



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

Stock Code : 00075

2023  
INTERIM  
REPORT





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# Corporate Information

## Executive Director

Wong Hy Sky  
 (former English name: Huang Yun)  
*(Chairman and Managing Director)*  
 Yuen Wing Shing  
 Liu Jie

## Independent Non-executive Director

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

## Audit Committee

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

## Remuneration Committee

Leung Yu Ming, Steven *(Chairman)*  
 Wong Hy Sky  
 Ng Kwok Fu  
 Lai Degang

## Nomination Committee

Wong Hy Sky *(Chairman)*  
 Ng Kwok Fu  
 Leung Yu Ming, Steven  
 Lai Degang

## Authorised Representative

Wong Hy Sky  
 Yuen Wing Shing

## Company Secretary

Chan Sau Mui Juanna

## Registered Office

Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

## Principal Place of Business

Room 2805, 28th Floor, China Resources Building  
 26 Harbour Road  
 Wanchai  
 Hong Kong  
 Tel: (852) 2573 8888  
 Fax: (852) 2507 2120  
 Website: [www.ytrealtygroup.com.hk](http://www.ytrealtygroup.com.hk)  
 Email: [investors@ytrealtygroup.com.hk](mailto:investors@ytrealtygroup.com.hk)

## External Auditor

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

## Principal Banker

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

## Legal Adviser

*Bermuda:*  
 Conyers Dill & Pearman

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

## Registrar & Transfer Office

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

*Hong Kong:*  
 Tricor Abacus Limited  
 17/F, Far East Finance Centre  
 16 Harcourt Road  
 Hong Kong  
 Tel: (852) 2980 1700  
 Fax: (852) 2890 9350

## Share Listing

The Stock Exchange of Hong Kong Limited  
 Stock Code: 00075

# Management Discussion and Analysis

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

## 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.

# Management Discussion and Analysis

## 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		Average
		Contract Sales <i>RMB'M</i>	GFA <i>Sqm</i>	Selling Price <i>RMB/sqm</i>
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.

# Management Discussion and Analysis

## PROSPECTS *(continued)*

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:

	RMB HK\$'M	HKD HK\$'M	Total HK\$'M	Percentage
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	<u>1,554.7</u>	<u>431.2</u>	<u>1,985.9</u>	<u>100.0%</u>

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.

# Management Discussion and Analysis

## 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).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2023, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### Interests in the Company

Name of Director	Capacity	No. of shares held	Total no. of shares held	Percentage of interest
Wong Hy Sky	Interest of controlled corporation <i>(Note)</i>	79,772,000		
	Beneficial owner	<u>88,000,000</u>	<u>167,772,000</u>	20.98%
Ng Kwok Fu	Beneficial owner	50,000		
	Interest of spouse	<u>40,000</u>	<u>90,000</u>	0.01%

*Note:*

Mr. Wong Hy Sky ("Mr. Wong") was deemed to be interested in 79,772,000 shares in the Company by virtue of his indirect control of Hong Kong Petrochemical Industrial Group Limited ("HK Petrochemical") which owned those shares. HK Petrochemical was a wholly owned subsidiary of Ever Lead Developments Limited ("Ever Lead"), and Ever Lead was in turn a wholly owned subsidiary of Joybeam Global Limited ("Joybeam Global", a company wholly owned by Mr. Wong).

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## SHARE OPTION SCHEME

The share option scheme adopted by the Company on 21 May 2015 (the "Scheme") is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015. No option has been granted since the adoption of the Scheme and up to 30 June 2023. At the beginning and the end of the period, the number of options available for grant under the Scheme mandate is 79,955,741.

No option lapsed and no option was granted, exercised or cancelled under the Scheme during the half-year period ended 30 June 2023. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of this period.

# Disclosure of Interests

## OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 30 June 2023, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO as being interested or deemed to have interest in 5% or more of the issued share capital of the Company:

Name of shareholder	Capacity	No. of shares held	Percentage of interest
Joybeam Global <sup>(Note 1)</sup>	Interest of controlled corporation	79,772,000	9.98%
Ever Lead <sup>(Note 1)</sup>	Interest of controlled corporation	79,772,000	9.98%
HK Petrochemical <sup>(Note 1)</sup>	Beneficial owner	79,772,000	9.98%
Cheung Chung Kiu <sup>(Note 2)</sup>	Interest of controlled corporation	48,736,150	6.09%
Windsor Dynasty Limited <sup>(Note 2)</sup>	Interest of controlled corporation	48,736,150	6.09%
First Rose Global Limited <sup>(Note 2)</sup>	Beneficial owner	48,736,150	6.09%

*Notes:*

- 1 Each parcel of 79,772,000 shares represents HK Petrochemical's direct interest in the Company. Joybeam Global and Ever Lead were deemed to be interested in those shares by virtue of their direct or indirect control of HK Petrochemical.
- 2 Each parcel of 48,736,150 shares represents First Rose Global Limited's direct interest in the Company. Windsor Dynasty Limited was deemed to be interested in those shares by virtue of its direct control of First Rose Global Limited. Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in those shares by virtue of his indirect control of First Rose Global Limited. First Rose Global Limited was a wholly owned subsidiary of Windsor Dynasty Limited, a company wholly owned by Mr. C.K. Cheung.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any other person or corporation (other than Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company or the Exchange under Part XV of the SFO.

## CORPORATE GOVERNANCE CODE

Throughout the accounting period covered by this 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, 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.

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.

# Other Information

## 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 report. 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.

## APPRECIATION

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

On behalf of the board

**Wong Hy Sky**

*Chairman and Managing Director*

Hong Kong, 29 August 2023

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
<b>REVENUE</b>	4		
Sales of properties		1,134,233	496,998
Rental income		13,427	12,666
Interest income		557	—
Total revenue		1,148,217	509,664
Cost of sales		(897,394)	(308,166)
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	5	(117,573)	(133,957)
Changes in fair value of investment properties		(79,482)	17,348
<b>LOSS BEFORE TAX</b>	6	(149,964)	(106,802)
Income tax credit	7	16,580	1,233
<b>LOSS FOR THE PERIOD</b>		<u>(133,384)</u>	<u>(105,569)</u>
Attributable to:			
Equity holders of the Company		(117,128)	(73,901)
Non-controlling interests		(16,256)	(31,668)
		<u>(133,384)</u>	<u>(105,569)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<u>(HK14.6 cents)</u>	<u>(HK9.2 cents)</u>

# 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>Notes</i>	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	192,115	202,013
Investment properties	10	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
Total non-current assets		<u>1,422,203</u>	<u>1,451,981</u>
<b>CURRENT ASSETS</b>			
Properties under development	11	13,272,752	12,449,902
Interests in land use rights for property development	11	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	12	1,246,131	1,125,650
Total current assets		<u>17,496,125</u>	<u>16,879,184</u>
<b>CURRENT LIABILITIES</b>			
Trade and retention payables	13	1,165,849	1,216,828
Other payables and accrued expenses		966,202	939,343
Interest-bearing bank and other borrowings	14	684,163	899,711
Contract liabilities		13,808,299	11,974,740
Tax payable		99,466	121,702
Total current liabilities		<u>16,723,979</u>	<u>15,152,324</u>
<b>NET CURRENT ASSETS</b>		<u>772,146</u>	<u>1,726,860</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,194,349</u>	<u>3,178,841</u>

# Consolidated Statement of Financial Position

30 June 2023

	<i>Notes</i>	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,194,349</u>	<u>3,178,841</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		140,059	143,646
Interest-bearing bank and other borrowings	14	1,301,751	2,154,902
Other payables		<u>2,418</u>	<u>1,642</u>
Total non-current liabilities		<u>1,444,228</u>	<u>2,300,190</u>
Net assets		<u>750,121</u>	<u>878,651</u>
<b>EQUITY</b>			
Equity attributable to equity holders of the Company			
Issued share capital	15	79,956	79,956
Reserves		<u>852,893</u>	<u>973,085</u>
		932,849	1,053,041
Non-controlling interests		<u>(182,728)</u>	<u>(174,390)</u>
Total equity		<u>750,121</u>	<u>878,651</u>

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Unaudited											
	Attributable to equity holders of the Company										Non-controlling interests	Total
	Issued share capital	Share premium account	Capital redemption reserve	Capital reserve	Contributed surplus	Exchange fluctuation reserves	Other reserves <sup>#</sup>	Retained profits	Total	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2023	79,956	95,738	1,350	1,800	4,767	21,350	1,240	846,840	1,053,041	(174,390)	878,651	
Loss for the period	—	—	—	—	—	—	—	(117,128)	(117,128)	(16,256)	(133,384)	
Other comprehensive income/(loss) for the period	—	—	—	—	—	(3,064)	—	—	(3,064)	7,918	4,854	
Total comprehensive loss for the period	—	—	—	—	—	(3,064)	—	(117,128)	(120,192)	(8,338)	(128,530)	
<b>At 30 June 2023</b>	<b>79,956</b>	<b>95,738*</b>	<b>1,350*</b>	<b>1,800*</b>	<b>4,767*</b>	<b>18,286*</b>	<b>1,240*</b>	<b>729,712*</b>	<b>932,849</b>	<b>(182,728)</b>	<b>750,121</b>	
At 1 January 2022	79,956	95,738	1,350	1,800	4,767	166,919	1,660	1,322,808	1,674,998	(39,209)	1,635,789	
Loss for the period	—	—	—	—	—	—	—	(73,901)	(73,901)	(31,668)	(105,569)	
Other comprehensive loss for the period	—	—	—	—	—	(108,890)	—	—	(108,890)	(3,761)	(112,651)	
Total comprehensive loss for the period	—	—	—	—	—	(108,890)	—	(73,901)	(182,791)	(35,429)	(218,220)	
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	70,857	70,857	
<b>At 30 June 2022</b>	<b>79,956</b>	<b>95,738</b>	<b>1,350</b>	<b>1,800</b>	<b>4,767</b>	<b>58,029</b>	<b>1,660</b>	<b>1,248,907</b>	<b>1,492,207</b>	<b>(3,781)</b>	<b>1,488,426</b>	

\* These reserve accounts comprise the consolidated reserves of HK\$852,893,000 (31 December 2022: HK\$973,085,000) in the consolidated statement of financial position.

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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		749,217	957,588
PRC corporate income tax paid		(22,875)	(38,665)
PRC land appreciation tax paid		(24,858)	(39,969)
Overseas profits tax paid		(1,613)	(972)
<b>Net cash flows from operating activities</b>		<b>699,871</b>	<b>877,982</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries		—	(215,096)
Proceeds from disposal of subsidiaries	17	—	30,800
Additions to investment properties		(37,028)	(16,001)
Purchases of items of property, plant and equipment		(2,105)	(4,288)
Decrease in non-pledged time deposits with original maturity of over three months		—	36,188
Other cash flows arising from investing activities		557	4,127
<b>Net cash flows used in investing activities</b>		<b>(38,576)</b>	<b>(164,270)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New interest-bearing bank and other borrowings		321,483	893,077
Repayment of interest-bearing bank and other borrowings		(1,273,760)	(2,073,474)
Principal portion of lease payments		(1,284)	(991)
Interest paid		(133,245)	(218,908)
<b>Net cash flows used in financing activities</b>		<b>(1,086,806)</b>	<b>(1,400,296)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(425,511)</b>	<b>(686,584)</b>
Cash and cash equivalents at 1 January		663,810	1,149,482
Effect on foreign exchange rate changes, net		(16,709)	(22,796)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		<b>221,590</b>	<b>440,102</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	12	1,246,131	764,947
Less: Restricted bank balances		(1,024,541)	(324,845)
		<b>221,590</b>	<b>440,102</b>

## 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 in note 2 to this unaudited interim condensed consolidated financial information.

## 2 Changes in Accounting Policies and Disclosures

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.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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

- (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 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.

## 3 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.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 3 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 2023 (Unaudited)					
Segment revenue	<u>1,134,233</u>	<u>13,427</u>	<u>557</u>	<u>—</u>	<u>1,148,217</u>
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					<u>(15,407)</u>
Loss before tax					(149,964)
Income tax credit	1,842	14,738	—	—	<u>16,580</u>
Loss for the period					<u>(133,384)</u>

	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>
At 30 June 2023 (Unaudited)						
<b>Assets and liabilities</b>						
Total assets	<u>18,064,763</u>	<u>792,293</u>	<u>—</u>	<u>—</u>	<u>61,272</u>	<u>18,918,328</u>
Total liabilities	<u>17,702,619</u>	<u>453,363</u>	<u>—</u>	<u>—</u>	<u>12,225</u>	<u>18,168,207</u>
Six months ended 30 June 2023 (Unaudited)						
<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	<u>—</u>	<u>79,482</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>79,482</u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 3 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)					
Segment revenue	<u>496,998</u>	<u>12,666</u>	<u>—</u>	<u>—</u>	<u>509,664</u>
Segment results	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					<u>(6,733)</u>
Loss before tax					(106,802)
Income tax credit/(expense)	5,909	(4,676)	—	—	<u>1,233</u>
Loss for the period					<u>(105,569)</u>

	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>
At 31 December 2022 (Audited)						
<b>Assets and liabilities</b>						
Total assets	<u>17,441,384</u>	<u>812,035</u>	<u>—</u>	<u>—</u>	<u>77,746</u>	<u>18,331,165</u>
Total liabilities	<u>16,995,226</u>	<u>444,770</u>	<u>—</u>	<u>—</u>	<u>12,518</u>	<u>17,452,514</u>

Six months ended 30 June 2022

(Unaudited)

	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>Other segment information:</b>						
Capital expenditure*	234,288	16,001	—	—	—	250,289
Depreciation	10,144	—	—	—	425	10,569
Fair value gains of investment properties	—	17,348	—	—	—	17,348
Loss on disposal of subsidiaries	<u>—</u>	<u>1,605</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,605</u>

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 3 Operating Segment Information *(continued)*

### Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

### Information about major customers

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.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 4 Revenue

An analysis of revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
<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><u>1,148,217</u></u>	<u><u>509,664</u></u>

### Revenue from contracts with customers

Disaggregated revenue information

#### Segment

Property development and trading

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
<b>Type of goods</b>		
Sales of properties	<u><u>1,134,233</u></u>	<u><u>496,998</u></u>
<b>Geographical market</b>		
Mainland China	<u><u>1,134,233</u></u>	<u><u>496,998</u></u>
<b>Timing of revenue recognition</b>		
Goods transferred over time	<u>454,067</u>	<u>496,998</u>
Goods transferred at a point in time	<u>680,166</u>	<u>—</u>
	<u><u>1,134,233</u></u>	<u><u>496,998</u></u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 5 Finance Costs

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
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	28,320	22,389
Total interest expenses	740,172	1,544,410
Less: Interest capitalised	(622,599)	(1,410,453)
	<u>117,573</u>	<u>133,957</u>

## 6 Loss Before Tax

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

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

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

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 7 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.

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
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	<u>(26,255)</u>	<u>(29,061)</u>
Total tax credit for the period	<u>(16,580)</u>	<u>(1,233)</u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 8 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>

## 9 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).

## 10 Investment Properties

The revaluation of the Group's investment properties was carried out by H&W Property Valuers Limited and Knight Frank Petty Limited (six months ended 30 June 2022: H&W Property Valuers Limited and Knight Frank Petty Limited), independent firms of professionally qualified valuers, on an open market, existing use basis at the end of the reporting period.

During the six months ended 30 June 2023, the Group incurred approximately HK\$37,028,000 (six months ended 30 June 2022: approximately HK\$16,001,000) on the addition of investment properties.

## 11 Additions to Property, plant and equipment, Properties under Development and Interests in Land Use Rights for Property Development

During the six months ended 30 June 2023, the Group incurred HK\$5,311,000 on the addition of items of property, plant and equipment, including owned assets of HK\$2,105,000 and right-of-use assets of HK\$3,206,000. The Group also incurred HK\$1,254,035,000 on additions of properties under development.

During the six months ended 30 June 2022, the Group incurred HK\$32,884,000 on the addition of items of property, plant and equipment, including those from the acquisition of subsidiaries. The Group also incurred HK\$2,009,237,000 and HK\$846,147,000 on the addition of properties under development and interests in land use rights for property development, respectively, including those from the acquisition of subsidiaries.

## 12 Cash and Bank Balances

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Restricted bank balances ( <i>notes</i> )	1,024,541	461,840
Cash and cash equivalents	<u>221,590</u>	<u>663,810</u>
Cash and bank balances	<u><u>1,246,131</u></u>	<u><u>1,125,650</u></u>

*Notes:*

- (a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place at designated bank accounts certain amounts of pre-sales proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects. As at 30 June 2023, such guarantee deposits amounted to HK\$1,024,388,000 (31 December 2022: HK\$461,745,000).
- (b) According to the relevant loan agreement signed by a subsidiary of the Group, there are restrictions as to the use of certain unutilised proceeds from bank borrowing deposited in the designated bank account of the subsidiary. As at 30 June 2023, the aggregate amount of such deposits amounted to HK\$153,000 (31 December 2022: HK\$95,000).

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 13 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><u>1,165,849</u></u>	<u><u>1,216,828</u></u>

## 14 Interest-bearing Bank and Other Borrowings

	As at 30 June 2023 (Unaudited)			As at 31 December 2022 (Audited)		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Bank loans - secured	9%	2024	205,357	8%	2023	225,479
Other borrowings						
- secured	12%	2024	477,287	12% to 15%	2023	674,232
- unsecured	15%	2023	<u>1,519</u>	N/A	N/A	<u>—</u>
			<u>684,163</u>			<u>899,711</u>
<b>Non-current</b>						
Bank loans - secured	N/A	N/A	—	9%	2024	442,422
Other borrowings						
- secured	11.5% to 12.5%	2024-2026	1,290,975	8% to 14.8%	2024-2025	1,712,480
- unsecured	12.4%	2025	<u>10,776</u>	N/A	N/A	<u>—</u>
			<u>1,301,751</u>			<u>2,154,902</u>
<b>Total</b>			<u><u>1,985,914</u></u>			<u><u>3,054,613</u></u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	205,357	225,479
In the second year	—	442,422
	<u>205,357</u>	<u>667,901</u>
Other borrowings repayable:		
Within one year	478,806	674,232
In the second year	224,750	910,902
In the third to fourth years, inclusive	1,077,001	801,578
	<u>1,780,557</u>	<u>2,386,712</u>
Total bank and other borrowings	<u><u>1,985,914</u></u>	<u><u>3,054,613</u></u>

### Notes:

- (a) As at 30 June 2023, bank borrowings with an aggregate amount of HK\$205,357,000 (31 December 2022: HK\$667,901,000) were secured by the pledge of 100% equity interest of a wholly-owned subsidiary of the Group (31 December 2022: secured by the pledge of 67% equity interest of a non-wholly-owned subsidiary of the Group and 100% equity interest of a wholly-owned subsidiary of the Group), and other borrowings with an aggregate amount of HK\$1,554,289,000 (31 December 2022: HK\$2,015,911,000) were secured by the pledge of the equity interest of a 80% and a 53.6% non-wholly-owned subsidiaries of the Group (31 December 2022: secured by the pledge of the equity interest of a 80%, a 67% and a 53.6% non-wholly-owned subsidiaries of the Group) and share charge in respect of the entire equity interests of certain wholly-owned subsidiaries of the Group.
- (b) As at 30 June 2023, bank borrowings and other borrowings with aggregate amounts of HK\$205,357,000 (31 December 2022: HK\$667,901,000) and HK\$884,546,000 (31 December 2022: HK\$1,962,314,000), respectively, were secured by the Group's properties under development with aggregate carrying amounts of HK\$1,731,067,000 (31 December 2022: HK\$5,748,279,000) and HK\$3,827,553,000 (31 December 2022: HK\$4,889,832,000), respectively.
- (c) As at 30 June 2023, other borrowings with an aggregate amount of HK\$213,974,000 (31 December 2022: HK\$370,801,000) were secured by the Group's completed properties held for sale with an aggregate carrying amount of HK\$79,415,000 (31 December 2022: HK\$84,286,000).
- (d) As at 30 June 2023, the Group's other borrowings with an aggregate amount of HK\$624,509,000 (31 December 2022: HK\$684,463,000) were secured by the Group's investment properties with a carrying amount of HK\$776,133,000 (31 December 2022: HK\$805,904,000).
- (e) As at 30 June 2023, the Group's other borrowings with an aggregate amount of HK\$477,287,000 (31 December 2022: HK\$789,935,000) were secured by the Group's construction in progress with a carrying amount of HK\$26,306,000 (31 December 2022: HK\$26,888,000).

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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

Notes: *(continued)*

- (f) As at 31 December 2022, the Group's bank borrowings with an aggregate amount of HK\$225,480,000 were secured by the Group's construction in progress and right-of-use assets with carrying amounts of HK\$129,104,000 and HK\$8,749,000.
- (g) As at 30 June 2023, the Group's bank borrowings and other borrowings of HK\$205,357,000 (31 December 2022: HK\$667,901,000) and HK\$477,287,000 (31 December 2022: HK\$789,935,000), respectively, were guaranteed by certain third parties.
- (h) The Company has guaranteed certain of the Group's other borrowings up to HK\$480,000,000 (31 December 2022: HK\$420,000,000) as at the end of the reporting period.
- (i) As at 30 June 2023, bank and other borrowings of HK\$431,225,000 (31 December 2022: HK\$419,525,000) and HK\$1,554,689,000 (31 December 2022: HK\$2,635,088,000) were denominated in Hong Kong dollars and Renminbi, respectively.
- (j) As at 30 June 2023 and 31 December 2022, all bank and other borrowings bear interest at fixed interest rates.

## 15 Share Capital

### Shares

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Authorised:		
1,500,000,000 ordinary shares of HK\$0.1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
799,557,415 ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

## 16 Acquisitions of Subsidiaries that are not a Business

For the six months ended 30 June 2022

On 20 January 2022, the Group entered into a sale and purchase agreement with an independent third party, and pursuant to which the Group agreed to acquire a 100% equity interest in Golden Honour Global Limited and its subsidiaries (the "Golden Honour Global Group"), which indirectly holds 53.6% of the interests in certain land parcels located in Sichuan Province, China, at a total consideration of HK\$230,000,000. The acquisition of the Golden Honour Global Group was completed on 27 January 2022 and the Golden Honour Global Group became subsidiaries of the Group.

Prior to completion of the acquisition, Golden Honour Global Group had not carried on any significant business activities except for holding of interests in certain land parcels. This acquisition was accounted for by the Group as acquisition of assets, as the operations of Golden Honour Global Group did not constitute a business.

# Notes to Interim Condensed Consolidated Financial Information

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## 17 Disposal of Subsidiaries

For the six months ended 30 June 2022

Details of the net assets of the subsidiaries disposed of during the current period and the financial impacts were as follows:

	30 June 2022 HK\$'000 (Unaudited)
Net assets disposed of:	
Investment properties	37,000
Other current assets	27
Other current liabilities	(44)
Deferred tax liabilities	<u>(4,578)</u>
	32,405
Loss on disposal of subsidiaries ( <i>note 6</i> )	<u>(1,605)</u>
	<u><u>30,800</u></u>
Satisfied by:	
Cash	<u><u>30,800</u></u>

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	30 June 2022 HK\$'000 (Unaudited)
Cash consideration and net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>30,800</u></u>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 18 Financial Guarantees

The Group had the following financial guarantees:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	<u>6,613,073</u>	<u>5,033,456</u>

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

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

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

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

## 19 Capital Commitments

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

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Contracted but not provided for:		
Capital expenditure for construction of properties under development and investment properties	4,137,653	5,850,371
Capital expenditure for construction of property, plant and equipment	<u>39,165</u>	<u>40,623</u>
	<u><u>4,176,818</u></u>	<u><u>5,890,994</u></u>

## 20 Related Party Transactions

Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 June	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Short term employee benefits	3,260	3,016
Post-employment benefits	<u>117</u>	<u>100</u>
Total compensation paid to key management personnel	<u><u>3,377</u></u>	<u><u>3,116</u></u>

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

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

The fair values of the non-current portion of other receivables and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2023 and 31 December 2022 were assessed to be insignificant.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2023

## 21 Fair Value and Fair Value Hierarchy of Financial Instruments *(continued)*

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

Assets measured at fair value:

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
<b>At 30 June 2023 (Unaudited)</b>				
Equity investment designated at fair value through other comprehensive income	<u>1,980</u>	<u>—</u>	<u>—</u>	<u>1,980</u>
<b>At 31 December 2022 (Audited)</b>				
Equity investment designated at fair value through other comprehensive income	<u>1,980</u>	<u>—</u>	<u>—</u>	<u>1,980</u>

During the period for the six months ended 30 June 2023/the year ended 31 December 2022, there were no transfers into or out of Level 1 fair value measurements.

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 (31 December 2022: Nil).

## 22 Approval of the Interim Financial Information

This unaudited interim condensed consolidated financial information was approved by the board of directors on 29 August 2023.