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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)

2024 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 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
REVENUE	2, 3		
Sale of properties		2,709,273	1,134,233
Rental income		13,742	13,427
Interest income		463	557
Total revenue		2,723,478	1,148,217
Cost of sales		(2,138,924)	(897,394)
Gross profit		584,554	250,823
Other income and gains		6,099	5,033
Other expenses and losses		(1,094)	(80)
Selling and marketing expenses		(242,357)	(172,540)
Administrative expenses		(82,743)	(36,145)
Finance costs	4	(105,470)	(117,573)
Changes in fair value of investment properties		(859)	(79,482)
PROFIT/(LOSS) BEFORE TAX	5	158,130	(149,964)
Income tax credit/(expense)	6	(142,476)	16,580
PROFIT/(LOSS) FOR THE PERIOD		15,654	(133,384)
Attributable to:			
Equity holders of the Company		13,222	(117,128)
Non-controlling interests		2,432	(16,256)
		15,654	(133,384)
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE COMPANY			
Basic and diluted	7	HK1.7 cents	(HK14.6 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>15,654</u>	<u>(133,384)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(18,104)</u>	<u>4,854</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(18,104)</u>	<u>4,854</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(2,450)</u></u>	<u><u>(128,530)</u></u>
Attributable to:		
Equity holders of the Company	202	(120,192)
Non-controlling interests	<u>(2,652)</u>	<u>(8,338)</u>
	<u><u>(2,450)</u></u>	<u><u>(128,530)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Note</i>	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		193,166	204,406
Investment properties		317,938	759,637
Goodwill		251,808	257,336
Other intangible asset		11,080	11,080
Equity investment designated at fair value through other comprehensive income		1,760	1,760
Deferred tax assets		158,800	134,905
Other receivables		61,138	61,388
Total non-current assets		995,690	1,430,512
CURRENT ASSETS			
Properties under development		9,785,490	9,831,941
Interests in land use rights for property development		525,548	40,921
Completed properties held for sale		2,271,088	1,841,803
Other receivables, deposits and prepayments		1,613,634	1,704,857
Prepaid income tax		123,706	117,681
Cash and bank balances		813,203	997,547
		15,132,669	14,534,750
Assets of a disposal group classified as held for sale		471,543	-
Total current assets		15,604,212	14,534,750
CURRENT LIABILITIES			
Trade and retention payables	9	1,888,942	1,519,781
Other payables and accrued expenses		1,417,505	1,269,100
Interest-bearing bank and other borrowings		316,864	219,539
Contract liabilities		8,658,290	10,176,114
Tax payable		271,855	118,834
		12,553,456	13,303,368
Liabilities of a disposal group classified as held for sale		471,657	-
Total current liabilities		13,025,113	13,303,368
NET CURRENT ASSETS		2,579,099	1,231,382
TOTAL ASSETS LESS CURRENT LIABILITIES		3,574,789	2,661,894

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2024

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	3,574,789	2,661,894
NON-CURRENT LIABILITIES		
Deferred tax liabilities	49,077	46,819
Interest-bearing bank and other borrowings	2,704,750	1,790,308
Other payables	7,639	9,210
Total non-current liabilities	2,761,466	1,846,337
Net assets	813,323	815,557
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	79,956	79,956
Reserves	949,343	949,141
	1,029,299	1,029,097
Non-controlling interests	(215,976)	(213,540)
Total equity	813,323	815,557

Notes:

1 Basis of preparation and accounting policies

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The 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 2023.

The accounting policies and basis of preparation adopted in the preparation of the 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 2023, 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, except for the adoption of the revised HKFRSs and changes in accounting policies as disclosed below:

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

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

1 Basis of preparation and accounting policies *(Continued)*

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

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 2024 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 before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax 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>
Six months ended					
30 June 2024					
(Unaudited)					
Segment revenue	2,709,273	13,742	463	-	2,723,478
Segment results	267,651	11,846	453	-	279,950
Specific finance costs	(94,492)	(8,459)	-	-	(102,951)
General finance costs					(2,519)
Unallocated other income and gains					19
Corporate and other unallocated expenses and losses					(16,369)
Profit before tax					158,130
Income tax expense	(140,912)	(1,564)	-	-	(142,476)
Profit for the period					15,654

	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 2024						
(Unaudited)						
Assets and liabilities						
Total assets	15,734,951	790,526	45,153	-	29,272	16,599,902
Total liabilities	15,274,982	471,763	-	-	39,834	15,786,579
Six months ended						
30 June 2024						
(Unaudited)						
Other segment information:						
Capital expenditure*	1,141	33,291	-	-	-	34,432
Depreciation	5,763	-	-	-	2,281	8,044
Fair value losses on investment properties	-	859	-	-	-	859
Impairment of properties under development and completed properties held for sale	18,599	-	-	-	-	18,599

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 2023 (Unaudited)					
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>
At 31 December 2023 (Audited)						
Assets and liabilities						
Total assets	15,149,999	766,892	-	-	48,371	15,965,262
Total liabilities	14,681,847	455,357	-	-	12,501	15,149,705
Six months ended 30 June 2023 (Unaudited)						
Other segment information:						
Capital expenditure*	1,324	37,028	-	-	781	39,133
Depreciation	4,777	-	-	-	1,774	6,551
Fair value losses on investment properties	-	79,482	-	-	-	79,482

* Capital expenditure consists of additions of property, plant and equipment and investment properties.

2 Operating segment information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Chinese Mainland	2,709,273	1,134,233
United Kingdom	13,742	13,427
Hong Kong	463	557
Total	<u>2,723,478</u>	<u>1,148,217</u>

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

(b) Non-current assets

	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Chinese Mainland	758,634	747,171
United Kingdom	—	467,650
Hong Kong	15,358	17,638
Total	<u>773,992</u>	<u>1,232,459</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 2024 and 2023, 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:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Sale of properties	<u>2,709,273</u>	<u>1,134,233</u>
Revenue from other sources		
Rental income from investment property operating leases:		
Fixed lease payments	13,742	13,427
Interest income from time deposits	<u>463</u>	<u>557</u>
Subtotal	<u>14,205</u>	<u>13,984</u>
Total	<u><u>2,723,478</u></u>	<u><u>1,148,217</u></u>

4 Finance costs

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank and other borrowings	158,560	130,664
Interest expenses arising from revenue contracts	480,705	580,931
Interest on lease liabilities	533	257
Imputed interest on retention payables	<u>28,059</u>	<u>28,320</u>
Total interest expenses	667,857	740,172
Less: Interest capitalised	<u>(562,387)</u>	<u>(622,599)</u>
Total	<u><u>105,470</u></u>	<u><u>117,573</u></u>

5 Profit/(loss) before tax

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Depreciation of owned assets	5,652	4,982
Depreciation of right-of-use assets	2,509	1,685
	<u>8,161</u>	<u>6,667</u>
Less: Amount capitalised	(117)	(116)
Total	<u>8,044</u>	<u>6,551</u>
Staff costs (including executive directors' remuneration):		
Wages and salaries	57,894	23,467
Pension scheme contributions	2,768	120
Total	<u>60,662</u>	<u>23,587</u>
Foreign exchange differences, net**	102	68
Bank interest income*	(4,654)	(2,996)
Impairment of properties under development and completed properties held for sale***	18,599	-
	<u>18,599</u>	<u>-</u>

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

** This item is included in "Other expenses and losses" in the consolidated statement of profit or loss.

*** This item is included in "Cost of sales" in the consolidated statement of profit or loss.

6 Income tax

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 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	
	2024	2023
	HK\$'000	HK\$'000
Current - United Kingdom		
Charge for the period	1,786	1,703
Over-provision in prior years	(51)	(18)
Subtotal	<u>1,735</u>	<u>1,685</u>
Current - Chinese Mainland		
PRC corporate income tax	111,645	12
PRC land appreciation tax	52,778	7,978
Subtotal	<u>164,423</u>	<u>7,990</u>
Deferred	<u>(23,682)</u>	<u>(26,255)</u>
Total tax expense/(credit) for the period	<u>142,476</u>	<u>(16,580)</u>

7 Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings/(loss) per share amounts for the periods is based on the profit/(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 2024 and 2023.

The calculation of basic and diluted earnings/(loss) per share is based on:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<u>Profit/(loss)</u>		
Profit/(loss) for the period attributable to ordinary equity holders of the Company	<u>13,222</u>	<u>(117,128)</u>
	Number of shares	
	Six months ended 30 June	
	2024	2023
<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 2024 (six months ended 30 June 2023: 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	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables:		
Within 1 month	649,121	371,640
Over 1 month but within 2 months	334	8,704
Over 2 months but within 3 months	643	423
Over 3 months	52,242	77,277
Subtotal	<u>702,340</u>	458,044
Retention payables	<u>1,186,602</u>	1,061,737
Total	<u>1,888,942</u>	<u>1,519,781</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the first half of 2024, the global economy was under pressure in the high-interest rate environment in the US and many major economies. In addition, geopolitical conflicts around the world especially Russia and Ukraine in Europe, and Israel and Palestine in the Middle-East further affected the stability of supply chains of commodities and transportation of goods which inevitably created uncertainty for economic recovery.

In Mainland China, the Central Government continued to provide accommodative monetary policy and necessary fiscal stimulus to support economic recovery. Despite the trade and political tension with the US continued, an approximate 5% growth in Growth Domestic Product (“GDP”) was recorded for the first half of 2024. However, the property sector continued its weakness as overall property sales and sales prices declined when compared to the previous year across most property sectors and regions as the overall sentiment and confidence in the property market was not yet restored.

In the UK, the economy was still under the impact of high interest rate and there was no significant sign of economic growth during the reporting period. The property market was under pressure due to high borrowing cost. The property market in London, despite its relatively ideal location in the UK was inevitably affected as well.

In Hong Kong, the economy had experienced moderate GDP growth as compared to the previous year and unemployment rate continued to stay at low level. However, the overall property market was weak due to relatively high interest rates and lack of demand and confidence in various key property sectors, especially retails and office sectors.

For the first half of 2024, the Group’s total revenue amounted to HK\$2,723.5 million, representing an increase of 137.2% from HK\$1,148.2 million recorded in the last corresponding period. Revenue from property sale increased by 138.9% from HK\$1,134.2 million to HK\$2,709.3 million. Rental income from investment properties amounted to HK\$13.7 million, up 2.3% from HK\$13.4 million. Treasury management income amounted to HK\$0.5 million, down 16.9% from HK\$0.6 million.

The Group’s net profit attributable to shareholders for the first six months of 2024 amounted to HK\$13.2 million as compared to loss of HK\$117.1 million in the last corresponding period. Earnings per share for the first six-month period of 2024 was HK1.7 cents (2023: loss per share HK14.6 cents).

The Group’s investment property portfolio was independently valued at the end of the period resulting in revaluation loss of HK\$0.9 million (2023: HK\$79.5 million loss). The revaluation loss was reported in the consolidated statement of profit or loss.

Property Development and Trading

During the first half of 2024, the Group had pre-sales for two property projects in Sichuan, the PRC. The total contract sales was approximately HK\$942.7 million (2023: HK\$2,544.0 million) and the revenue recognised amounted to HK\$2,709.3 million (2023: HK\$1,134.2 million) in the first half of the year.

The breakdown of contract sales in the first half of 2024 is as follows:

Projects	Location	Contract Sales	Contract Sales	Average
		RMB’M	GFA Sqm	Selling Price RMB/sqm
Binjiang Wisdom City	Meishan, Sichuan	78.8	11,399	6,917
The City of Islands	Meishan, Sichuan	793.2	101,457	7,818

Property Investment

As at 30 June 2024, 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\$13.7 million, an increase of 2.3% when compared with rental income of HK\$13.4 million in last corresponding period. As at 30 June 2024, the occupancy rate of the Group's investment property in the UK is 100%.

Treasury Management

During the first half of 2024, the treasury management income amounted to HK\$0.5 million as compared to HK\$0.6 million recorded in the same period of 2023.

Material Disposal

On 30 May 2024, the Group entered into an agreement to dispose of the entire issued capital of Hillstar Corporate Limited ("Hillstar Corporate"), an indirect wholly-owned subsidiary of the Group. Hillstar Corporate indirectly held 100% interest of the Group's investment property known as 1 Harrow Place which is a hotel property in London, the UK. The total consideration for the disposal was HK\$33.75 million. Completion took place on 26 July 2024. Further details of the disposal were already disclosed in the relevant announcements dated 30 May 2024 and 28 June 2024 published by the Company.

Prospects

For the second half of 2024, the global economy is expected to remain challenging and volatile. Even though inflation for the US and many major economies has decreased from its high and the interest rate is very likely to decrease with the downward trend during the period, sustainable global economic recovery will take time to materialize as uncertainties surrounding Russia-Ukraine war and the Middle East geopolitical conflicts will undermine the pace and magnitude of economic recovery.

In Mainland China, the economic growth depends on key factors such as domestic policies, global economic conditions, and the magnitude of trade and political tension with the US. It is anticipated that the Central Government will continue its effort to provide proactive and accommodative monetary policy and fiscal stimulus to ensure stable economic growth. More supportive policies and measures by the Central Government as well as local government are expected to be put in place to revive the property market which is a vital element of the overall economy. It is expected that the property market will gradually recover and improve in the long run.

In the UK, the economic conditions will depend on the effect of interest rate cut which just commenced in early August and the economic and political conditions around the world. It is anticipated that economic growth will be volatile and the recovery of the property market remains uncertain until the interest rate is reduced to substantial level to stimulate steady economic growth. After completion of the disposal of the Group's London investment property on 26 July 2024, the Group has no further investment project in the UK. However, the Group will continue to monitor the market conditions in the UK so that the Group will be able to assess the viability of the UK property market for future investment opportunities.

In Hong Kong, it is anticipated that the pace of economic growth will be moderate and continue to be affected by the interest rate cycle of the US and various key factors such as tourism, local consumer spending, and the economic growth of Mainland China. It is expected that the property market across sectors will remain weak until substantial interest rate decrease takes place and economic expansion and consumer confidence is restored to sustainable level.

In the challenging economic environment, the Group will continue to stay alert and adopt prudent and proactive approach for its business operations and development. The Group will prudently look for business opportunities in property markets with stable and economic prospects for sustainable growth, and endeavor to enhance the returns for our shareholders in the long run. The Group will continue its efforts in the property business in Mainland China which is expected to improve gradually with supportive policies and measures by the government to ensure economic growth and revive the property market.

Liquidity and Financial Resources

As at 30 June 2024, the Group had net borrowing of HK\$2,208.4 million (31 December 2023: HK\$1,012.3 million), consisting cash and bank balances of HK\$813.2 million (31 December 2023: HK\$997.5 million) and total borrowings of HK\$3,021.6 million (31 December 2023: HK\$2,009.8 million). The gearing ratio of the Group was 214.6% (31 December 2023: 98.4%). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2024, the total cash and bank balances amounted to HK\$813.2 million (31 December 2023: HK\$997.5 million), approximately 93.3% was denominated in RMB, 5.4% in HKD, and 1.3% in USD.

As at 30 June 2024, the Group's total borrowings amounted to HK\$3,021.6 million (31 December 2023: HK\$2,009.8 million). Certain borrowings are secured by the pledge of certain property interest and equity interests in certain subsidiaries of the Group. 100% of total borrowings was denominated in RMB. 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 2024 is as follows:

	<i>HK\$'M</i>	Percentage
Repayable:		
Within one year or on demand	316.9	10.5%
In the second year	1,554.3	51.4%
In the third to fifth years, inclusive	1,150.4	38.1%
Total	<u>3,021.6</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.

Contingent Liabilities/Financial Guarantees

As at 30 June 2024, 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\$7,472.6 million (31 December 2023: HK\$7,338.2 million).

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

Event after reporting period

On 30 May 2024, the Group entered into an agreement to dispose of the entire issued capital of Hillstar Corporate, an indirect wholly-owned subsidiary of the Group. Hillstar Corporate indirectly held 100% interest of the Group's investment property known as 1 Harrow Place which is a hotel property in London, the UK. The total consideration for the disposal was HK\$33.75 million. Completion took place on 26 July 2024. Further details of the disposal were already disclosed in the relevant announcements dated 30 May 2024 and 28 June 2024 published by the Company.

STAFF

As at 30 June 2024, the Group employed 325 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 2024 (2023: 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 within Appendix C1 to the Listing Rules save for the deviations as 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 three independent non-executive Directors) are individuals of high calibre with ample experience, such that the interests of shareholders can be safeguarded. The Company will continue to review the structure and composition of the Board from time to time to ensure that a balance of power and authority between the Board and management is appropriately maintained for the Group.

The Company has no formal letters of appointment for Directors except Mr. Wong 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 C3 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 three independent non-executive Directors, namely Luk Yu King, James (Chairman of the Audit Committee), 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 2024

As at the date hereof, the board of directors of the Company comprises Wong Hy Sky and Liu Jie who are executive directors; and Luk Yu King, James, Leung Yu Ming, Steven and Lai Degang who are independent non-executive directors.

** For identification purposes only*