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

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00075)**

**2023 Interim Results Announcement**

The board of directors (the “Board” or “Directors”) of Y. T. Realty Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 June 2023

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>	2, 3		
Sales of properties		1,134,233	496,998
Rental income		13,427	12,666
Interest income		557	-
Total revenue		<u>1,148,217</u>	<u>509,664</u>
Cost of sales		<u>(897,394)</u>	<u>(308,166)</u>
Gross profit		250,823	201,498
Other income and gains		5,033	4,740
Other expenses and losses		(80)	(1,719)
Selling and marketing expenses		(172,540)	(93,906)
Administrative expenses		(36,145)	(100,806)
Finance costs	4	(117,573)	(133,957)
Changes in fair value of investment properties		<u>(79,482)</u>	<u>17,348</u>
<b>LOSS BEFORE TAX</b>	5	<b>(149,964)</b>	<b>(106,802)</b>
Income tax credit	6	<u>16,580</u>	<u>1,233</u>
<b>LOSS FOR THE PERIOD</b>		<b><u>(133,384)</u></b>	<b><u>(105,569)</u></b>
Attributable to:			
Equity holders of the Company		(117,128)	(73,901)
Non-controlling interests		<u>(16,256)</u>	<u>(31,668)</u>
		<b><u>(133,384)</u></b>	<b><u>(105,569)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	7	<b><u>(HK14.6 cents)</u></b>	<b><u>(HK9.2 cents)</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
<b>LOSS FOR THE PERIOD</b>	<u>(133,384)</u>	<u>(105,569)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<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>4,854</u>	<u>(112,651)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<u>4,854</u>	<u>(112,651)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u>(128,530)</u></u>	<u><u>(218,220)</u></u>
Attributable to:		
Equity holders of the Company	(120,192)	(182,791)
Non-controlling interests	<u>(8,338)</u>	<u>(35,429)</u>
	<u><u>(128,530)</u></u>	<u><u>(218,220)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	<i>Note</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		192,115	202,013
Investment properties		776,133	805,904
Goodwill		252,622	264,299
Other intangible asset		9,960	9,960
Equity investment designated at fair value through other comprehensive income		1,980	1,980
Deferred tax assets		130,366	107,578
Other receivables		59,027	60,247
		<b>1,422,203</b>	<b>1,451,981</b>
<b>TOTAL non-current assets</b>			
<b>CURRENT ASSETS</b>			
Properties under development		13,272,752	12,449,902
Interests in land use rights for property development		100,782	1,117,720
Completed properties held for sale		602,121	285,863
Other receivables, deposits and prepayments		2,052,204	1,691,831
Prepaid income tax		222,135	208,218
Cash and bank balances		1,246,131	1,125,650
		<b>17,496,125</b>	<b>16,879,184</b>
<b>TOTAL current assets</b>			
<b>CURRENT LIABILITIES</b>			
Trade and retention payables	9	1,165,849	1,216,828
Other payables and accrued expenses		966,202	939,343
Interest-bearing bank and other borrowings		684,163	899,711
Contract liabilities		13,808,299	11,974,740
Tax payable		99,466	121,702
		<b>16,723,979</b>	<b>15,152,324</b>
<b>TOTAL current liabilities</b>			
<b>NET CURRENT ASSETS</b>		<b>772,146</b>	<b>1,726,860</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,194,349</b>	<b>3,178,841</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

30 June 2023

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,194,349</b>	3,178,841
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	140,059	143,646
Interest-bearing bank and other borrowings	1,301,751	2,154,902
Other payables	2,418	1,642
Total non-current liabilities	1,444,228	2,300,190
Net assets	750,121	878,651
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	79,956	79,956
Reserves	852,893	973,085
	932,849	1,053,041
<b>Non-controlling interests</b>	<b>(182,728)</b>	(174,390)
Total equity	750,121	878,651

Notes:

## 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2022.

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 2022, 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 new and revised HKFRSs and changes in accounting policies as disclosed below.

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

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:

(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.

## 1 Basis of preparation and accounting policies (continued)

(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 amendments did not have any significant impact on the financial position or performance of the Group.

(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

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 2023 as follows:

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

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

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

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

## 2 Operating segment information (continued)

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

	Property development and trading <i>HK\$'000</i>	Property investment <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>
<b>At 30 June 2023 (Unaudited)</b>						
<b>Assets and liabilities</b>						
Total assets	18,064,763	792,293	-	-	61,272	18,918,328
Total liabilities	17,702,619	453,363	-	-	12,225	18,168,207
<b>Six months ended 30 June 2023 (Unaudited)</b>						
<b>Other segment information:</b>						
Capital expenditure*	1,324	37,028	-	-	781	39,133
Depreciation	4,777	-	-	-	1,774	6,551
Fair value losses of investment properties	-	79,482	-	-	-	79,482

## 2 Operating segment information (continued)

	Property development and trading <i>HK\$'000</i>	Property investment <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 2022 (Unaudited)					
<b>Segment revenue</b>	496,998	12,666	-	-	509,664
<b>Segment results</b>	7,316	26,577	(9)	-	33,884
Specific finance costs	(133,779)	-	-	-	(133,779)
General finance costs					(178)
Unallocated other income and gains					4
Corporate and other unallocated expenses and losses					(6,733)
Loss before tax					(106,802)
Income tax credit/(expense)	5,909	(4,676)	-	-	1,233
Loss for the period					(105,569)
At 31 December 2022 (Audited)					
<b>Assets and liabilities</b>					
Total assets	17,441,384	812,035	-	-	18,331,165
Total liabilities	16,995,226	444,770	-	-	17,452,514
Six months ended 30 June 2022 (Unaudited)					
<b>Other segment information:</b>					
Capital expenditure*	234,288	16,001	-	-	250,289
Depreciation	10,144	-	-	-	10,569
Fair value gains of investment properties	-	17,348	-	-	17,348
Loss on disposal of subsidiaries	-	1,605	-	-	1,605

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



## 2 Operating segment information *(continued)*

### Geographical information

(a) Revenue from external customers

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Mainland China	<b>1,134,233</b>	496,998
United Kingdom	<b>13,427</b>	12,615
Hong Kong	<b>557</b>	51
	<b><u>1,148,217</u></b>	<b><u>509,664</u></b>

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

(b) Non-current assets

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Mainland China	<b>699,532</b>	715,130
United Kingdom	<b>514,280</b>	552,240
Hong Kong	<b>17,018</b>	14,806
	<b><u>1,230,830</u></b>	<b><u>1,282,176</u></b>

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

### Information about major customers

During the six months ended 30 June 2023 and 2022, no revenue from transactions with a single external customer amounted to 10% or more of the total revenue of the Group.

### 3 Revenue

An analysis of revenue is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers</b>		
Sales of properties	<u>1,134,233</u>	<u>496,998</u>
<b>Revenue from other sources</b>		
Rental income from investment properties operating leases:		
Fixed lease payments	<u>13,427</u>	<u>12,666</u>
Interest income from time deposits	<u>557</u>	<u>-</u>
	<u><b>1,148,217</b></u>	<u><b>509,664</b></u>

### 4 Finance costs

An analysis of finance costs is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank and other borrowings	130,664	219,221
Interest expenses arising from revenue contracts	580,931	1,302,778
Interest on lease liabilities	257	22
Imputed interest on retention payables	<u>28,320</u>	<u>22,389</u>
Total interest expenses	740,172	1,544,410
Less: Interest capitalised	<u>(622,599)</u>	<u>(1,410,453)</u>
	<u><b>117,573</b></u>	<u><b>133,957</b></u>

## 5 Loss before tax

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of owned assets	4,982	9,243
Depreciation of right-of-use assets	1,685	1,326
	<u>6,667</u>	<u>10,569</u>
Less: Amount capitalised	(116)	-
	<u>6,551</u>	<u>10,569</u>
Staff costs (including executive directors' remuneration):		
Wages and salaries	23,467	24,867
Pension scheme contributions	120	118
	<u>23,587</u>	<u>24,985</u>
Foreign exchange differences, net**	68	79
Loss on disposal of subsidiaries**	-	1,605
Bank interest income*	(2,996)	(3,958)
	<u>(2,996)</u>	<u>(3,958)</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.

## 6 Income tax credit

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the current and 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.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current - United Kingdom		
Charge for the period	1,703	1,127
(Over-provision)/under-provision in prior years	(18)	122
	<u>1,685</u>	<u>1,249</u>
Current - Mainland China		
PRC corporate income tax	12	-
PRC land appreciation tax	7,978	26,579
	<u>7,990</u>	<u>26,579</u>
Deferred	(26,255)	(29,061)
Total tax credit for the period	<u>(16,580)</u>	<u>(1,233)</u>

## 7 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 2023 and 2022.

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

	Unaudited Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
<u>Loss</u>		
Loss for the period attributable to ordinary equity holders of the Company	<u>(117,128)</u>	<u>(73,901)</u>
	Number of shares Six months ended 30 June	
	2023	2022
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u>799,557,415</u>	<u>799,557,415</u>

## 8 Dividends

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 9 Trade and retention payables

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables:		
Within 1 month	187,749	384,380
1 to 2 months	10,280	17,471
2 to 3 months	6,018	7,945
Over 3 months	<u>128,271</u>	<u>122,122</u>
	332,318	531,918
Retention payables	<u>833,531</u>	<u>684,910</u>
	<u>1,165,849</u>	<u>1,216,828</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the first half of 2023, social distancing and cross-border restrictions for the COVID-19 pandemic had been basically removed in many countries or regions, and economic activities have improved quite significantly. However, the global economy was challenging due to high inflation in many major economies and geopolitical conflicts continued in Europe and other parts of the world. To counter high inflation rates, the U.S. and many countries had continued to increase interest rates which caused hardship for economic recovery in most countries.

In Mainland China, the overall economic activities had improved as compared to the corresponding period in 2022 as pandemic restrictions were removed during the early part of 2023. However, the magnitude of economic recovery was below expectation because of the continued trade and political tension with the U.S. During the period, the central government continued to provide accommodative monetary policy and necessary fiscal stimulus to enhance economic recovery, the economic growth was still affected. During the period, the property market continued its weakness as many property developers have yet to resolve the credit and liquidity problems carried forward from previous years.

In United Kingdom (the “UK”), the economy by and large had returned to pre-pandemic level in terms of economic activities. However, the economy growth was affected by high inflation and rising interest rate pressure. During the period, the overall property market in the UK was affected due to rise in interest rates. The property market in London where the Group has property investment remained relatively more resilient as compared to the rest of the UK.

In Hong Kong, the local economy had picked up its pace as pandemic prevention measures and cross-border restrictions had been lifted at early part of 2023. With improved economic activities and Hong Kong government’s proactive measures such as Consumption Vouchers Scheme to boost local spending and marketing efforts to enhance recovery in the tourism industry, real GDP in Hong Kong resumed growth as compared to the last corresponding period and unemployment rate had dropped to very low level as compared to recent years. During the period, the overall property market however remained weak due to rising interest rates.

For the first half of 2023, the Group’s total revenue amounted to HK\$1,148.2 million, representing an increase of 125.3% from HK\$509.7 million recorded in the last corresponding period. Revenue from property sale amounted to HK\$1,134.2 million increase 128.2% from HK\$497.0 million. Rental income from investment properties amounted to HK\$13.4 million, up 6.0% from HK\$12.7 million. Treasury management income amounted to HK\$0.6 million (2022: Nil).

The Group’s net loss attributable to shareholders for the first six months of 2023 amounted to HK\$117.1 million as compared to loss of HK\$73.9 million in the last corresponding period. Loss per share for the first six-month period of 2023 was HK14.6 cents (2022: loss per share HK9.2 cents).

The Group’s investment property portfolio was independently valued at the end of the period resulting in revaluation loss of HK\$79.5 million (2022: HK\$17.3 million gain). The revaluation loss was reported in the consolidated statement of profit or loss.

## Property Development and Trading

During the first half of 2023, the Group had pre-sales for three property projects in Sichuan, the PRC. The total contract sales was approximately HK\$2,544.0 million (2022: HK\$1,840.9 million) and the revenue recognised amounted to HK\$1,134.2 million (2022: HK\$497.0 million) in the first half of the year.

The breakdown of contract sales in the first half of 2023 is as follows:

Projects	Location	Contract Sales	Contract Sales	Average
		RMB'M	GFA Sqm	Selling Price RMB/sqm
Binjiang Wisdom City	Meishan, Sichuan	263.1	24,004	10,962
The City of Islands	Meishan, Sichuan	1,824.2	215,435	8,468
Rare Land	Chengdu, Sichuan	146.6	5,929	24,727

## Property Investment

As at 30 June 2023, the Group's major investment properties include 1 Harrow Place in London, the UK and investment properties under construction in Sichuan, the PRC.

Gross rental income for the period amounted to HK\$13.4 million, an increase of 6.0% when compared with rental income of HK\$12.7 million in last corresponding period. As at 30 June 2023, the occupancy rate of the Group's investment property in the UK is 100%.

## Treasury Management

During the first half of 2023, the treasury management income amounted to HK\$0.6 million. The Group did not have treasury management income recorded in the last corresponding period.

## Prospects

For the second half of 2023, it is anticipated that the global economy will still be challenging and volatile. Factors such as high inflation and continued interest rate hike will certainly dampen economic recovery. In addition, uncertainties surrounding Russia-Ukraine war and persistent geopolitical conflicts will undermine economic recovery as well. However, it is anticipated the cycle of interest rate increases may soon reach its peak in the U.S. Also, many countries may take timely proactive measures to provide more flexible and accommodative monetary policies and fiscal stimulus to support economic recovery when encountering extreme economic hardship.

In Mainland China, it is expected that the central government will continue its effort to provide proactive accommodative monetary policy and fiscal stimulus to enhance economic growth. For the property market, more supportive policies and measures by government are expected to be put in place to revive the property market which is essential to many aspects of the economy. Therefore, it is anticipated that the property market will gradually recover and improve in the long run.

In the UK, the economy will still be affected by factors such as high inflation and continuous interest rate hike. The prospect of economic growth will be volatile and the property market will remain weak for the rest of the year. However, the property market in London is expected to be more resilient as compared to other regions in the UK as London is the key business hub in Europe and it is the preferred location for businesses and investors.

In Hong Kong, it is anticipated that the pace of economic recovery will continue for the remaining half of the year as economic activities had improved and unemployment rate had dropped to very low level in the first half of 2023. However, the overall property market may still be weak due to persistence of high interest rates.

Under the challenging economic conditions, the Group will continue to adopt prudent and proactive approach for its business operations and development. The Group will look for business opportunities in property markets with stable and long-term economic prospects for sustainable growth and to enhance the returns for our shareholders in the long run. The Group will continue its efforts for its property business in Mainland China for sustainable development of the Group.

### Liquidity and Financial Resources

As at 30 June 2023, the Group had net borrowing of HK\$739.8 million (31 December 2022: HK\$1,929.0 million), consisting cash and bank balances of HK\$1,246.1 million (31 December 2022: HK\$1,125.7 million) and total borrowings of HK\$1,985.9 million (31 December 2022: HK\$3,054.6 million). The gearing ratio of the Group was 79.3% (31 December 2022: 183.2%). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2023, the total cash and bank balances amounted to HK\$1,246.1 million (31 December 2022: HK\$1,125.7 million), approximately 96.2% was denominated in RMB, 2.4% in HKD, 0.9% in USD, and 0.5% in GBP.

As at 30 June 2023, the Group's borrowings amounted to HK\$1,985.9 million (31 December 2022: HK\$3,054.6 million) which is mainly secured by the pledge of certain property interest and equity interests in certain subsidiaries of the Group, and certain amount of the Group's total borrowings is guaranteed by the Company. Approximately 78.3% of total borrowings was denominated in RMB and 21.7% 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 2023 is as follows:

	<b>RMB</b>	<b>HKD</b>	<b>Total</b>	
	<b>HK\$'M</b>	<b>HK\$'M</b>	<b>HK\$'M</b>	<b>Percentage</b>
Repayable:				
Within one year or on demand	684.2	-	684.2	34.5%
In the second year	224.8	-	224.8	11.3%
In the third to fourth years, inclusive	645.7	431.2	1,076.9	54.2%
Total	1,554.7	431.2	1,985.9	100.0%

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

## **Contingent Liabilities/Financial Guarantees**

As at 30 June 2023, 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\$6,613.1 million (31 December 2022: HK\$5,033.5 million).

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

## **STAFF**

As at 30 June 2023, the Group employed 75 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the board depending upon the financial performance of the Group.

## **INTERIM DIVIDEND**

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

## **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 in Appendix 14 to the Listing Rules save for the deviations described below.

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

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



## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

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

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

## **REVIEW BY AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) comprises four independent non-executive Directors, namely Luk Yu King, James (Chairman of the Audit Committee), Ng Kwok Fu, Leung Yu Ming, Steven and Lai Degang. The Audit Committee has reviewed this interim results. 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.

On behalf of the board  
**Wong Hy Sky**  
*Chairman and Managing Director*

Hong Kong, 29 August 2023

As at the date hereof, the Board comprises Wong Hy Sky, Yuen Wing Shing and Liu Jie who are executive Directors; and Ng Kwok Fu, Luk Yu King, James, Leung Yu Ming, Steven and Lai Degang who are independent non-executive Directors.

*\*For identification purposes only*