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Gemdale Properties and Investment Corporation Limited

金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)	Change %
Revenue	2,332,710	2,174,164	+ 7
Gross profit	599,182	1,114,283	- 46
Other income and gains	765,601	512,366	+ 49
Share of results of joint ventures and associates	506,832	1,188,323	- 57
Profit after tax	607,157	1,129,562	- 46
Profit attributable to owners of the Company	562,484	1,085,011	- 48
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	0.0339	0.0654	- 48
- Diluted (RMB)	0.0338	0.0653	- 48
	30 June	31 December	
	2023	2022	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Audited)	
		(Restated)	
Cash and bank balances (including restricted cash)	7,430,594	6,847,242	+ 9
Total assets	100,769,937	86,034,492	+ 17
Net assets	27,112,948	27,021,642	+ 1

2023 INTERIM RESULTS (UNAUDITED)

The board of directors (the "Directors") of Gemdale Properties and Investment Corporation Limited (the "Company") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2023 together with the relevant comparative figures.

* For identification purpose only

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited) (Restated)
Revenue	3	2,332,710	2,174,164
Cost		(1,733,528)	(1,059,881)
		<hr/>	<hr/>
Gross profit		599,182	1,114,283
Direct operating expenses		(769,774)	(707,203)
Other income and gains	3	765,601	512,366
Changes in fair values of financial assets at fair value through profit or loss		20,601	23,823
Change in fair values of investment properties		243,000	-
Administrative expenses		(54,788)	(48,964)
Finance costs	4	(684,884)	(467,662)
Share of profits and losses of:			
Joint ventures		507,793	677,575
Associates		(961)	510,748
		<hr/>	<hr/>
Profit before tax	5	625,770	1,614,966
Tax	6	(18,613)	(485,404)
		<hr/>	<hr/>
Profit for the period		607,157	1,129,562
		<hr/>	<hr/>
Attributable to:			
Owners of the Company		562,484	1,085,011
Non-controlling interests		44,673	44,551
		<hr/>	<hr/>
		607,157	1,129,562
		<hr/>	<hr/>
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	7	0.0339	0.0654
		<hr/>	<hr/>
- Diluted (RMB)	7	0.0338	0.0653
		<hr/>	<hr/>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period	<u>607,157</u>	<u>1,129,562</u>
Other comprehensive (loss)/income		
- Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	(501,402)	(663,805)
Share of exchange differences on translation of foreign operations of joint ventures	<u>105,395</u>	<u>154,512</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(396,007)	(509,293)
- Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	<u>195,752</u>	<u>307,007</u>
Other comprehensive loss for the period, net of tax	<u>(200,255)</u>	<u>(202,286)</u>
Total comprehensive income for the period	<u>406,902</u>	<u>927,276</u>
Attributable to:		
Owners of the Company	364,156	878,753
Non-controlling interests	<u>42,746</u>	<u>48,523</u>
	<u>406,902</u>	<u>927,276</u>

Condensed Consolidated Statement of Financial Position

30 June 2023

	30 June 2023	31 December 2022
<i>Note</i>	RMB'000 (Unaudited)	RMB'000 (Audited) (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	117,936	83,657
Investment properties	17,606,632	16,218,372
Right-of-use assets	13,360	17,154
Intangible assets	2,822	6,936
Prepayments, deposits and other receivables	42,926	208,001
Investments in joint ventures	17,466,383	19,381,319
Investments in associates	7,032,507	6,464,201
Amount due from a related company	1,053,046	1,233,465
Financial assets at fair value	1,291,510	1,261,779
Deferred tax assets	923,464	1,153,658
Total non-current assets	45,550,586	46,028,542
CURRENT ASSETS		
Properties held for sale	4,235,212	5,097,106
Properties under development	28,394,859	13,413,636
Trade receivables	45,959	40,256
Prepayments, deposits and other receivables	5,943,070	5,284,025
Amounts due from group companies	39,340	19,259
Amounts due from joint ventures and associates	4,308,925	5,791,346
Amounts due from non-controlling shareholders	3,676,713	2,877,287
Prepaid tax	1,144,679	635,793
Restricted cash	3,531,194	794,086
Bank deposits, bank and cash balances	3,899,400	6,053,156
Total current assets	55,219,351	40,005,950

Condensed Consolidated Statement of Financial Position (continued)

30 June 2023

		30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
CURRENT LIABILITIES			
Trade and bills payables	9	4,239,348	4,479,705
Advanced receipts, accruals and other payables		27,991,746	12,191,951
Interest-bearing bank and other borrowings		1,927,575	3,203,482
Lease liabilities		95,088	99,395
Amounts due to group companies		2,762,822	2,850,497
Amounts due to joint ventures and associates		7,544,954	8,176,163
Amounts due to non-controlling shareholders		1,838,123	1,193,949
Dividend payable		116,296	-
Tax payable		1,274,077	2,580,838
Total current liabilities		47,790,029	34,775,980
NET CURRENT ASSETS		7,429,322	5,229,970
TOTAL ASSETS LESS CURRENT LIABILITIES		52,979,908	51,258,512
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		10,919,700	2,794,742
Lease liabilities		887,312	936,157
Amounts due to group companies		11,674,261	18,365,838
Deferred tax liabilities		2,385,687	2,140,133
Total non-current liabilities		25,866,960	24,236,870
NET ASSETS		27,112,948	27,021,642
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,505,164	1,504,813
Reserves		21,200,392	20,937,951
Non-controlling interests		22,705,556	22,442,764
		4,407,392	4,578,878
TOTAL EQUITY		27,112,948	27,021,642

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

Significant accounting policies

The accounting policies adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those in the annual financial statements for the year ended 31 December 2022, except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all HKFRSs, HKASs and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial years beginning on or after 1 January 2023.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single-Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

Change in accounting policies

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

Impact on the interim condensed consolidated statement of financial position:

	Increase/(decrease)		
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Unaudited)	As at 1 January 2022 RMB'000 (Unaudited)
Assets			
Investments in joint ventures	22,729	22,955	20,779
Deferred tax assets (Note)	25,447	24,832	13,732
	<hr/>	<hr/>	<hr/>
Total non-current assets	48,176	47,787	34,511
	<hr/>	<hr/>	<hr/>
Total assets	48,176	47,787	34,511
	<hr/>	<hr/>	<hr/>
Net assets	48,176	47,787	34,511
	<hr/>	<hr/>	<hr/>
Equity			
Retained profits (included in reserves)	48,176	47,787	34,511
	<hr/>	<hr/>	<hr/>
Equity attributable to owners of the Company	48,176	47,787	34,511
	<hr/>	<hr/>	<hr/>
Total equity	48,176	47,787	34,511

Note: The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the interim condensed consolidated statement of profit or loss:

	Increase/(decrease)	
	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Shares of profits and losses of joint ventures	(226)	5,660
Tax credit	615	5,027
	<hr/>	<hr/>
Profits for the period	389	10,687
	<hr/>	<hr/>
Attributable to:		
Owners of the Company	389	10,687
	<hr/>	<hr/>
Earnings per share attributable to owners of the Company		
- Basic (RMB)	-	0.0006
	<hr/>	<hr/>
- Diluted (RMB)	-	0.0006
	<hr/>	<hr/>
Total comprehensive income for the period	389	10,687
	<hr/>	<hr/>
Attributable to:		
Owners to the Company	389	10,687
	<hr/>	<hr/>

The adoption of amendments to HKAS 12 did not have any impact on other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. OPERATING SEGMENT INFORMATION

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

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

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

	Property development RMB'000	Property investment and management RMB'000	Micro- finance RMB'000	Corporate RMB'000	Total RMB'000
For the six months ended					
30 June 2023 (Unaudited)					
Segment revenue	1,635,953	615,794	80,963	-	2,332,710
Segment results	706,070	566,106	20,626	(48,156)	1,244,646
<u>Reconciliation</u>					
Bank interest income					20,569
Finance costs (other than interest on lease liabilities)					(660,303)
Changes in fair values of financial assets at fair value					20,601
Other income from financial assets at fair value					257
Profit before tax					625,770
<u>Other segment information:</u>					
Share of profits and losses of joint ventures	(453,727)	(54,066)	-	-	(507,793)
Share of profits and losses of associates	961	-	-	-	961
Changes in fair value of investment properties	-	(243,000)	-	-	(243,000)
Changes in fair values of investment properties – right-of-use assets	-	53,130	-	-	53,130
Remeasurement gains on interests previously held in joint ventures	(292,715)	-	-	-	(292,715)
Depreciation of property, plant and equipment	2,789	25,970	436	905	30,100
Depreciation of right-of-use assets	4,905	401	-	3,562	8,868
Impairment/(reversal of impairment) of receivables, net	756	434	40,756	(13)	41,933
Amortisation of intangible assets	-	4,114	-	-	4,114
Capital expenditure*	2,119	211,373	71	1,654	215,217
As at 30 June 2023 (Unaudited)					
Segment assets	70,754,001	24,081,782	2,279,687	22,636	97,138,106
<u>Reconciliation</u>					
Other unallocated assets					3,631,831
Total assets					100,769,937
Segment liabilities	43,918,935	11,542,366	70,515	139,621	55,671,437
<u>Reconciliation</u>					
Other unallocated liabilities					17,985,552
Total liabilities					73,656,989
<u>Other segment information:</u>					
Investments in joint ventures	14,495,468	2,970,915	-	-	17,466,383
Investments in associates	6,997,497	35,010	-	-	7,032,507

	Property development RMB'000 (Restated)	Property investment and management RMB'000 (Restated)	Micro- finance RMB'000	Corporate RMB'000	Total RMB'000 (Restated)
For the six months ended 30 June 2022 (Unaudited)					
Segment revenue	1,537,436	539,798	96,930	-	2,174,164
Segment results	1,764,475	240,654	50,621	(35,737)	2,020,013
<u>Reconciliation</u>					
Bank interest income					14,234
Finance costs (other than interest on lease liabilities)					(443,104)
Changes in fair value of financial assets at fair value					23,823
Profit before tax					<u>1,614,966</u>
<u>Other segment information:</u>					
Share of profits and losses of joint ventures	(666,906)	(10,669)	-	-	(677,575)
Share of profits and losses of associates	(500,283)	(10,465)	-	-	(510,748)
Changes in fair values of investment properties – right-of-use assets	-	66,964	-	-	66,964
Depreciation of property, plant and equipment	3,742	4,346	438	953	9,479
Depreciation of right-of-use assets	2,950	2,893	-	3,670	9,513
Impairment/(reversal of impairment) of receivables, net	(27,619)	747	2,718	-	(24,154)
Gain on disposal of a subsidiary	(25,441)	-	-	-	(25,441)
Amortisation of intangible assets	-	4,114	-	-	4,114
Capital expenditure*	1,321	394,825	357	1,495	397,998
As at 31 December 2022 (Audited and restated)					
Segment assets	56,361,365	24,031,628	2,541,082	26,649	82,960,724
<u>Reconciliation</u>					
Other unallocated assets					<u>3,073,768</u>
Total assets					<u>86,034,492</u>
Segment liabilities	32,083,659	8,367,737	211,518	68,142	40,731,056
<u>Reconciliation</u>					
Other unallocated liabilities					<u>18,281,794</u>
Total liabilities					<u>59,012,850</u>
<u>Other segment information:</u>					
Investments in joint ventures	16,354,708	3,026,611	-	-	19,381,319
Investments in associates	6,430,082	34,119	-	-	6,464,201

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

3. REVENUE, OTHER INCOME AND GAINS

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

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of properties	1,635,953	1,537,436
Property management fee income from:		
- fellow subsidiaries	1,044	1,053
- third parties	137,978	150,471
Utility income	-	8,704
Entrusted management fee income from a fellow subsidiary	12,453	14,340
Revenue from other sources		
Gross rental income from:		
- fellow subsidiaries	8,742	8,714
- third parties	455,577	356,516
Interest income on loans receivable	80,963	96,930
	2,332,710	2,174,164
Other income and gains		
Bank interest income	20,569	14,234
Interest income from related companies	27,769	23,361
Interest income from joint ventures	118,215	142,646
Interest income from financial assets at fair value	-	15,641
Gain on disposal of financial assets at fair value	257	-
Consulting services income from:		
- joint ventures	194,464	160,386
- associates	23,033	10,371
- third parties	22,217	25,350
Gain on disposal of a subsidiary (<i>Note 12</i>)	-	25,441
Gain on bargain purchase on acquisition of additional interest in a joint venture	10,779	-
Government subsidies*	1,244	25,196
Remeasurement gains on interests previously held in joint ventures	292,715	-
Others	54,339	69,740
	765,601	512,366

* Various government subsidies have been received from local government. In last year, they mainly represented financial assistance for public facilities in the Mainland China. As at 30 June 2023, there was no (30 June 2022: no) unfulfilled conditions and other contingencies attaching to the government grants that had been recognised by the Group.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	294,570	45,775
Interest expenses to group companies	504,973	493,117
Interest expenses to joint ventures and an associate	28,901	29,392
Interest expenses to non-controlling shareholders	2,336	-
Interest on other borrowings	7,053	17,481
	837,833	585,765
Interest on lease liabilities	24,581	24,558
Other finance costs	5,182	8,267
	867,596	618,590
Total finance costs incurred	867,596	618,590
Less: Interest capitalised in - properties under development	(182,712)	(150,928)
	684,884	467,662

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	1,483,710	787,552
Depreciation of property, plant and equipment	30,808	11,306
Less: Amounts capitalised in property development projects	(708)	(1,827)
	30,100	9,479
Outgoings (including repairs and maintenance) arising on rental-earning investment properties	27,424	30,323
Changes in fair values of investment properties	(243,000)	-
Changes in fair values of investment properties - right-of-use assets	53,130	66,964
Impairment/(reversal of impairment) of other receivables and loans receivable, net	41,933	(24,154)
Changes in fair values of financial assets at fair value	(20,601)	(23,823)
Remeasurement gains on interests previously held in joint ventures	(292,715)	-
Lease payment not included in the measurement of lease liabilities	86	208
Amortisation of intangible assets	4,114	4,114
Depreciation of right-of-use assets	137,067	89,547
Less: Amounts capitalised in property development projects	(128,199)	(80,034)
	8,868	9,513
Employees benefits expenses (including directors' emoluments):		
Wages and salaries	379,527	410,517
Pension schemes contributions	45,245	37,766
Total employees benefits expenses	424,772	448,283
Auditor's remuneration	1,942	1,826
Foreign exchange loss, net	38,600	54,372
Gain on disposal of a subsidiary (<i>Note 12</i>)	-	(25,441)
Gain on bargain purchase on acquisition of additional interest in a joint venture	(10,779)	-

6. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2022: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the period at the rates of tax prevailing in the jurisdiction in which the Group operates.

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

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Income tax in Hong Kong	-	-
Corporate income tax in Mainland China		
- Charge for the period	92,623	157,758
- (Over)/under provision in prior periods	(218,284)	2,733
LAT in Mainland China	(129,516)	341,927
Deferred	273,790	(17,014)
	18,613	485,404

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 16,611,653,678 (2022: 16,591,250,528) in issue during the period.

(b) Diluted earnings per share

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

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	562,484	1,085,011
	<hr/> 562,484	<hr/> 1,085,011
	<hr/> <hr/> 562,484	<hr/> <hr/> 1,085,011
	No. of shares	
	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	16,611,653,678	16,591,250,528
Effect of dilution – weighted average number of ordinary shares:		
Share options	<hr/> 7,369,524	<hr/> 27,692,322
	<hr/> <hr/> 16,619,023,202	<hr/> <hr/> 16,618,942,850

8. TRADE RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	45,959	40,256

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

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

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 month	27,253	23,459
1 to 3 months	10,587	13,052
Over 3 months	8,119	3,745
	45,959	40,256

9. TRADE AND BILLS PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade and bills payables	4,239,348	4,479,705

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 month	1,983,320	2,359,438
1 to 3 months	747,082	648,211
Over 3 months	1,508,946	1,472,056
	4,239,348	4,479,705

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

10. BUSINESS COMBINATION

In March 2023, the Group and a joint venture partner agreed to amend the Articles and Association of 南京威磐房地產開發有限公司 (Nanjing Weipan Real Estate Development Co. Ltd*) (“Weipan”). Weipan is engaged in property development in Mainland China. The Group obtained control over Weipan after the amendment of the Articles of Association. The acquisition is accounted for as business combination. The Group holds 86.93% interests in Weipan after completion of the acquisition.

In June 2023, the Group and two joint venture partners entered into an agreement pursuant to which the Group obtained control over the joint venture, 南京威景房地產開發有限公司 (Nanjing Weijing Real Estate Development Co. Ltd*) (“Weijing”). Weijing is engaged in property development in Mainland China. The acquisition is accounted for as business combination. The Group holds 42% interests in Weijing after completion of the acquisition.

The fair values of the identifiable assets and liabilities of the acquired companies as at the dates of acquisitions are as follows:

	Six months ended	
	30 June 2023	
	Weipan	Weijing
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<u>Fair value recognised on acquisition</u>		
Property, plant and equipment	94	51
Properties under development	9,533,399	3,610,223
Investment properties	596,018	451,196
Due from shareholders	1,182,429	591,014
Prepaid taxes	378,197	125,327
Prepayment, deposits and other receivables	540,374	509,275
Restricted cash	981,927	760,949
Bank balances	52,317	70,124
Interest-bearing bank borrowings	(881,700)	(383,400)
Advanced receipts, accruals and other payables	(11,106,134)	(3,957,017)
Loans from shareholders	(40,614)	(34,649)
Due to shareholders	-	(582,165)
Deferred tax liabilities	(152,332)	(47,412)
	<hr/>	<hr/>
Total identifiable net assets at fair value	1,083,975	1,113,516
Non-controlling interests	(49,620)	(82,490)
Transferred from investments in joint ventures	(1,034,355)	(1,031,026)
	<hr/>	<hr/>
Total consideration	-	-

The fair values and gross contractual amounts of deposits and other receivables of Weipan as at the date of acquisition amounted to RMB123,138,000. No receivables are expected to be uncollectible.

The fair values and gross contractual amounts of deposits and other receivables of Weijing as at the date of acquisition amounted to RMB330,834,000. No receivables were expected to be uncollectible.

* For identification purpose only

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

	Six months ended 30 June 2023	
	Weipan RMB'000 (Unaudited)	Weijing RMB'000 (Unaudited)
Cash consideration	-	-
Bank balances acquired	<u>52,317</u>	<u>70,124</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u>52,317</u>	<u>70,124</u>

Since the acquisition, Weipan contributed no revenue to the Group's revenue and brought a loss of RMB1,928,000 to the consolidated profit for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the current period, the revenue and the consolidated profit of the Group for the current period would have been RMB2,332,710,000 and RMB604,667,000, respectively.

Since the acquisition, Weijing contributed no revenue and no profit or loss to the Group's revenue and to the consolidated profit for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the current period, there was no change in the revenue and the consolidated profit of the Group for the current period.

11. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

In prior year, a subsidiary of the Company entered into a sale and purchase agreement with a joint venture partner to acquire a 50% equity interest in a joint venture, 成都瀚想置業有限公司 (Chengdu Hanxiang Real Estate Company Limited*) ("Hanxiang"), in which the Group and the joint venture partner each hold 50% equity interest before the acquisition, at a cash consideration of RMB7,989,000. Hanxiang is engaged in property development in Mainland China. After completion of the acquisition, the Group has control over Hanxiang.

In prior year, the Group and a joint venture partner agreed to amend the Articles and Association of 南京金拓房地產開發有限公司(Nanjing Jintuo Property Development Company Limited*) ("Jintuo") in which the Group and the joint venture partner hold 51% and 49% interests respectively. Jintuo is engaged in property development in Mainland China. The Group obtained control over Jintuo after the amendment of the Articles of Association.

The above transactions were accounted for as acquisitions of assets rather than business combinations because the acquired subsidiaries have not carried out any significant business transactions prior to the dates of acquisitions. The net (outflow)/inflow of cash and cash equivalents from the acquisitions has been reflected in the consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

* For identification purpose only

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

	Six months ended 30 June 2022	
	Hanxing RMB'000 (Unaudited)	Jintuo RMB'000 (Unaudited)
Properties under development	148,027	-
Properties held for sale	-	141,815
Prepaid tax	-	1,481
Prepayments, deposits and other receivables	17,441	1,231,247
Bank balances	77	245,214
Other payables	(4,823)	(162,893)
Loans from shareholders	(92,733)	-
Net assets	67,989	1,456,864
Non-controlling interests	-	(713,863)
Transferred from investments in joint ventures	(60,000)	(743,001)
Total consideration	7,989	-
Satisfied by:		
Cash	7,989	-

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

	Six months ended 30 June 2022	
	Hanxing RMB'000 (Unaudited)	Jintuo RMB'000 (Unaudited)
Cash consideration	(7,989)	-
Bank balances acquired	77	245,214
Net (outflow)/inflow of cash and cash equivalents	(7,912)	245,214

12. DISPOSAL OF A SUBSIDIARY

In prior year, the Group entered into an agreement with a joint venture partner. Pursuant to the agreement, the Group disposed of 20% equity interest in a subsidiary of the Company, Gemdale 85 Cleaveland Road, LLC ("85 Cleaveland"), to the joint venture partner at a consideration of US\$3,800,000 (equivalent to RMB25,311,000). 85 Cleaveland is engaged in property development. The Group and the joint venture partner agreed to exercise joint control over 85 Cleaveland after completion of the transaction. The Group had lost control over 85 Cleaveland after completion of the disposal in June 2022 and the remaining equity investment in 85 Cleaveland was accounted for as an investment in a joint venture.

Details of the net assets disposed of are as follows:

	Six months ended 30 June 2022 85 Cleaveland RMB'000 (Unaudited)
Properties under development	90,913
Bank balances	<u>4,744</u>
Net assets	95,657
Non-controlling interests	<u>(3,022)</u>
	92,635
Fair value of investment retained as investment in a joint venture upon disposal	(92,765)
Gain on disposal	<u>25,441</u>
Total consideration	<u>25,311</u>
Satisfied by:	
Cash	<u>25,311</u>

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

	Six months ended 30 June 2022 85 Cleaveland RMB'000 (Unaudited)
Cash consideration	25,311
Bank balances disposed of	<u>(4,744)</u>
Net inflow of cash and cash equivalents in respect of the disposal of the subsidiary	<u>20,567</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the six months ended 30 June 2023 are consistent with those used in the last financial year ended 31 December 2022, except that the Group has applied, for the first time, the new and revised Hong Kong Financial Reporting Standards (“HKFRS”, which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group’s financial years beginning on or after 1 January 2023.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The revenue of the Group increased from RMB2,174.2 million for the corresponding six months ended 30 June 2022 to RMB2,332.7 million for the six months ended 30 June 2023, increased by RMB158.5 million. The increase was mainly due to increase in revenue recognition from sales of properties during the period.

Other income and gains increased from RMB512.4 million for the corresponding six months ended 30 June 2022 to RMB765.6 million for the current period. The increase was mainly due to a fair value gain of RMB292.7 million arising from acquisition of subsidiaries included in this period.

The Group's direct operating expenses increased from RMB707.2 million for the corresponding period ended 30 June 2022 to RMB769.8 million for the six months ended 30 June 2023. Certain subsidiaries acquired in second half of 2022 incurred direct operating expenses of RMB41.0 million during the current period.

The finance cost went up from RMB467.7 million for the corresponding period ended 30 June 2022 to RMB684.9 million for the current period. The increase in financing for the investment properties in operation and the rise in interest rates on HK\$ and US\$ bank borrowings from second half of 2022 led to an increase in interest expenses incurred.

Share of results of joint ventures and associates of the Group reported an aggregate profit of RMB506.8 million for the six months ended 30 June 2023 against RMB1,188.3 million for the corresponding period ended 30 June 2022, representing a decrease of RMB681.5 million. The decrease was due to decrease in sales revenue recognition of joint ventures and associates from properties development in Beijing, Chengdu and Nanjing, PRC.

Overall, the profit attributable to owners of the Company for the six months ended 30 June 2023 was RMB562.5 million, against RMB1,085.0 million for the corresponding period ended 30 June 2022, a decrease of RMB522.5 million.

The Group recorded basic earnings per share of RMB0.0339 for the six months ended 30 June 2023, against basic earnings per share of RMB0.0654 for the corresponding period ended 30 June 2022, representing a decrease of 48%. The diluted earnings per share for the current period and the previous period were RMB0.0338 and RMB0.0653 respectively.

BUSINESS SEGMENTS

Property development

The revenue of property development segment for the six months ended 30 June 2023 was RMB1,636.0 million, representing 70% of the total revenue, compared to RMB1,537.4 million, representing 71% of the total revenue for the corresponding period ended 30 June 2022. The increase in the segment revenue was primarily due to increase of the area delivered in the sales of properties. The segment results for the current period recorded a profit of RMB706.1 million, against RMB1,764.5 million for the corresponding period, decreased by RMB1,058.4 million. The decrease was mainly due to reduce in gross profit margin of property sales and decrease in sales revenue recognition of joint ventures and associates.

Property investment and management

The revenue recognised by the property investment and management segment for the six months ended 30 June 2023 increased to RMB615.8 million, representing 26% of the total revenue, compared to RMB539.8 million, representing 25% of the total revenue for the six months ended 30 June 2022. The increase was mainly contributed by Shenzhen Business Park Phase III with higher occupancy rate and rental rate as compared with the corresponding period of 2022. The segment results for the current period reported a profit of RMB566.1 million, against a profit of RMB240.7 million for the six months ended 30 June 2022, increased by RMB325.4 million. The increase was mainly due to a fair value gain on investment properties of RMB243.0 million included in the current period and higher profit margin.

Microfinance

The revenue of the microfinance segment for six months ended 30 June 2023 decreased to RMB81.0 million, representing 4% of the total revenue, from RMB96.9 million, representing 4% of the total revenue for six months ended 30 June 2022. The segment results for the current period reported a profit of RMB20.6 million, against a profit of RMB50.6 million for the corresponding period of 2022, a decrease of RMB30.0 million. Due to continued downturn in macroeconomy, the loan scale of microfinance segment was reduced and led to lesser revenue and net profit.

SHAREHOLDERS' EQUITY

The Group's total shareholders' equity increased from RMB22,442.8 million as at 31 December 2022 to RMB22,705.6 million as at 30 June 2023.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposits, bank and cash balances decreased by RMB2,153.8 million or 36% to RMB3,899.4 million as at 30 June 2023 from RMB6,053.2 million as at 31 December 2022. The decrease was mainly due to payments of property development cost, PRC taxes, repayment of loans from group companies.

Borrowings

During the period under review, the Group arranged several bank borrowings totalling RMB10,029.2 million of which RMB8,807.7 million were secured long-term bank borrowings. The loan proceeds were mainly utilised in repayment of the existing bank and other borrowings, loans from group companies. As at 30 June 2023, total bank and other borrowings of the Group amounted to RMB12,847.3 million with interest rates ranging from 3.30% to 6.88% per annum.

The net debt (measured by total borrowings minus cash and bank deposits including restricted cash) decreased by RMB425.9 million to RMB17,090.9 million as at 30 June 2023 from RMB17,516.8 million as at 31 December 2022. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) decreased to 63% as at 30 June 2023, from 65% as at 31 December 2022. Compared with the peers, the Group's net debt ratio is at a reasonable level with adequate margin of safety for further investments.

The maturity profiles of the Group's outstanding borrowings as at 30 June 2023 and 31 December 2022 are summarised as below:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Short-term and long-term bank and other borrowings:		
Within the first year or on demand	1,927,575	3,203,482
In the second year	2,072,245	594,845
In the third to fifth years, inclusive	4,298,438	891,574
Over five years	4,549,017	1,308,323
	<hr/> 12,847,275	<hr/> 5,998,224
Loans from related parties:		
In second year	658,267	3,617,591
In the third to fifth years, inclusive	3,468,111	14,748,247
Over five years	7,547,883	-
	<hr/> 11,674,261	<hr/> 18,365,838
Total borrowings	<hr/> 24,521,536	<hr/> 24,364,062

FINANCIAL MANAGEMENT

Foreign exchange risk

As at 30 June 2022, borrowings were denominated in United States dollar (“US\$”), Renminbi (“RMB”) and Hong Kong dollars (“HK\$”). As most of the operating income of the Group’s business is denominated in RMB, the Group is exposed to foreign currency risk. Moderate fluctuation of exchange rate of RMB against HK\$ and US\$ was expected, the foreign exchange risk exposure was considered acceptable. The Group will review and monitor its currency exposure from time to time and when appropriate to hedge its currency risk.

The currency denominations of the Group’s outstanding borrowings as at 30 June 2023 and 31 December 2022 are summarised below:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
HK\$	727,507	1,443,633
RMB	13,898,522	13,101,537
US\$	9,895,507	9,818,892
Total	24,521,536	24,364,062

Interest rate risk

As at 30 June 2023, 60% (31 December 2022: 66%) of borrowings of the Group were subject to floating interest rates, and 95% (31 December 2022: 82%) of floating rate loans were denominated in RMB. While low fluctuation of RMB interest rate was expected, the interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group will continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage its interest rate risk.

PLEDGE OF ASSETS

The Group had the following pledged assets to secure bank borrowings granted to the Group as at 30 June 2023 and 31 December 2022:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Investment properties	13,597,390	1,665,680
Properties under development	2,957,016	-
Properties held for sale	200,560	-
Restricted cash	346,429	-
Total	17,101,395	1,665,680

CONTINGENT LIABILITIES

- (a) As at 30 June 2023, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates. As at 30 June 2023, the Group's outstanding guarantees amounted to RMB 3,996,114,000 (31 December 2022: RMB4,199,480,000).

The Directors consider that the fair value of the guarantees is not significant and in case of defaulting payments, the net realisable value of the related properties will be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the six months ended 30 June 2023 (31 December 2022: Nil) for these guarantees.

- (b) As at 30 June 2023, the Group provided a maximum guarantee of US\$131,376,000 (equivalent to RMB949,299,000) (31 December 2022: US\$152,376,000 (equivalent to RMB1,061,240,000)) to certain financial institutions for facilities granted to joint ventures of the Group. As at 30 June 2023, the facilities of RMB801,149,000 (31 December 2022: RMB933,272,000) guaranteed by the Group to the joint ventures were utilised.

REVIEW OF OPERATIONS

Land Bank

Our management believes that a sizable and quality land bank is the key for a property developer to succeed in a competitive property market in the PRC. Our core competitive edge includes high percentage of landbank situated in first and second tier cities as well as professional projects development and cashflow management.

As at 30 June 2023, the Group's land bank in the PRC totalled 18.14 million square meters, representing a drop of approximately 6.2% in GFA as compared to end of December 2022.

SEGMENT INFORMATION

Properties sales and development

As the overall sales of property in the PRC slowdown rapidly, the Group achieved an aggregated contracted sales of approximately RMB20,232 million for the six months ended 30 June 2023, representing a decrease of 24.8% compared to the corresponding period in 2022. Meanwhile, the Group's aggregate contracted sales area amounted to approximately 1.312 million square meters for the six months ended 30 June 2023, representing an increase of 6.9% compared to the corresponding period in 2022. The average selling price in the first half of 2023 was approximately RMB15,400 per square meter.

Property investment and management

The Group is committed to acquiring and sustaining operation of investment properties in prime locations in economically developed cities. At present, the Group's property investments are mainly in commercial/office projects, business parks and rental housing, etc.

As of 30 June 2023, the Group (including those under associates and joint ventures) had a GFA of 3 million square meters of investment properties (including sub-leasing properties) in operation in China, representing an increase of 13% compared to the corresponding period in 2022. A tax-included income from rental and related services from these properties was approximately RMB1.07 billion during the period under review, representing an increase of 15% compared to the corresponding period in 2022.

The Group (including those under associates and joint ventures) held commercial/office projects in operation with a total GFA of approximately 1.04 million square meters and recorded total revenue from rental and related services of approximately RMB560 million, representing an increase of approximately 10% compared to the corresponding period in 2022. Among them, the occupancy rate of Phases 1 and 2 of Vision Shenzhen Business Park in Nanshan District, Shenzhen, reached approximately 95%. At the same time, the occupancy rate of Phase 3 of Vision Shenzhen Business Park, which commenced operation last year, was approximately 80%. The enterprises settled in Phase 1, 2 and 3 of Vision Shenzhen Business Park include large listed companies such as Intel, Nvidia, BASF, Tencent and Flextronics.

Meanwhile, the Group (including those under associates and joint ventures) held the business parks in operation with a total GFA of approximately 1.72 million square meters, a total revenue from rental and related services was approximately RMB400 million, representing an increase of 25% compared to the corresponding period in 2022. The operation of the delivered business parks was in good condition, and the average occupancy rate of the business park projects during the stable operation period reached over 94%. The business park business was once again ranked Top 3 in the authoritative list of the industry this year, and projects such as Chengdu Chenghua Innovation Park, Guangzhou Huangpu Science and Technology Innovation Park and Shanghai Dadai Artificial Intelligence Innovation Industrial Park have won the industry's excellent business park awards.

Our rental housing brand “Gemdale Strongberry” has aimed at providing quality affordable rental apartments to youths. The rental housing business recorded revenue of approximately RMB110 million for the period, representing a growth of 7% compared to the corresponding period in 2022. In prior year, the Group acquired the Nanda subsidized rental housing project in Baoshan, Shanghai, setting an example for heavy asset investment in rental housing and promoting the long-term development of the rental housing business.

The investment properties held by the Group under proposed construction and under construction will also be put into operation successively, which will continue to generate stable revenue and cash inflow to the Group.

PROSPECTS

In the first half of 2023, the national real estate market experienced a strong rebound in the first quarter and then reached a turning point in April. The market cooled down substantially in the second quarter and the market sales remained sluggish in July 2023. Various departments of the central and local governments have continued to issue supportive policies for the real estate industry, both in terms of financing the home purchase as well as providing financing to the property developers, bringing the policy environment into a more relaxed cycle. However, due to the lack of confidence in future income and economy recovery, worsen by the high unemployment rate of the youths, buyers are cautious in purchasing new flats. While for investment properties, new government policies were released to bring lights to this sector. With the introduction of C-REITs in logistics, business parks, commercial property and subsidized rental housing, investment properties on the hands of property developers could be exited. And a closed-loop asset management for these “heavy-assets with long payback period” was created and it provides a healthy development of these businesses.

In the second half of 2023, the industry is expected to recover gradually as more policies encouraging home purchase will be introduced. Together with the reduction of interest rates and more encouraging policies to reduce the financial burden of customers to buy new homes, the strong players in the market would continue to outperform those with liquidity problems. The Group will continue to maintain financial stability and liquidity safety as our top operational priority. By adopting flexible volume-price management strategy, delivering quality product to enhance branding, and applying multiple tools to accelerate sales payments collections and secure cashflow, the Group would maintain its leading position in the industry and continue to be one of the most well-managed real estate enterprises.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023, except for the following deviations:

1. Under the code provision C.1.6, generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments, Mr. Loh Lian Huat and Ms. Zhang Feiyun were not able to attend the annual general meeting of the Company held on 29 June 2023.
2. Under the code provision F.2.2, the chairman of the board should attend the annual general meeting. Due to other pre-arranged business commitments, Mr. Huang Juncan, the chairman of the board, was not able to attend the annual general meeting of the Company held on 29 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all Directors had complied with the required standards set out in the Model Code during the six months ended 30 June 2023. The Model Code also applies to other specified senior management of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had approximately 3,000 (30 June 2022: approximately 3,800) employees. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis with reference to the Group’s performance as well as the individual’s performance. Other employee benefits include mandatory provident fund, housing provident fund, insurance and medical insurance as well as subsidised educational and training programmes.

The emoluments of the Directors are determined by the Remuneration Committee and the Board with reference to the Directors’ duties and responsibilities, the Company’s remuneration policy and the Group’s overall operation results.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information as of and for the six months ended 30 June 2023 and the interim report. The unaudited interim results of the Group for the six months ended 30 June 2023 have been reviewed by Messrs. Ernst & Young, external auditor of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Internal Audit Departments would review the effectiveness and adequacy of the risk management and internal control procedures, and the findings will be provided to the Audit Committee to assist them in performing their periodic reviews. The Audit Committee enquiries with the management from time to time to ensure that they are well informed for reviewing the internal control procedures.

The Group considered that internal control should be adapted to the size, scope of business, competitiveness and risk level of the Group and adjusted in a timely manner followed by circumstances change. The Group will continue to improve the risk management and internal control system, standardise its implementation, and strengthen internal supervision and inspection so as to promote the sustainable development of the Group.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement has been published on the website of The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.gemdalepi.com). The 2023 Interim Report will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 25 August 2023

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