



渝太地產集團有限公司  
Y. T. REALTY GROUP LIMITED

Stock Code : 75



**2021**

INTERIM REPORT



# Contents

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

# Corporate Information

## Executive Director

Cheung Chung Kiu (*Chairman and Managing Director*)  
Yuen Wing Shing  
Tung Wai Lan, Iris  
Wong Hy Sky (former English name: Huang Yun)

## Independent Non-executive Director

Ng Kwok Fu  
Luk Yu King, James  
Leung Yu Ming, Steven

## Audit Committee

Luk Yu King, James (*Chairman*)  
Ng Kwok Fu  
Leung Yu Ming, Steven

## Remuneration Committee

Leung Yu Ming, Steven (*Chairman*)  
Cheung Chung Kiu  
Ng Kwok Fu

## Nomination Committee

Cheung Chung Kiu (*Chairman*)  
Ng Kwok Fu  
Leung Yu Ming, Steven

## Authorised Representative

Cheung Chung Kiu  
Yuen Wing Shing (*Alternate to Cheung Chung Kiu*)  
Yuen Wing Shing  
Cheung Chung Kiu (*Alternate to Yuen Wing Shing*)

## Company Secretary

Albert T. da Rosa, Jr.\*  
Tong Wui Tung#

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## Principal Place of Business

25th Floor, China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong  
Tel: (852) 2500 5555  
Fax: (852) 2507 2120  
Website: [www.ytrealtygroup.com.hk](http://www.ytrealtygroup.com.hk)  
Email: [investors@ytrealtygroup.com.hk](mailto:investors@ytrealtygroup.com.hk)

## External Auditor

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## Principal Banker

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

## Legal Adviser

*Bermuda:*  
Conyers Dill & Pearman

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

## Registrar & Transfer Office

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

*Hong Kong:*  
Tricor Abacus Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong  
Tel: (852) 2980 1700  
Fax: (852) 2890 9350

## Share Listing

The Stock Exchange of Hong Kong Limited  
Stock Code: 75

\* resigned on 1 August 2021

# appointed on 1 August 2021

# Management Discussion and Analysis

The board of directors is pleased to present the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2021.

## Business Review

During the first half of 2021, global economic recovery was still severely affected by the COVID-19 pandemic despite the population having received vaccinations had increased and lockdown measures in many countries were relaxed. Economic activities were still substantially low due to cross-border restriction imposed by many countries as a result of alarming increase in new cases of COVID-19 variants. Most of the major economies were still in recession. In response to the negative impact of COVID-19, the US Federal Reserve and major central banks cut interest rate to its lowest level in history.

In Mainland China, under strict preventive measures and concerted efforts, the outbreak of coronavirus was very much under control. The central government had provided accommodative monetary policy and necessary fiscal stimulus to ensure economic recovery. As a result, trades and business activities were picking up at encouraging pace and recorded substantial year-on-year GDP growth as compared to the same period last year.

In the UK, in addition to the impact of COVID-19, UK economy was affected by uncertainty as negotiation between UK and European Union continued for trade, tariff and other essential terms. Because of social distancing and lockdown measures, the property market was affected inevitably. Sectors such as hospitality and restaurant business were severely impacted. Rental concession and assistance programs were provided to tenants by many landlords. During the period under review, the Group's major investment properties in London were unable to immune from being affected. However, the impact was relatively less than the general property market due to its prime location.

In Hong Kong, even though the local economy was still impacted by the pandemic, the general economy had picked up its pace as the number of vaccinations had improved and infection cases were low. However, economic recovery remained uneven during the period as consumption-based activities and exports of goods had improved over the same period last year while tourism remained at a standstill due to restriction on cross-border travels imposed by the government. For the first half of 2021, GDP growth was over 7% year-on-year. The commercial property market was still weak but shows sign of bottoming. The pressure on landlords to provide rental assistance and concession was less than last year.

For the first half of 2021, the Group's total revenue amounted to HK\$544.3 million, representing an increase of 2087.3% from HK\$24.9 million recorded in the last corresponding period. Revenue from property sale amounted to HK\$518.9 million (2020: Nil). Rental income from investment properties amounted to HK\$24.4 million, up 10.4% from HK\$22.1 million. Treasury management income amounted to HK\$1.0 million, down 64.7% from HK\$2.8 million.

# Management Discussion and Analysis

## Business Review *(continued)*

The Group's net loss attributable to shareholders for the first six months of 2021 amounted to HK\$81.9 million as compared to loss of HK\$43.2 million in the last corresponding period. The increase in net loss was primarily attributable to property development related operating and finance costs incurred during the first half of 2021 for the property development operations in Mainland China since the Group expanded into this segment starting from June 2020. Such operating and finance costs were not fully offset by related revenue generated from the sale of properties in the property development, which was still in the early stage of the development cycle. Loss per share for the first six-month period of 2021 was HK10.2 cents (2020: loss per share HK5.4 cents).

The Group's investment property portfolio was independently valued at the end of the period resulting in revaluation loss of HK\$0.1 million (2020: HK\$42.0 million loss). The revaluation loss was reported in the statement of profit or loss.

## Property Development and Trading

During the first half of 2021, three property projects in Sichuan, PRC have been launched for pre-sales during the period. The aggregate contract sales was approximately HK\$4,297.5 million and the revenue recognized amounted to HK\$518.9 million in the first half of the year.

The breakdown of contract sales in the first half of 2021 is as follows:

Projects	Location	Contract Sales		Average
		Contract Sales <i>RMB'M</i>	GFA <i>Sqm</i>	Selling Price <i>RMB/sqm</i>
Binjiang Wisdom City	Meishan, Sichuan	1,140.1	100,245	11,373
The City of Islands	Meishan, Sichuan	1,757.9	198,724	8,846
Rare Land	Chengdu, Sichuan	685.0	22,348	30,655

## Property Investment

As at 30 June 2021, the Group's major investment properties include:

- 1 Chapel Place, London, UK
- 1 Harrow Place, London, UK

Gross rental income for the period amounted to HK\$24.4 million, an increase of about 10.4% when compared with rental income of HK\$22.1 million in last corresponding period. Increase in rental income is due to increase in exchange rate of British Pound Sterling as compared to the last corresponding period. As at 30 June 2021, the occupancy rate of the Group's investment properties in UK is 100%.

## Treasury Management

During the first half of 2021, treasury management income amounted to HK\$1.0 million, a decrease of 64.7% from HK\$2.8 million recorded in the last corresponding period. The decrease in treasury management income was primarily due to decrease in bank interest income.

## Land Acquisition

On 12 April 2021, the Group successfully bid for the land use rights of Phase 1 Land Parcels and Phase 2 Land Parcels (both as defined in the Company's announcement dated 12 April 2021 and circular dated 26 May 2021) in Dazhou City, Sichuan at a consideration of RMB423,951,000 and RMB478,656,000 respectively through the public auctions held by Dazhou City Natural Resources and Planning Bureau and entered into the Land Use Rights Grant Contracts on 23 April 2021. The site area of Phase 1 Land Parcel is approximately 97,465 sqm and Phase 2 Land Parcels is approximately 132,963 sqm. Further details of the land acquisition were already disclosed in the relevant announcement and circular issued by the Company.

## Event after the Reporting Period

Subsequent to the reporting period as at 30 June 2021, the Group entered into an agreement on 5 August 2021 to dispose of the entire issued capital of Solent Ventures Limited ("Solent Ventures"), an indirect wholly-owned subsidiary of the Group, and the assignment of the shareholder loan owed by Solent Ventures to the Group. Solent Ventures indirectly held 100% interest of the Group's investment property known as 1 Chapel Place in London, UK. The total consideration for the disposal was HK\$235 million. Completion took place on 12 August 2021. Further details of the disposal were already disclosed in the relevant announcement dated 5 August 2021 issued by the Company.

## Prospects

For the second half the year, we anticipate the global economy to be gradually stabilized even though volatility and uncertainty may still exist. Despite the number of vaccination for COVID-19 will increase, it is still very difficult to predict when the global economy can resume its normal pace as COVID-19 variants are causing wide spread of infection and health concerns. It is anticipated that many countries will continue very accommodative monetary policies to provide liquidity to counter economic downturn, and interest rate will remain at very low level.

In Mainland China, the coronavirus has been under control, the economy will continue to recover. To support economic recovery and growth, the central government will continue its accommodative monetary policy and provide fiscal stimulus as necessary. Despite the central government's measure to cool down the real estate market, it is expected that the property market will remain resilient in the long term.

For the UK, economic recovery will continue to be affected by the pandemic and the uncertainty arising from trade and other negotiations between UK and European Union. It is still not certain when the economy in UK will be back to its normal pace and the property market will inevitably affected.

# Management Discussion and Analysis

## Prospects *(continued)*

In Hong Kong, even though the local economy had improved in the first half of 2021, the degree of recovery of the local economy depends on the successful control of the pandemic locally and around the world. The Consumption Voucher Scheme funded by the Hong Kong government will help stimulate consumer sentiment and provide support to consumption-related sectors. However, the spread of more infectious COVID-19 variants in many places of the world may undermine the pace of economic recovery.

Under the challenging economic and volatile market conditions, the Group will adopt a cautious and proactive approach for its core investment and to look for opportunities in property markets with stable and resilient economic prospects for sustainable development of the Group and further enhance the returns for our shareholders in the long run. The Group remains positive about the overall and long-term economic prospect of China and the PRC property market which is expected to be resilient with sustainable demand over the long run. The Group will continue its efforts to expand its property business in PRC property market.

## Liquidity and Financial Resources

As at 30 June 2021, the Group had net borrowing of HK\$1,646.8 million (31 December 2020: HK\$2,723.7 million), consisting cash and cash equivalents, and restricted bank balances of HK\$876.0 million and total borrowings of HK\$2,522.8 million. The gearing ratio of the Group was 96.4% (31 December 2020: 154.2%). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2021, the total cash and cash equivalents, and restricted bank balances amounted to HK\$876.0 million (31 December 2020: HK\$1,088.2 million), approximately 90.6% was denominated in RMB, 7.9% in GBP, 1.1% in HKD and 0.4% in USD.

As at 30 June 2021, the Group's total borrowings amounted to HK\$2,522.8 million (31 December 2020: HK\$3,811.9 million) which is secured by the pledge of certain property interest in PRC and equity interests in certain subsidiaries of the Group. Approximately 65.7% of total borrowings was denominated in RMB and 34.3% in HKD. The Group proactively managed its financial resources and devised appropriate funding plan for working capital and capital expenditure.

The maturity profile of the Group's bank and other borrowings as at 30 June 2021 is as follows:

	RMB <i>HK\$'M</i>	HKD <i>HK\$'M</i>	Total <i>HK\$'M</i>	Percentage
Repayable:				
Within one year or on demand	226.2	—	226.2	9.0%
In the second year	364.4	864.7	1,229.1	48.7%
In the third year	1,067.5	—	1,067.5	42.3%
Total	<u>1,658.1</u>	<u>864.7</u>	<u>2,522.8</u>	<u>100.0%</u>

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



## Contingent Liabilities / Financial Guarantees

As at 30 June 2021, the Group provided financial guarantees to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties in the PRC amounting to HK\$2,444.5 million (31 December 2020: HK\$1,499.6 million).

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

## Staff

As at 30 June 2021, the Group employed 30 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the board depending upon the financial performance of the Group.

## Interim Dividend

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

# Disclosure of Interests

## Directors' and Chief Executive's Interests and Short Positions

The register kept by the Company under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following directors' interests and long positions in shares and/or in debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2021:

### Interests in the Company

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	136,736,150	136,736,150	17.10%
Ng Kwok Fu	Beneficial owner	50,000	90,000	0.01%
	Interest of spouse	<u>40,000</u>		
Wong Hy Sky	Interest of controlled corporation	79,772,000	79,772,000	9.98%

#### Notes:

- 1 Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in 136,736,150 shares in the Company by virtue of his indirect control of First Rose Global Limited ("First Rose") which owned those shares. First Rose was a wholly owned subsidiary of Windsor Dynasty Limited ("Windsor Dynasty"), a company wholly owned by Mr. C.K. Cheung.
- 2 Mr. Wong Hy Sky ("Mr. H.S. Wong") was deemed to be interested in 79,772,000 shares in the Company by virtue of his indirect control of Hong Kong Petrochemical Industrial Group Limited ("HK Petrochemical") which owned those shares. HK Petrochemical was a wholly owned subsidiary of Ever Lead Developments Limited ("Ever Lead"), and Ever Lead was in turn a wholly owned subsidiary of Joybeam Global Limited ("Joybeam Global", a company wholly owned by Mr. H.S. Wong).

Save as disclosed herein, as at 30 June 2021, there were no other interests or short positions in shares and underlying shares and in debentures, of the Company, or of any of its associated corporations, recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors adopted by the Company.

## Share Options

The share option scheme adopted by the Company on 21 May 2015 (the “Scheme”) is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015.

No option lapsed and no option was granted, exercised or cancelled under the Scheme during the half-year period ended 30 June 2021. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of the period.

## Other Persons’ Interests and Short Positions

As at 30 June 2021, the interests and long positions of other persons (not being directors or chief executives) in shares of the Company recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity	No. of shares held	Approximate % of interest
Windsor Dynasty	Interest of controlled corporation	136,736,150	17.10%
First Rose	Beneficial owner	136,736,150	17.10%
Joybeam Global	Interest of controlled corporation	79,772,000	9.98%
Ever Lead	Interest of controlled corporation	79,772,000	9.98%
HK Petrochemical	Beneficial owner	79,772,000	9.98%

*Note:*

- Each parcel of 136,736,150 shares represents First Rose’s direct interest in the Company. Windsor Dynasty was deemed to be interested in those shares by virtue of its direct control of First Rose.
- Each parcel of 79,772,000 shares represents HK Petrochemical’s direct interest in the Company. Joybeam Global and Ever Lead were deemed to be interested in those shares by virtue of their direct or indirect control of HK Petrochemical.

Apart from the above and the interests of Mr. C.K. Cheung and Mr. H.S. Wong already disclosed on page 7, there were no other interests or short positions in shares and underlying shares of the Company recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as at 30 June 2021.

## Other Information

### Corporate Governance Code

Throughout the accounting period covered by the interim report, the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out within Appendix 14 to the Main Board Listing Rules (the “Listing Rules”) save for the deviations described below.

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

The Company has no formal letters of appointment for directors except Mr. Wong Hy Sky setting out the key terms and conditions of their appointment, and has therefore deviated from D.1.4 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company’s bye-laws, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

### Model Code for Securities Transactions

The Company has adopted a code of conduct regarding securities transactions for its directors and its relevant employees (within the meaning of the CG Code) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix 10 to the Listing Rules (the “Model Code”).

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

### Purchase, Sale or Redemption of Shares

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

## Review by Audit Committee

The interim report has been reviewed by the audit committee. The audit committee has also reviewed the accounting principles and practices adopted by the Company and discussed internal control, risk management and financial reporting matters with management.

## Directors' Information

The Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to shareholders.

## Appreciation

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

On behalf of the board

**Cheung Chung Kiu**

*Chairman and Managing Director*

Hong Kong, 23 August 2021

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
<b>REVENUE</b>	5		
Sales of properties		518,857	—
Rental income		24,432	22,125
Interest income		974	2,758
Total revenue		544,263	24,883
Cost of sales		(352,960)	(73)
		191,303	24,810
Other income and gains		3,119	1,430
Other expenses and losses		(1,560)	(13,784)
Selling and marketing expenses		(201,220)	(3,319)
Administrative expenses		(54,122)	(7,544)
Finance costs	6	(68,608)	(5,740)
Changes in fair value of investment properties		(112)	(41,992)
<b>LOSS BEFORE TAX</b>	7	(131,200)	(46,139)
Income tax credit	8	19,942	2,467
<b>LOSS FOR THE PERIOD</b>		<u>(111,258)</u>	<u>(43,672)</u>
Attributable to:			
Equity holders of the Company		(81,863)	(43,190)
Non-controlling interests		(29,395)	(482)
		<u>(111,258)</u>	<u>(43,672)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	9	<u>HK(10.2) cents</u>	<u>HK(5.4) cent</u>

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<u>(111,258)</u>	<u>(43,672)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>23,879</u>	<u>(78,488)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>23,879</u>	<u>(78,488)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(87,379)</u></u>	<u><u>(122,160)</u></u>
Attributable to:		
Equity holders of the Company	(58,047)	(122,176)
Non-controlling interests	<u>(29,332)</u>	<u>16</u>
	<u><u>(87,379)</u></u>	<u><u>(122,160)</u></u>

# Consolidated Statement of Financial Position

30 June 2021

	<i>Notes</i>	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	102,131	68,452
Investment properties	<i>11, 12</i>	1,524,818	1,486,044
Goodwill		281,432	279,419
Other intangible asset		9,560	9,560
Equity investment designated at fair value through other comprehensive income		2,270	2,270
Deferred tax assets		19,510	46,278
Deposits		25,099	24,922
Total non-current assets		<u>1,964,820</u>	<u>1,916,945</u>
<b>CURRENT ASSETS</b>			
Properties under development	<i>13</i>	9,241,833	8,104,321
Interests in land use rights for property development	<i>13</i>	549,312	—
Trade receivables	<i>14</i>	3,270	4,285
Other receivables, deposits and prepayments		571,607	295,445
Debt investments at amortised cost		—	15,162
Prepaid income tax		113,609	54,292
Restricted bank balances		400,385	390,384
Cash and cash equivalents		475,639	697,822
Total current assets		<u>11,355,655</u>	<u>9,561,711</u>
<b>CURRENT LIABILITIES</b>			
Trade and retention payables	<i>15</i>	554,975	870,653
Other payables and accrued expenses		883,727	638,343
Interest-bearing bank and other borrowings	<i>16</i>	226,157	30,989
Contract liabilities		7,261,487	3,912,996
Tax payable		8,194	4,115
Total current liabilities		<u>8,934,540</u>	<u>5,457,096</u>
<b>NET CURRENT ASSETS</b>		<u>2,421,115</u>	<u>4,104,615</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,385,935</u>	<u>6,021,560</u>



# Consolidated Statement of Financial Position

30 June 2021

	<i>Notes</i>	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,385,935</u>	<u>6,021,560</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		395,201	459,167
Interest-bearing bank and other borrowings	16	2,296,607	3,780,892
Other payables		<u>3,678</u>	<u>6,074</u>
Total non-current liabilities		<u>2,695,486</u>	<u>4,246,133</u>
Net assets		<u>1,690,449</u>	<u>1,775,427</u>
<b>EQUITY</b>			
<b>Attributable to equity holders of the Company</b>			
Issued share capital	17	79,956	79,956
Reserves		<u>1,628,596</u>	<u>1,686,643</u>
		1,708,552	1,766,599
<b>Non-controlling interests</b>		<u>(18,103)</u>	<u>8,828</u>
Total equity		<u>1,690,449</u>	<u>1,775,427</u>

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

Note	Unaudited											
	Attributable to equity holders of the Company										Non-controlling interests	Total
	Issued share capital	Share premium account	Capital redemption reserve	Capital reserve	Contributed surplus	Exchange fluctuation reserves	Other reserves <sup>#</sup>	Retained profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021	79,956	95,738	1,350	1,800	4,767	137,673	1,530	1,443,785	1,766,599	8,828	1,775,427	
Loss for the period	—	—	—	—	—	—	—	(81,863)	(81,863)	(29,395)	(111,258)	
Other comprehensive income for the period	—	—	—	—	—	23,816	—	—	23,816	63	23,879	
Total comprehensive income/(loss) for the period	—	—	—	—	—	23,816	—	(81,863)	(58,047)	(29,332)	(87,379)	
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	—	—	2,401	2,401	
At 30 June 2021	<u>79,956</u>	<u>95,738<sup>*</sup></u>	<u>1,350<sup>*</sup></u>	<u>1,800<sup>*</sup></u>	<u>4,767<sup>*</sup></u>	<u>161,489<sup>*</sup></u>	<u>1,530<sup>*</sup></u>	<u>1,361,922<sup>*</sup></u>	<u>1,708,552</u>	<u>(18,103)</u>	<u>1,690,449</u>	
At 1 January 2020	79,956	95,738	1,350	1,800	4,767	(31,975)	1,580	1,586,084	1,739,300	—	1,739,300	
Loss for the period	—	—	—	—	—	—	—	(43,190)	(43,190)	(482)	(43,672)	
Other comprehensive income/(loss) for the period	—	—	—	—	—	(78,986)	—	—	(78,986)	498	(78,488)	
Total comprehensive income/(loss) for the period	—	—	—	—	—	(78,986)	—	(43,190)	(122,176)	16	(122,160)	
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	59,879	59,879	
Final dividend declared and paid	—	—	—	—	—	—	—	(7,996)	(7,996)	—	(7,996)	
At 30 June 2020	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>4,767</u>	<u>(110,961)</u>	<u>1,580</u>	<u>1,534,898</u>	<u>1,609,128</u>	<u>59,895</u>	<u>1,669,023</u>	

\* These reserve accounts comprise the consolidated reserves of HK\$1,628,596,000 (31 December 2020: HK\$1,686,643,000) in the consolidated statement of financial position.

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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
			(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		1,471,546	43,029
Interest received from debt investments at amortised cost		325	398
Interest received from time deposits		—	1,417
PRC corporate income tax paid		(45,671)	—
PRC land appreciation tax paid		(61,104)	(2,396)
Overseas profits tax paid		(182)	(1,807)
<b>Net cash flows from operating activities</b>		<b>1,364,914</b>	<b>40,641</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries	18	—	91,398
Additions to investment properties		(15,112)	—
Purchases of items of property, plant and equipment		(56,587)	(721)
Proceed from redemption of a debt investment at amortised cost		7,742	—
Other cash flows arising from investing activities		1,998	1,003
<b>Net cash flows (used in)/from investing activities</b>		<b>(61,959)</b>	<b>91,680</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital contribution from a non-controlling shareholder		2,401	—
New interest-bearing bank and other borrowings		1,768,427	1,569,313
Repayment of interest-bearing bank and other borrowings		(3,076,988)	(93,208)
Principal portion of lease payments		(396)	(358)
Interest paid		(223,732)	(38)
Dividend paid		—	(7,996)
<b>Net cash flows (used in)/from financing activities</b>		<b>(1,530,288)</b>	<b>1,467,713</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(227,333)</b>	<b>1,600,034</b>
Cash and cash equivalents at 1 January		697,822	451,571
Effect on foreign exchange rate changes, net		5,150	5,726
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		<b>475,639</b>	<b>2,057,331</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		475,639	1,157,331
Non-pledged time deposits with original maturity of less than three months when acquired		—	900,000
		<b>475,639</b>	<b>2,057,331</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 1 Basis of Preparation and Accounting Policies

This unaudited interim condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 to the Listing Rules.

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

The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the revised HKFRSs and changes in accounting policies as disclosed in note 2 to this unaudited interim condensed consolidated financial information.

## 2 Changes in Accounting Policies and Disclosures

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

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

*Interest Rate Benchmark Reform – Phase 2*

Amendments to HKFRS 16

*Covid-19-Related Rent Concessions beyond  
30 June 2021 (early adopted)*

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

- (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.

## 2 Changes in Accounting Policies and Disclosures *(continued)*

(i) (a) *(continued)*

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 fixed interest rates which do not based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") 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 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The 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 amendments did not have any significant impact on the financial position and performance of the Group.

- (ii) The Company has changed its accounting policy for the classification of interest paid in the condensed consolidated statement of cash flows. In prior periods, interest paid for bank and other borrowings used in property development and investment (the "Borrowings") was classified as cash flows from operating activities, whereas interest paid for the Borrowings is now classified as cash flows from financing activities (the "Policy Change"). In the opinion of the directors of the Company, it is more appropriate to classify all cash flows in respect of the Group's borrowings as cash flows from financing activities in the condensed consolidated statement of cash flows to reflect the nature of the cash flows of the Group's borrowings, including the interest paid as a cost of financing, and will provide more relevant information about the cash flows associated with the borrowings. The directors are also of the opinion that such classification and presentation will provide greater comparability with other industry peers of the Group. The comparative amounts have been restated accordingly.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 2 Changes in Accounting Policies and Disclosures *(continued)*

(ii) *(continued)*

Set out below are the amounts by which each financial statement line item was affected for the periods ended 30 June 2021 and 2020 as a result of the Policy Change:

	2021	2020
	Decrease	Decrease
	/(increase)	/(increase)
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest paid	222,864	—
Cash flows related to operating activities	222,864	—
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(222,864)	—
Cash flows related to financing activities	(222,864)	—
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	—	—

## 3 Adjustments Arising from Prior Period Provisional Accounting

The Group completed the acquisition of Prime Circle Global Limited (“Prime Circle”) and its subsidiaries (collectively the “Prime Circle Group”) in June 2020. In the preparation of the Company’s unaudited interim condensed consolidated financial information for the six months period ended 30 June 2020, the purchase price allocation of the Prime Circle Group acquisition and the resulting goodwill on acquisition were determined on a provisional basis. During the year ended 31 December 2020, the Group has finalised the fair value assessment of the identifiable assets and liabilities of the Prime Circle Group (the “Finalised Assessment”) as of the acquisition date.

The effects of the adjustments arising from the Finalised Assessment did not have any significant impact on the profit or loss and other comprehensive income for the six months ended 30 June 2020.

Due to the reclassification of other receivables of approximately HK\$33,718,000 from cash and cash equivalents to other receivables as at the acquisition date, the corresponding cash flows arising from the changes in other receivables of approximately HK\$33,718,000 was reclassified from the cash flows related to investing activities to cash flows related to operating activities in the condensed consolidated statement of cash flows for the six months ended 30 June 2020.

## 3 Adjustments Arising from Prior Period Provisional Accounting *(continued)*

Set out below are the amounts by which each financial statement line item was affected for the six months ended 30 June 2020 as a result of the Finalised Assessment:

	2020 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in cash generated from operations	33,718
Increase in cash flows related to operating activities	33,718
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Decrease in acquisition of subsidiaries	(33,718)
Decrease in cash flows related to investing activities	(33,718)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>—</u>

Further details in respect of the acquisition of the Prime Circle Group are included in note 18.

## 4 Operating Segment Information

For management purposes, the Group is organised into business units based on its business activities and has four reportable operating segments during the first six months of 2021 as follows:

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

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

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

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 4 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Six months ended 30 June 2021 (Unaudited)					
Segment revenue	<u>24,432</u>	<u>518,857</u>	<u>974</u>	<u>—</u>	<u>544,263</u>
Segment results	23,492	(81,657)	988	—	(57,177)
Specific finance costs	—	(67,760)	—	—	(67,760)
General finance costs					(848)
Corporate and other unallocated expenses and losses					<u>(5,415)</u>
Loss before tax					(131,200)
Income tax credit/(expense)	(3,294)	23,236	—	—	<u>19,942</u>
Loss for the period					<u>(111,258)</u>

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
At 30 June 2021 (Unaudited)						
Assets and liabilities						
Total assets	<u>1,597,196</u>	<u>11,686,246</u>	<u>8,069</u>	<u>—</u>	<u>28,964</u>	<u>13,320,475</u>
Total liabilities	<u>22,026</u>	<u>11,573,986</u>	<u>—</u>	<u>—</u>	<u>34,014</u>	<u>11,630,026</u>

Six months ended 30 June 2021  
(Unaudited)

Other segment information:						
Capital expenditure*	15,112	56,579	—	—	8	71,699
Depreciation	—	22,853	—	—	536	23,389
Fair value losses of investment properties	<u>112</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>112</u>



# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 4 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Six months ended 30 June 2020 (Unaudited)					
Segment revenue	<u>22,125</u>	<u>—</u>	<u>2,758</u>	<u>—</u>	<u>24,883</u>
Segment results	(19,950)	(6,998)	2,709	—	(24,239)
Specific finance costs	—	(4,814)	—	—	(4,814)
General finance costs					(926)
Corporate and other unallocated expenses and losses					<u>(16,160)</u>
Loss before tax					(46,139)
Income tax credit	485	1,982	—	—	<u>2,467</u>
Loss for the period					<u>(43,672)</u>

	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Treasury management <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
At 31 December 2020 (Audited)						
<b>Assets and liabilities</b>						
Total assets	<u>1,546,034</u>	<u>9,876,194</u>	<u>15,162</u>	<u>—</u>	<u>41,266</u>	<u>11,478,656</u>
Total liabilities	<u>22,768</u>	<u>9,635,230</u>	<u>54</u>	<u>—</u>	<u>45,177</u>	<u>9,703,229</u>

Six months ended 30 June 2020  
(Unaudited)

### Other segment information:

Capital expenditure*	—	350,694	—	—	27	350,721
Depreciation	—	322	—	—	544	866
Fair value losses of investment properties	<u>41,992</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>41,992</u>

\* Capital expenditure consists of additions of property, plant and equipment and investment properties, including assets from the acquisitions of subsidiaries.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 4 Operating Segment Information *(continued)*

### Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
United Kingdom	24,312	22,005
Hong Kong	1,094	2,878
Mainland China	518,857	—
	<u>544,263</u>	<u>24,883</u>

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

(b) Non-current assets

	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
United Kingdom	1,286,238	1,264,701
Hong Kong	24,095	24,623
Mainland China	632,707	579,073
	<u>1,943,040</u>	<u>1,868,397</u>

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

### Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Customer A under the property investment segment	N/A*	11,258
Customer B under the property investment segment	<u>N/A*</u>	<u>4,467</u>

\* Less than 10% of total revenue

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 5 Revenue

An analysis of revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers</b>		
Sales of properties	<u>518,857</u>	<u>—</u>
<b>Revenue from other sources</b>		
Rental income from investment properties operating leases:		
Fixed lease payments	<u>24,432</u>	<u>22,125</u>
Interest income from debt investments at amortised cost	<u>974</u>	<u>1,341</u>
Interest income from time deposits	<u>—</u>	<u>1,417</u>
	<u>974</u>	<u>2,758</u>
	<u><u>544,263</u></u>	<u><u>24,883</u></u>
<b>Revenue from contracts with customers</b>		
Disaggregated revenue information		
For the period ended 30 June 2021		
		Property development and trading
		HK\$'000
<b>Type of goods</b>		
Sales of properties		<u><u>518,857</u></u>
<b>Timing of revenue recognition</b>		
Goods transferred over time		<u><u>518,857</u></u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 6 Finance Costs

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest on bank and other borrowings	196,953	10,501
Interest expenses arising from revenue contracts	131,983	15,111
Interest on lease liabilities	20	38
Imputed interest on retention payables	13,448	—
	<u>342,404</u>	<u>25,650</u>
Total interest expenses	342,404	25,650
Less: Interest capitalised	(273,796)	(19,910)
	<u>68,608</u>	<u>5,740</u>

## 7 Loss Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Depreciation of owned assets	20,379	444
Depreciation of right-of-use asset	3,010	422
	<u>23,389</u>	<u>866</u>
Staff costs (including executive directors' remuneration):		
Wages and salaries	10,887	3,138
Pension scheme contributions	79	59
	<u>10,966</u>	<u>3,197</u>
Foreign exchange differences, net**	772	10,093
Transaction costs for the acquisition of subsidiaries**	—	3,691
Bank interest income*	(1,998)	(1,003)
	<u>(1,998)</u>	<u>(1,003)</u>

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

\*\* These items are included in "other expenses and losses" in the consolidated statement of profit or loss.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 8 Income Tax Credit

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current - United Kingdom		
Charge for the period	3,064	2,177
Under-provision in prior years	128	—
	<u>3,192</u>	<u>2,177</u>
Current - Mainland China		
PRC corporate income tax	1,081	—
PRC land appreciation tax	15,968	—
	<u>17,049</u>	<u>—</u>
Deferred	<u>(40,183)</u>	<u>(4,644)</u>
Total tax credit for the period	<u>(19,942)</u>	<u>(2,467)</u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 9 Loss Per Share Attributable to Ordinary Equity Holders of the Company

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

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020.

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<u>Loss</u>		
Loss for the period attributable to ordinary equity holders of the Company	<u>(81,863)</u>	<u>(43,190)</u>
	Number of shares	
	Six months ended 30 June	
	2021	2020
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u>799,557,415</u>	<u>799,557,415</u>

## 10 Dividends

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 11 Movements in Property, Plant and Equipment and Investment Properties

	Unaudited	
	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>
<b>At 30 June 2021</b>		
Net carrying amount at beginning of reporting period	68,452	1,486,044
Additions	56,587	15,112
Depreciation provided during the period	(23,389)	—
Lease incentives	—	906
Fair value adjustment	—	(112)
Exchange realignment	481	22,868
Net carrying amount at end of reporting period	<u>102,131</u>	<u>1,524,818</u>
<b>At 30 June 2020</b>		
Net carrying amount at beginning of reporting period	2,838	1,299,417
Additions	721	—
Acquisition of subsidiaries	12,296	—
Depreciation provided during the period	(866)	—
Lease incentives	—	(949)
Fair value adjustment	—	(41,992)
Exchange realignment	245	(83,256)
Net carrying amount at end of reporting period	<u>15,234</u>	<u>1,173,220</u>

## 12 Investment Properties

The revaluation of the Group's investment properties was carried out by John D Wood, Savills Valuation and Professional Services Limited and Knight Frank Petty Limited, independent firms of professionally qualified valuers, on an open market, existing use basis at the end of the reporting periods.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 13 Additions to Properties under Development and Interests in Land Use Rights for Property Development

During the six months ended 30 June 2021, the Group incurred approximately HK\$1,257,966,000 (2020: approximately HK\$1,333,173,000) and HK\$549,312,000 (2020: approximately HK\$694,062,000) on the additions to properties under development and interests in land use rights for property development. Among which, nil (2020: approximately HK\$1,277,940,000) and nil (2020: approximately HK\$694,062,000) of additions to properties under development and interests in land use rights for property development, respectively, were incurred through the acquisition of subsidiaries as detailed in note 18 to this unaudited interim condensed financial information.

## 14 Trade Receivables

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	3,270	4,285
Less: impairment allowance	—	—
	<u>3,270</u>	<u>4,285</u>

An aging analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of impairment allowance, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	2,557	1,065
1 to 2 months	31	—
2 to 3 months	524	—
Over 3 months	158	3,220
	<u>3,270</u>	<u>4,285</u>



# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 15 Trade and Retention Payables

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

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables:		
Within 1 month	65,200	438,800
1 to 2 months	54,629	79,817
2 to 3 months	34,824	131,266
Over 3 months	<u>15,778</u>	<u>9,211</u>
	170,431	659,094
Retention payables	<u>384,544</u>	<u>211,559</u>
	<u><u>554,975</u></u>	<u><u>870,653</u></u>

## 16 Interest-bearing Bank and Other Borrowings

	As at 30 June 2021 (Unaudited)			As at 31 December 2020 (Audited)		
	Contractual interest rate (%)	Maturity	<i>HK\$'000</i>	Contractual interest rate (%)	Maturity	<i>HK\$'000</i>
<b>Current:</b>						
Bank loans - secured	8% to 9%	2022	97,496	8%	2021	30,989
Other borrowings						
- secured	12.5%	2022	<u>128,661</u>	N/A	N/A	<u>—</u>
			<u>226,157</u>			<u>30,989</u>
<b>Non-current:</b>						
Bank loans - secured	8% to 9%	2023-2024	1,403,104	8%	2022-2023	278,903
Other borrowings						
- secured	12% to 12.5%	2023-2024	<u>893,503</u>	12% to 12.5%	2022	<u>3,501,989</u>
			<u>2,296,607</u>			<u>3,780,892</u>
Total			<u><u>2,522,764</u></u>			<u><u>3,811,881</u></u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 16 Interest-bearing Bank and Other Borrowings *(continued)*

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	97,496	30,989
In the second year	347,596	154,946
In the third year	<u>1,055,508</u>	<u>123,957</u>
	<u>1,500,600</u>	<u>309,892</u>
Other borrowings repayable:		
Within one year	128,661	—
In the second year	881,499	3,501,989
In the third year	<u>12,004</u>	<u>—</u>
	<u>1,022,164</u>	<u>3,501,989</u>
Total bank and other borrowings	<u><u>2,522,764</u></u>	<u><u>3,811,881</u></u>

*Notes:*

- (a) As at 30 June 2021, bank borrowings with an aggregate amount of HK\$1,500,600,000 (31 December 2020: HK\$309,892,000) were secured by the pledge of 67% equity interests of a non-wholly-owned subsidiary and the entire equity interests of a wholly-owned subsidiary of the Group and other borrowings with an aggregate amount of HK\$1,022,164,000 (31 December 2020: HK\$3,501,989,000) were secured by the pledge of 80% and 67% of equity interests of certain non-wholly-owned subsidiaries of the Group and share charge in respect of the entire equity interests of certain wholly-owned subsidiaries of the Group.
- (b) As at 30 June 2021, bank borrowings and other borrowings with an aggregate amount of HK\$1,500,600,000 (31 December 2020: HK\$309,892,000) and HK\$28,812,000 (31 December 2020: HK\$595,948,000), respectively, were secured by the Group's properties under development with an aggregate carrying amount of HK\$2,624,306,000 (31 December 2020: HK\$1,011,035,000) and HK\$1,361,478,000 (31 December 2020: HK\$973,588,000), respectively.
- (c) As at 30 June 2021, the Group's bank borrowings of HK\$1,500,600,000 (31 December 2020: HK\$309,892,000) were guaranteed by third parties.
- (d) As at 30 June 2021, bank and other borrowings of HK\$864,692,000 (31 December 2020: HK\$1,112,311,000) and HK\$1,658,072,000 (31 December 2020: HK\$2,699,570,000) were denominated in Hong Kong Dollars and Renminbi, respectively.
- (e) As at 30 June 2021, all bank and other borrowings bear interest at fixed interest rates.
- (f) The carrying amount of bank and other borrowings of the Group approximates to their fair value.

## 17 Share Capital

### Shares

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Authorised:		
1,500,000,000 ordinary shares of HK\$0.1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
799,557,415 ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

## 18 Business Combination

In March 2020, the Group entered into an agreement in relation to the acquisition of the entire equity in Prime Circle at a cash consideration of HK\$350,000,000. The Prime Circle Group are engaged in property development in the PRC. The acquisition was made as part of the Group's strategy to expand its business into the property development market in the PRC and further details of the acquisition are set out in the Company's circular dated 15 May 2020. The acquisition of the Prime Circle Group was completed in June 2020 and the Prime Circle Group became subsidiaries of the Group.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 18 Business Combination *(continued)*

The fair values of the identifiable assets and liabilities of the acquisition of the Prime Circle Group as at the date of acquisition were as follows:

	<i>HK\$'000</i> <i>(Restated)</i>
Property, plant and equipment	12,296
Interests in land use rights for property development*	694,062
Properties under development	1,277,940
Prepaid income tax	13,962
Other receivables, deposits and prepayments	126,317
Restricted bank balances	123,873
Cash and cash equivalents	441,398
Deferred tax assets	14,230
Deferred tax liabilities	(382,181)
Interest-bearing bank and other borrowings	(779,577)
Trade and retention payables	(72,892)
Contract liabilities	(1,049,974)
Other payables and accrued expenses	(160,586)
Total identifiable net assets at fair value	258,868
Non-controlling interests	(59,879)
	198,989
Goodwill on acquisition	151,011
Satisfied by cash	<u>350,000</u>

\* The balance represented prepayments for acquisitions of land use rights in Mainland China and as at the dates of acquisition, the relevant entities were in the process of obtaining the relevant land use right certificates.

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

	<i>HK\$'000</i> <i>(Restated)</i>
Cash consideration	(350,000)
Cash and cash equivalents acquired	441,398
Net inflow of cash and cash equivalents included in cash flows from investing activities	91,398
Transaction costs of the acquisition included in cash flows from operating activities	(3,691)
	<u>87,707</u>

## 18 Business Combination *(continued)*

The fair values of other receivables as at the date of acquisition amounted to HK\$1,580,000. The gross contractual amounts of other receivables were HK\$1,580,000 and none of which is expected to be uncollectible.

The Group incurred an aggregate transaction costs of HK\$3,691,000 for the acquisition. These transaction costs have been expensed and are included in “other expenses and losses” in the consolidated statement of profit or loss.

Since the acquisition, the subsidiaries acquired during the period contributed revenue of nil to the Group’s revenue and loss after tax of HK\$9,830,000 to the consolidated loss for the six months ended 30 June 2020.

## 19 Financial Guarantees

The Group had the following financial guarantees:

	30 June 2021 <i>HK\$’000</i> (Unaudited)	31 December 2020 <i>HK\$’000</i> (Audited)
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group’s properties	<u>2,444,481</u>	<u>1,499,637</u>

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

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

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

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 20 Capital Commitments

At the end of the reporting period, the Group had the following capital commitments:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Contracted but not provided for:		
Capital expenditure for construction of properties under development and investment properties	2,283,364	2,309,323
Capital expenditure for construction of property, plant and equipment	44,515	23,002
Acquisition of land use rights for property development	541,781	—
	<u>2,869,660</u>	<u>2,332,325</u>

## 21 Related Party Transactions

Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Short term employee benefits	2,524	1,650
Post-employment benefits	18	18
Total compensation paid to key management personnel	<u>2,542</u>	<u>1,668</u>

## 22 Fair Value and Fair Value Hierarchy of Financial Instruments

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

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

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>At 30 June 2021 (Unaudited)</b>				
Equity investment designated at fair value through other comprehensive income	<u>2,270</u>	<u>—</u>	<u>—</u>	<u>2,270</u>
<b>At 31 December 2020 (Audited)</b>				
Equity investment designated at fair value through other comprehensive income	<u>2,270</u>	<u>—</u>	<u>—</u>	<u>2,270</u>

During the period for the six months ended 30 June 2021/the year ended 31 December 2020, there were no transfers into or out of Level 1 fair value measurements.

The Group did not have any financial liabilities measured at fair value as at 30 June 2021 (31 December 2020: Nil).

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 23 Event after the Reporting Period

On 5 August 2021, the Group entered into an agreement with an independent third party to dispose of the entire equity interest of Solent Ventures Limited, together with its subsidiaries, which are engaged in property investment in the United Kingdom, for a cash consideration of HK\$235 million. The transaction was completed on 12 August 2021. Further details of this disposal are set out in the announcement of the Company dated 5 August 2021.

## 24 Comparative Amounts

As further explained in notes 2 and 3 to this unaudited interim condensed consolidated financial information, due to the changes in the accounting policies and adjustments arising from prior period provisional accounting of the acquisition of the Prime Circle Group, certain comparative amounts have been restated to conform to the current period's presentation and disclosures.

## 25 Approval of the Interim Financial Information

This unaudited interim condensed consolidated financial information were approved by the board of directors on 23 August 2021.