 9 months	<b>167,328</b>	156,542
9 to 12 months	<b>182,333</b>	92,963
Over 12 months	<u><b>644,887</b></u>	<u>544,469</u>
	<u><b>3,254,655</b></u>	<u>2,622,871</u>

The carrying value of accounts receivable approximates their fair values. The accounts receivable is related to a number of independent customers, and are denominated in Renminbi.

## (12) BORROWINGS

	As at	
	30th June 2021 HK\$'000 (Unaudited)	31st December 2020 HK\$'000 (Audited)
Non-current		
Bank and financial institution borrowings	75,450,793	76,683,518
Commercial mortgage-backed securities ( <i>Note (a)</i> )	8,618,868	9,156,703
Senior notes ( <i>Note (b)</i> )	3,851,021	3,841,071
	<u>87,920,682</u>	<u>89,681,292</u>
Current		
Bank and financial institution borrowings	16,265,196	13,425,498
Commercial mortgage-backed securities ( <i>Note (a)</i> )	2,373,020	81,888
Senior notes ( <i>Note (b)</i> )	8,138,640	4,349,041
Asset-backed securities ( <i>Note (c)</i> )	728,295	—
	<u>27,505,151</u>	<u>17,856,427</u>
	<u>115,425,833</u>	<u>107,537,719</u>

### Notes:

- (a) In June 2018, the Group issued 6.50% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB5,600,000,000 according to pre-determined schedule from 2019 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 30th June 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$6,275,344,000 (31st December 2020: HK\$6,203,131,000), and the securities are secured by an investment property of approximately HK\$12,340,160,000 (31st December 2020: HK\$11,943,349,000) and the rental income/receivables deriving from the investment property.

In June 2019, the Group issued 5.70% commercial mortgage-backed securities. The securities will mature in 2037 and are repayable at their nominal value of RMB2,000,000,000 according to pre-determined schedule from 2019 to 2037. The Group has the right to redeem all the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 30th June 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$2,314,131,000 (31st December 2020: HK\$2,299,041,000), and the securities are secured by an investment property of approximately HK\$3,214,836,000 (31st December 2020: HK\$3,166,438,000) and the rental income/receivables deriving from the investment property.

In September 2020, the Group issued 3.85% commercial mortgage-backed securities. The securities will mature in 2041 and are repayable at their nominal value of RMB700,000,000 according to pre-determined schedule from 2020 to 2041. The Group has the right to redeem all the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 30th June 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$804,610,000 (31st December 2020: HK\$736,419,000), and the securities are secured by an investment property of approximately HK\$1,081,627,000 (31st December 2020: HK\$996,863,000) and the rental income/receivables deriving from the investment property.

In March 2021, the Group issued 4.80% and 5.30% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB1,410,000,000 according to pre-determined schedule from 2021 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 30th June 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$1,597,803,000 (31st December 2020: Nil), and the securities are secured by an investment property of approximately HK\$2,031,999,000 (31st December 2020: Nil) and the rental income/receivables deriving from the investment property.

- (b) In June 2019, the Group issued 7.5% senior notes. The notes are unsecured, will mature in June 2022 and are repayable at their nominal value of US\$500,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 30th June 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$3,798,024,000 (31st December 2020: HK\$3,841,071,000). The Notes were early redeemed by the Group in August 2021.

In July 2020, the Group issued 6.0% senior notes. The notes are unsecured, will mature in July 2021 and are repayable at their nominal value of US\$61,450,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 30th June 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$477,085,000 (31st December 2020: HK\$476,397,000). The Notes were repaid by the Group in July 2021.

In January 2021, the Group issued 5.8% senior notes. The notes are unsecured, will mature in January 2022 and are repayable at their nominal value of US\$500,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 30th June 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$3,863,531,000.

In May 2021, the Group issued 7.0% senior notes. The notes are unsecured, will mature in May 2024 and are repayable at their nominal value of US\$300,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 30th June 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$2,299,737,000.

In June 2021, the Group issued 6.8% senior notes. The notes are unsecured, will mature in December 2023 and are repayable at their nominal value of US\$200,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 30th June 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$1,551,284,000.

(c) In June 2021, the Group issued 7.5% asset-backed securities. The securities will mature in June 2023 and are repayable at their nominal value of RMB664,000,000. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 30th June 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$728,295,000, and the securities are secured by the final payments to be received from buyers of a property project.

### (13) ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	As at	
	30th June 2021 HK\$'000 (Unaudited)	31st December 2020 HK\$'000 (Audited)
0 to 3 months	8,039,060	4,190,958
3 to 6 months	5,457,264	4,128,806
6 to 9 months	3,356,035	1,931,843
9 to 12 months	2,283,654	1,081,952
Over 12 months	4,277,680	7,246,941
	<u>23,413,693</u>	<u>18,580,500</u>

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximate their fair values.

### (14) RESERVES

*For the six months ended 30th June 2021 (unaudited)*

	Share premium HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2021	15,558,932	161,117	1,514,096	3,243,278	67,315,409	87,792,832
Profit for the period	—	—	—	—	5,631,617	5,631,617
Currency translation differences	—	—	—	886,391	—	886,391
Repurchase of own shares	(90,256)	—	—	—	(278,609)	(368,865)
Fair value gain on financial assets at fair value through other comprehensive income	—	—	506,843	—	—	506,843
Realised upon disposal of completed properties held for sale	—	—	(30,047)	—	—	(30,047)
Deferred tax	—	—	(115,069)	—	—	(115,069)
Transfer upon disposal of financial assets at fair value through other comprehensive income	—	—	(852,746)	—	852,746	—
Dividends payable	—	—	—	—	(2,396,565)	(2,396,565)
Balance at 30th June 2021	<u>15,468,676</u>	<u>161,117</u>	<u>1,023,077</u>	<u>4,129,669</u>	<u>71,124,598</u>	<u>91,907,137</u>

For the six months ended 30th June 2020 (unaudited)

	Share premium HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2020	15,800,776	161,117	1,133,021	(779,750)	56,042,957	72,358,121
Profit for the period	—	—	—	—	5,101,795	5,101,795
Currency translation differences	—	—	—	(1,514,860)	—	(1,514,860)
Fair value loss on financial assets at fair value through other comprehensive income	—	—	(76,167)	—	—	(76,167)
Realised upon disposal of completed properties held for sale	—	—	(85,843)	—	—	(85,843)
Deferred tax	—	—	60,301	—	—	60,301
Dividends payable	—	—	—	—	(667,668)	(667,668)
Balance at 30th June 2020	<u>15,800,776</u>	<u>161,117</u>	<u>1,031,312</u>	<u>(2,294,610)</u>	<u>60,477,084</u>	<u>75,175,679</u>

#### (15) EVENTS AFTER THE BALANCE SHEET DATE

Saved as disclosed elsewhere in this announcement, the events occurring after the reporting period are as follows:

In July 2021, the Group issued 4.35% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB8,000,000,000 (equivalent to approximately HK\$9,614,460,000). The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates.

In July 2021, the Group issued 5.25% senior notes. The notes are unsecured, will mature in 2022 and are repayable at their nominal value of HK\$720,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

In July 2021, the Group issued 6.8% senior notes, which form a single series with the US\$200,000,000 6.8% senior notes issued on 28th June 2021. The notes are unsecured, will mature in 2023 and are repayable at their nominal value of US\$37,500,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

## **DIVIDEND**

The Board has declared an interim dividend of HK\$50 cents per share for the six months ended 30th June 2021 (30th June 2020: HK\$60 cents), payable on Friday, 26th November 2021 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 15th October 2021.

## **BONUS ISSUE OF SHARES**

The Board has proposed to make a bonus issue of one new share for every ten existing shares held by shareholders whose names are on the register of members of the Company at the close of business on Friday, 15th October 2021 (“Bonus Issue”). The Bonus Issue is proposed to be made under the general mandate to issue shares of the Company granted by the shareholders to the Board by the resolution of the shareholders passed in the annual general meeting of the Company held on 11th June 2021. Details of the Bonus Issue will be disclosed in the announcement to be published by the Company in due course.

## **FINANCIAL REVIEW**

### **Turnover**

#### *(i) Recognised Sales*

For the first six months of 2021, the Group recorded a turnover of RMB13,452 million (HK\$16,074 million), up 38.5% (denominated in RMB) and up 49.7% (denominated in HK\$) comparing to RMB9,713 million (HK\$10,737 million) for the first six months of 2020. The increase was mainly due to increase in revenue from property development and investments income.

In respect of property development business, a total GFA of 298,992 square metres (2020: 291,089 square metres) was delivered for the first half of 2021. The major projects delivered include Hopson Belvedere Bay (合生君景灣) in Guangzhou, Hopson No. 8 Royal Park (合生霄雲路8號) in Beijing, The Town of Hangzhou Bay (合生杭州灣國際新城) in Shanghai and Hopson Regal (合生帝景) in Shanxi.

The overall average selling price in respect of delivered and completed properties was RMB17,776 per square metre (2020: RMB16,418 per square metre), increased by 8% compared to the same period of last year.

In respect of investments business, the Group recorded investments income of HK\$5,007 million for the six months of 2021 (2020: HK\$2,836 million). Investments consists of investments in listed equity securities in Hong Kong, Mainland China and the United States of America as well as unlisted equity and debt securities in Hong Kong, Mainland China and the United States of America.

## *(ii) Contracted Sales*

The Group recorded total contracted sales of RMB21,227 million (2020: RMB13,014 million) for the first six months of 2021. In particular, contracted sales of properties amounted to approximately RMB20,145 million, representing a period-on-period increase of approximately 60.8% as compared with approximately RMB12,525 million for the same period of 2020; contracted sales of decoration amounted to approximately RMB1,082 million, representing a period-on-period increase of approximately 121.3% as compared with approximately RMB489 million for the same period of 2020. Affected by the product structure of sales, the average selling price of contracted sales of properties was RMB35,072 per square metre, representing a period-on-period increase of approximately 120.5% as compared with RMB15,909 per square metre for the same period of 2020.

In the first half of 2021, Guangzhou and Huizhou had in total fifteen projects on sale and the contracted sales amounted to RMB7,815 million, representing 37% of the total contracted sales of the Group. The major projects were Hopson Hushan Guoji Villa (合生湖山國際), Hopson Joy Mansion (合生悅公館), Hopson Xijing Garden (合生熹景花園) and Hopson Shidai City (合生時代城).

There were eleven property projects on sale in Shanghai, mainly comprising Kunshan Metropolis Light (昆山合樾蘭亭) and Hopson Guangfuhui (合生廣富匯). Contracted sales of Shanghai amounted to RMB3,116 million, representing 15% of the total contracted sales of the Group.

The combined contracted sales of Beijing and Tianjin were RMB10,296 million, representing 48% of the total contracted sales of the Group in the first half of 2021. Seventeen projects in total were on sale in Beijing and Tianjin, of which Hopson No. 8 Royal Park (合生霄雲路8號), Hopson YUNĒ (合生縵雲) and Jinmao Palace Phase II (金茂府二期) were the major sales contributors.

## **Gross Profit**

Gross profit for the first half of 2021 amounted to HK\$10,125 million (2020: HK\$7,146 million) with a gross profit margin percentage of 63% (2020: 67%). The decrease in gross profit margin percentage was mainly attributable to the type and grade of products delivered by the property development segment.

## **Fair Value Gain on Investment Properties**

Fair value gain on investment properties for the six months ended 30th June 2021 amounted to HK\$24.7 million (2020: HK\$478.4 million), down HK\$453.7 million or 95%. As at 30th June 2021, the Group owns 15 (2020: 15) investment properties.

## **Other Gains, Net**

Other gains for the six months ended 30th June 2021 amounted to HK\$83.3 million (2020: HK\$611.5 million), comprising (1) gain from government grants of HK\$60.0 million; (2) net exchange gains of HK\$17.4 million and (3) other net gains of HK\$5.9 million.

## **Operating Costs**

The operating costs relating to expenses for selling, marketing, general and administration increased by 98% to HK\$2,354 million in the first half of 2021 (2020: HK\$1,188 million). The increase was primarily attributable to the increase in sales of the Group during the first half of the year, which led to the corresponding increase in related expenses.

## **Finance Costs**

Gross interest expenses before capitalisation for the first half of 2021 increased to HK\$4,149 million (2020: HK\$2,815 million), up HK\$1,334 million or 47%. The increase was primarily attributable to the increase in borrowings during the first half of 2021 as compared to the same period of last year.

## **Taxation**

The effective tax rate was 17.8% for the first half of 2021, decreased by 4.8% as compared with the same period of last year, mainly because the investments business, which has a lower tax rate than property development business, accounted for a larger proportion as compared with last year.

## **Profit Attributable to Equity Holders of the Company**

Profit attributable to equity holders was HK\$5,632 million for the first half of 2021 (2020: HK\$5,102 million). Basic earnings per share was HK\$2.341. During the period under review, excluding the effect of the net of tax gain from investment property revaluation of HK\$18 million, the net of tax gain on the disposal of subsidiaries and an associate of HK\$4 million and the net of tax donation of HK\$114 million, the underlying profit amounted to HK\$5,724 million, representing an increase of HK\$1,412 million, or 33%, as compared to the same period of last year. The overall increase of the underlying profit for the period was mainly attributable to the increase in properties delivered as compared to the same period of last year and the good performance of the investments business in the current period.

## Segment Information

Property development is an important business of the Group, contributing HK\$6,483 million to the Group's revenue, accounting for 40% of the Group's sales. As the second largest contributor, the investments business recorded revenue of HK\$5,007 million for the first half of the year, accounting for 31% of the Group's sales. The total revenue from commercial properties investment, property management and infrastructure business amounted to HK\$4,584 million, accounting for 29% of the Group's sales.

## Liquidity and Financial Position

As at 30th June 2021, total assets of the Group amounted to HK\$333,360 million and total liabilities came to HK\$223,442 million, representing an increase of 11% and 10% respectively as compared to 31st December 2020. The increase in total assets was mainly attributable to the increase in properties under development for sale and financial assets at fair value through profit or loss. The increase in total liabilities was mainly attributable to the increase in borrowings.

The Group's current ratio as at 30th June 2021 was 2.01 (31st December 2020: 2.23). Equity as at 30th June 2021 increased by 12% to HK\$109,918 million from 31st December 2020, mainly due to the increase in profit attributable to equity holders during the period. The net asset value ("NAV") per share as at 30th June 2021 was HK\$50.45.

As at 30th June 2021, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 67% (31st December 2020: 67%).

As at 30th June 2021, the Group had cash and bank deposits amounting to HK\$42,855 million (31st December 2020: HK\$29,650 million), of which approximately HK\$2 million (31st December 2020: HK\$2 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 76.19% of the cash and bank deposits were denominated in Renminbi, 13.76% in Hong Kong dollars, 10.04% in United States dollars and 0.01% in other currencies.

Total borrowings from banks and financial institutions amounted to HK\$91,716 million as at 30th June 2021, representing an increase of 2% or HK\$1,607 million as compared to those as at 31st December 2020. Gearing ratio, measured by net bank and financial institution borrowings, senior notes, asset-backed securities and commercial mortgage-backed securities (i.e. total bank and financial institution borrowings, senior notes, asset-backed securities and commercial mortgage-backed securities less cash and bank deposits) as a percentage of shareholders' equity, was 66% as at 30th June 2021 (decreased by 14% as compared with 80% as at 31st December 2020).

All of the bank and financial institution borrowings were either secured or covered by guarantees and substantially denominated in Renminbi with fixed interest rates.

All of the asset-backed securities and commercial mortgage-backed securities were secured and denominated in Renminbi.

All of the senior notes were unsecured and denominated in United States dollars.

All of the other borrowings were unsecured and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 30th June 2021 was as follows:

	As at 30th June 2021						As at 31st December 2020					
	Bank and financial institution borrowings	Asset-backed securities and commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage
<i>(HK\$ million)</i>												
1 year	16,265	3,101	8,139	2,219	29,724	(25%)	13,426	82	4,349	1,635	19,492	(18%)
1–2 years	38,292	95	—	—	38,387	(33%)	27,871	129	3,841	—	31,841	(29%)
2–5 years	19,225	8,524	3,851	—	31,600	(27%)	29,956	9,028	—	—	38,984	(36%)
After 5 years	17,934	—	—	—	17,934	(15%)	18,856	—	—	—	18,856	(17%)
Total	91,716	11,720	11,990	2,219	117,645		90,109	9,239	8,190	1,635	109,173	
Less: Total bank deposits and cash					(42,855)						(29,650)	
Net borrowings					<u>74,790</u>						<u>79,523</u>	

As at 30th June 2021, the Group had banking facilities of approximately HK\$180,830 million (31st December 2020: HK\$174,795 million) for short-term and long-term bank loans, of which HK\$65,404 million (31st December 2020: HK\$67,257 million) were unutilised.

## Charge on Assets

As at 30th June 2021, certain assets of the Group with an aggregate carrying value of HK\$91,184 million (31st December 2020: HK\$89,374 million) and the Group's equity interests in subsidiaries of HK\$9,853 million (31st December 2020: HK\$9,270 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

## Financial Guarantees

As at 30th June 2021, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$17,120 million (31st December 2020: HK\$16,869 million).

## **FOREIGN EXCHANGE FLUCTUATIONS**

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

## **MANAGEMENT CONTRACT**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the six months ended 30th June 2021.

## **EMPLOYEES**

As at 30th June 2021, the Group, excluding its associates and joint ventures, employed a total of 11,367 (as at 31st December 2020: 11,368) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$848 million for the six months ended 30th June 2021 (for the six months ended 30th June 2020: HK\$685 million). The remuneration policies remained the same as disclosed in the Annual Report for the year ended 31st December 2020.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30th June 2021.

## **CORPORATE GOVERNANCE**

During the six months ended 30th June 2021, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules except for the code provisions A.4.1 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Save for Mr. Ching Yu Lung and Mr. Ip Wai Lun, William, whose appointments are for a 3-year term subject to renewal, none of the other independent non-executive Directors in office during the six months ended 30th June 2021 was appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2021 due to other business commitment.

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

During the six months ended 30th June 2021, the Company repurchased a total of 12,673,200 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

<b>Month of repurchase</b>	<b>Number of shares repurchased</b>	<b>Highest price paid per share (HK\$)</b>	<b>Lowest price paid per share (HK\$)</b>	<b>Aggregate consideration (excluding expenses) (HK\$)</b>
March 2021	1,566,000	28.30	26.15	42,686,400
April 2021	4,550,000	29.70	25.55	123,250,300
May 2021	6,557,200	32.65	29.70	203,137,950

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling approximately HK\$368,865,000 were charged to the reserves.

The repurchases of the above shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 12th June 2020, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June 2021.

Subsequent to 30th June 2021, the Company redeemed all the outstanding 7.5% senior notes due 2022 in an aggregate principal amount of US\$500,000,000 on 6th August 2021. The redemption price for the notes is 103.75% of the principal amount redeemed plus accrued and unpaid interest to (but not including) the redemption date. All redeemed notes were cancelled.

## **AUDIT COMMITTEE AND REVIEW OF RESULTS**

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the risk management and internal controls and financial reporting matters.

The Group's interim results for the six months ended 30th June 2021 have been reviewed by the Company's audit committee and by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information by the auditor will be included in the 2021 interim report to shareholders.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 11th October 2021 to Friday, 15th October 2021 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the interim dividend and Bonus Issue. In order to qualify for the interim dividend and Bonus Issue, all transfer of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 8th October 2021.

## **INTERIM REPORT**

The 2021 interim report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson>.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the period under review the amount of public float as required under the Listing Rules.

## **DIRECTORS**

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive Directors are Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William.

By order of the Board  
**Hopson Development Holdings Limited**  
**Chu Kut Yung**  
*Chairman*

Hong Kong, 25th August 2021