



九龍建業有限公司  
KOWLOON DEVELOPMENT COMPANY LIMITED

Stock Code 股份代號: 34



INTERIM REPORT  
中期報告  
2024



# Kowloon Development Company Limited 九龍建業有限公司

Kowloon Development Company Limited (Stock Code: 34) has been engaged in property investment and investment holding with the operation of its business mainly in Hong Kong since its establishment. It has substantially broadened the areas of its business activity since the Polytec group gained the control of it in 2002. The Group is principally engaged in property development, property investment and property management in Hong Kong and Mainland China. It is determinedly committed to enhancing its competitive position, with its landbank amounting to approximately 3.2 million sq m of attributable gross floor area in Hong Kong and Mainland China as at 30 June 2024. The Group is also engaged in financial investments and investment holding.

九龍建業有限公司(股份代號：34)自成立以來一直從事物業投資及投資控股業務，其業務主要於香港營運。本公司自保利達集團於二零零二年入主起便大幅擴闊其業務範圍，集團主要於香港及中國大陸從事物業發展、物業投資及物業管理業務。集團致力提升本身之競爭優勢，於二零二四年六月三十日，其於香港及中國大陸土地儲備之應佔總樓面面積約3,200,000平方米。集團亦從事金融投資及投資控股業務。



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*Artist's Impression of High Street Project (Hong Kong)*

# Corporate Information

## BOARD OF DIRECTORS AND COMMITTEES

### Board of Directors

#### Executive Directors

Mr Or Wai Sheun (*Chairman*)  
Mr Lai Ka Fai  
Mr Or Pui Kwan  
Mr Lam Yung Hei

#### Non-executive Directors

Ms Ng Chi Man  
Mr Yeung Kwok Kwong

#### Independent Non-executive Directors

Mr Li Kwok Sing, Aubrey  
Mr Lok Kung Chin, Hardy  
Mr Hsu Duff Karman

### Committees

#### Executive Committee

Mr Or Wai Sheun (*Chairman*)  
Mr Lai Ka Fai  
Mr Or Pui Kwan  
Mr Lam Yung Hei  
Mr Yeung Kwok Kwong

#### Audit Committee

Mr Hsu Duff Karman (*Chairman*)  
Mr Li Kwok Sing, Aubrey  
Mr Lok Kung Chin, Hardy  
Mr Yeung Kwok Kwong

#### Nomination Committee

Mr Or Wai Sheun (*Chairman*)  
Mr Lok Kung Chin, Hardy  
Mr Hsu Duff Karman

#### Remuneration Committee

Mr Lok Kung Chin, Hardy (*Chairman*)  
Mr Li Kwok Sing, Aubrey  
Mr Hsu Duff Karman  
Mr Lai Ka Fai



## CORPORATE AND SHAREHOLDERS' INFORMATION

### Company Secretary

Ms Tse Wah Ting, Wendy

### Independent Auditor

KPMG

*Public Interest Entity Auditor*

*registered in accordance with*

*the Accounting and Financial Reporting Council Ordinance*

### Authorised Representatives

Mr Lai Ka Fai

Ms Tse Wah Ting, Wendy

### Legal Adviser

Sidley Austin

### Share Registrar

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

### Registered Office

23rd Floor, Pioneer Centre, 750 Nathan Road,  
Kowloon, Hong Kong  
Telephone: (852) 2396 2112  
Facsimile : (852) 2789 1370  
Website : [www.kdc.com.hk](http://www.kdc.com.hk)  
E-mail : [enquiry@kdc.com.hk](mailto:enquiry@kdc.com.hk)

### Stock Code

The Stock Exchange of Hong Kong Limited: 34

### Principal Bankers

Bank of China

Bank of Communications

Bank of East Asia

China CITIC Bank International

China Construction Bank

Chong Hing Bank

Dah Sing Bank

DBS Bank

Hang Seng Bank

Shanghai Rural Commercial Bank

Tai Fung Bank

United Overseas Bank

### Financial Calendar for Interim Results 2024

Interim results announcement	23 August 2024
Ex-dividend date for interim dividend	12 December 2024
Closure of register of members	16 December 2024 – 17 December 2024 (both dates inclusive)
Interim dividend payable	8 January 2025

# Group's Business Structure

## KOWLOON DEVELOPMENT COMPANY LIMITED

(A member of the Polytec group)  
Stock Code: 34

### HONG KONG PROPERTY

#### Property Development

Major development projects:

- High Street
- Clear Water Bay Road

Development Landbank:

204,000 sq m

#### Property Investment

Flagship investment property:

- Pioneer Centre

Investment Landbank:

54,000 sq m

#### Property Management

Properties under management:

1,336,000 sq m

### MAINLAND CHINA PROPERTY

#### Property Development

Major development projects:

- Le Cove City (Shenyang)  
江灣城 (瀋陽)
- The Gardenia (Shenyang)  
翠堤灣 (瀋陽)
- Le Cove Garden (Huizhou)  
江灣南岸花園 (惠州)
- The Lake (Foshan)  
山語湖 (佛山)
- Le Cove City (Wuxi)  
江灣城 (無錫)
- City Plaza (Tianjin)  
城市廣場 (天津)
- Yangpu (Shanghai)  
楊浦 (上海)
- Polytec Luxury Mansion (Shanxi)  
保利達•貴府 (山西)
- Hengda Guangchang (Zhuhai)  
亨達廣場 (珠海)

Development Landbank:

3,017,000 sq m

### FINANCIAL INVESTMENTS

Fixed-income and equity investments in Hong Kong and other recognised financial markets



# Highlights

- Excluding revaluation changes from the Group's investment properties and fair value changes on its interests in the property development as well as fair value changes for financial investments, underlying profit attributable to shareholders of the Company for the first half of 2024 rose slightly to HK\$289 million from HK\$288 million in the same period of 2023, representing an increase of 0.3%. The underlying interim earnings per share for 2024 were HK\$0.246 compared to HK\$0.245 for 2023.
- For the six months ended 30 June 2024, the Group's unaudited profit attributable to shareholders of the Company fell to HK\$113 million from HK\$184 million in the corresponding period of 2023, representing a decrease of 38.6%.
- Interim dividend for 2024 amounts to HK\$0.10 per share (2023: HK\$0.26).

# Chairman's Statement

## INTERIM RESULTS AND DIVIDEND

Excluding revaluation changes from the Group's investment properties and fair value changes on its interests in the property development as well as fair value changes for financial investments, underlying profit attributable to shareholders of the Company for the first half of 2024 rose slightly to HK\$289 million from HK\$288 million in the same period of 2023, representing an increase of 0.3%. The underlying interim earnings per share for 2024 were HK\$0.246 compared to HK\$0.245 for 2023.

For the six months ended 30 June 2024, the Group's unaudited profit attributable to shareholders of the Company fell to HK\$113 million from HK\$184 million in the corresponding period of 2023, representing a decrease of 38.6%. The interim earnings per share for 2024 amounted to HK\$0.10 compared to HK\$0.16 for the same period in 2023.

The Board of Directors has declared an interim dividend of HK\$0.10 per share for 2024 (2023: HK\$0.26). The interim dividend will be payable on Wednesday, 8 January 2025 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 17 December 2024.

## MARKET OVERVIEW AND BUSINESS REVIEW

In the first half of 2024, banks interest rates in Hong Kong were maintained at a relatively high level in tandem with US dollar interest rates, which led to a significant increase in mortgage costs and severely affected buyers' appetite. Fortunately, the Government lifted restrictions on property sale completely at the end of February, leading to a surge in transaction volume in March. However, the stimulating effect was short-lived and momentum weakened in the following months with transaction volume falling back and property prices declining gradually. The latest residential property price index for June released by the Rating and Valuation Department was 301.8, which hit a record low in eight years, and decreased by approximately 2.55% from the year-beginning peak and dropped more than 24% compared to the historic high in September 2021.

Under the influence of various unfavourable factors, property developers maintained a cautious approach in setting prices, scrambling to launch the sale of their new properties at attractive prices, or slashing the prices on existing inventory to attract customers and strive for purchasing power, which also led to a gradual decline in property prices and exerted heavy pressure on operating income.

During the period, rental income was also under pressure due to the overall vacancy rate of office buildings reaching a record high, coupled with the weak retail market in Hong Kong.



## Chairman's Statement

In Mainland China, the overall residential sale in the country recorded declines in both transacted price and transaction volume in the first half of the year due to the prolonged depressed home buying sentiment in the market.

### Development Property Sales

In Hong Kong, the Group continued to promote the sale of the remaining units of its wholly-owned residential development project, namely Manor Hill, in Tseung Kwan O. Up to 30 June 2024, over 1,100 residential units at Manor Hill have been sold since the launch of sale. Sale proceeds of approximately HK\$1.2 billion for the first half of the year were recognised for the period under review.

In Mainland China, total presales/sales of the Group's development projects amounted to approximately RMB643 million for the six months ended 30 June 2024, with presales/sales attributable to the Group of approximately RMB558 million based on its interests.

### Property Development

For the period under review, the Group entered into a sale and purchase agreement with its related company, pursuant to which the Group has conditionally agreed to sell 60% equity interest together with 60% shareholder's loan of its then subsidiary owning a property development project in Shanghai with a total site area of 21,278.60 sq m at an aggregate consideration of HK\$1,391,957,000. The disposal was completed on 11 June 2024, enabling the Group to enhance its liquidity and reduce its gearing.

As at 30 June 2024, the Group's landbank for development amounted to approximately 3.2 million sq m of attributable gross floor area ("GFA"). The Group's major property projects under planning and development are set out as follows:

### Major Property Projects under Planning and Development

Property Project	District/City	Usage	Approx. Total Site Area (sq m)	Approx. GFA (sq m)	Approx. GFA Booked* (sq m)	Group's Interest	Project Status	Expected Date of Completion
<b>Hong Kong</b>								
High Street	Sai Ying Pun, Hong Kong	Residential & commercial	500	4,600	–	60%	Superstructure works in progress	End-2025
Clear Water Bay Road	Ngau Chi Wan, Kowloon	Residential & commercial	22,400	201,000	–	100%	Foundation works in progress	2026 – 2028

**Major Property Projects under Planning and Development** (Continued)

Property Project	District/City	Usage	Approx. Total Site Area (sq m)	Approx. GFA (sq m)	Approx. GFA Booked* (sq m)	Group's Interest	Project Status	Expected Date of Completion
<b>Mainland China</b>								
Le Cove City (Shenyang) 江灣城(瀋陽)	Hun Nan Xin District, Shenyang	Residential & commercial	165,000	630,000	375,000	100%	Modification of planning for Phase 5A (approx. GFA of 40,000 sq m) in progress	Phase 5A To be determined
The Gardenia (Shenyang) 翠堤灣(瀋陽)	Shenhe District, Shenyang	Residential & commercial	1,100,000	2,000,000	681,000	100%	Design approval for Phase 4 (approx. GFA of 249,000 sq m) in progress	Phase 4 To be determined
Le Cove Garden (Huizhou) 江灣南岸花園(惠州)	Huicheng District, Huizhou	Residential & commercial	146,000	520,000	373,000	60%	Planning works for Phase 3 (approx. GFA of 96,000 sq m) in progress	Phase 3 To be determined
The Lake (Foshan) 山語湖(佛山)	Nanhai District, Foshan	Residential & commercial	4,021,000	1,600,000	999,000	50%	Superstructure works for Phase 5 (approx. GFA of 83,000 sq m) in progress	Phase 5 2024/2025
Le Cove City (Wuxi) 江灣城(無錫)	Liangxi District, Wuxi	Residential & commercial	69,000	365,000	134,000	100%	Interior fitting-out works for Phase 4 (approx. GFA of 170,000 sq m) in progress	Phase 4 Third quarter 2024
City Plaza (Tianjin) 城市廣場(天津)	Hedong District, Tianjin	Residential, commercial & office	136,000	850,000	453,000	49%	Superstructure works for Phase 3B (approx. GFA of 280,000 sq m) in progress	Phase 3B End-2026
Yangpu (Shanghai) 楊浦(上海)	Yangpu District, Shanghai	Residential, commercial & office	21,000	75,000	–	40%	Preliminary construction licence obtained; site formation works in progress	End-2029
Polytec Luxury Mansion (Shanxi) 保利達•貴府(山西)	Jiexiu	Residential & commercial	181,000	463,000	–	100%	Interior fitting-out works for Phase 1 (approx. GFA of 88,000 sq m) in progress	Phase 1 End-2024
Hengda Guangchang (Zhuhai) 亨達廣場(珠海)	Xiangzhou District, Zhuhai	Commercial, office & hotel apartment	38,000	199,000	–	70%	Superstructure works for Phase 1 (approx. GFA of 66,000 sq m) in progress	Phase 1 End-2025

\* Approx. GFA booked and recognised in the financial statements.



### Property Investment

Gross rental income generated from the Group's investment property portfolio in Hong Kong was HK\$148 million in the first six months of 2024. Gross rental income generated from the Pioneer Centre, the Group's wholly-owned flagship and core investment property in Hong Kong, fell to HK\$116 million in the first half of 2024 from HK\$120 million in the same period of 2023, representing a decrease of 3.3%.

### PROSPECTS

Entering the second half of 2024, Hong Kong dollar interest rates are expected to fall gradually following the US dollar interest rates after September. The abolition of stamp duty (except the standard rate) by the Hong Kong Government at the end of February 2024, coupled with the reduction in land supply due to the slowing down of land sale, is likely to gradually shore up consumer confidence and to have a positive effect on the property market.

The superstructure works for the Group's 60%-owned residential and commercial development project on High Street in Sai Ying Pun (Hong Kong) are well underway. The project is adjacent to Sai Ying Pun MTR Station, providing direct access to the commercial core of Hong Kong Island. With its prime location and the presence of renowned educational institutions in the district which is one of the best school networks in Hong Kong, the project is expected to attract strong buyer demand.

The foundation and geotechnical works for the Clear Water Bay Road project located in Ngau Chi Wan (Hong Kong) are in full progress. With a GFA of over 2,000,000 sq ft, the project connects the entrances of Choi Hung MTR Station with great accessibility and broad views. As the project comprises historical buildings, the Group also shoulders the mission of cultural preservation thereby passing on the humanistic spirit and historical values. Due to the large scale of the project, it is planned to be completed in multiple phases, with the first phase expected to be completed and occupied by 2027 or earlier.

In Mainland China, the Phase 3 residential development of Le Cove Garden in Huizhou is undergoing new planning adjustment in response to market changes and the construction will commence immediately upon the completion of planning and obtaining the necessary approval.

In Shenyang, the design approval for the Phase 4 development of The Gardenia is in progress and the construction will commence immediately upon obtaining the necessary approval.

In Wuxi, the interior fitting-out works for the Phase 4 development of Le Cove City are in progress. It is expected that the construction will be completed in the third quarter of this year.

In Jiexiu, Shanxi, the interior fitting-out works for the Phase 1 development of Polytec Luxury Mansion are in progress and the presale has been launched. It is expected that the construction for such phase will be completed at the end of the year.

In Zhuhai, the superstructure works for the Phase 1 development of Hengda Guangchang are in progress with completion and occupancy anticipated by the end of 2025.

The sale of the remaining units of the Group's joint venture development projects in Foshan and Tianjin, namely The Lake and City Plaza, respectively, will continue during the year. The superstructure works for the Phase 5 development of The Lake are in progress and the presale has been launched. With regard to City Plaza, the superstructure works for the Phase 3B development are also in progress.

## Chairman's Statement

In Shanghai, the disposal of 60% interest in the Group's previously wholly-owned Yangpu project to an associate of the controlling shareholder was approved by the independent shareholders at the extraordinary general meeting held on 5 June of this year. Afterwards, the disposal was completed on 11 June, helping the Group to enhance the liquidity and reduce gearing. The Yangpu project has become a joint venture development project in which the Group holds a 40% interest. The preliminary construction licence has also been obtained and the site formation works are in progress as well.

In the second half of the year, the Group's operating income in Mainland China mainly derives from the sale of the remaining units of Wuxi and other development projects with sale proceeds being recognised during the year. In light of the current low level of property prices in Mainland China, it is expected that the contribution to the Group's earnings by development projects in Mainland China will be limited.

In Hong Kong, the Group is focusing on the sale of Manor Hill in Tseung Kwan O (currently over 70% of the units have been sold).

The presale of a new project on High Street in Sai Ying Pun, Hong Kong Island will be launched by the Group in the fourth quarter of this year.

It is expected that the sale of the remaining units of Manor Hill and other development projects of the Group and rental income in Hong Kong will bring major revenues to the Group in the second half of the year, barring any unforeseen circumstances.

Given the challenges ahead for the property market and under the prudence principle for operation, it is necessary for the Group to temporarily change its dividend hike strategy which has been implemented for more than a decade and reduce the interim dividend for the period. The Group will resume dividend hikes when the cost of fund in Hong Kong is gradually lowered in the future and if market conditions permit.

I would like to express my sincere gratitude to my fellow Directors for their guidance and advice as well as our staff for their solidarity and hard work during the period, attributable to which the Group was able to broadly maintain profitability for the first half of the year when the property markets in Hong Kong and Mainland China were enduring the most challenging times in more than a decade!



**Or Wai Sheun**  
Chairman

Hong Kong, 23 August 2024

# Financial Review

## FINANCIAL RESOURCES AND BANK BORROWINGS

Total bank borrowings of the Group amounting to HK\$19,348 million as at 30 June 2024 (31 December 2023: HK\$20,897 million), comprising of HK\$2,898 million repayable within one year and HK\$16,450 million repayable after one year. Taking into account of cash and bank balances with an amount of HK\$709 million, the Group's net bank borrowings position was HK\$18,639 million as at 30 June 2024. Loan from a related company amounted to HK\$1,080 million as at 30 June 2024.

The Group's gearing ratio (calculated on the basis of net bank borrowings over total equity) was 104.4% as at 30 June 2024 (31 December 2023: 111.5%).

Considering the current high interest rate level, increasingly challenging operating environment in the property development in Mainland China and the time expected for the Group to realise its investment in the projects, the Group has proposed to dispose of its 60% equity interest in Rideon Limited (the "Disposal"), a previously wholly-owned subsidiary of the Group which holds a property development project in Shanghai, at a consideration of HK\$1,391,957,000 to Polytec Holdings International Limited on 1 February 2024. Details of the Disposal were disclosed in the Circular of the Company dated 22 March 2024. The Disposal was approved by independent shareholders and completed in June 2024. The consideration received has been used for repayment of borrowings and general working capital of the Group, which strengthened the Group's financial position and cash flow. Upon completion, the financial results of Rideon Limited and its subsidiaries are no longer be consolidated into the consolidated financial statements of the Company but are accounted for using the equity method as associated companies in the consolidated financial statements of the Company.

In response to high interest rates, the management has considered to reduce the Group's gearing ratio as priority of its financial management and planned to reduce its gearing by various measures, including but not limited to disposals of non-core assets. Since 2023, the Group disposed of commercial properties and carparks in Hong Kong and Mainland China, which generated proceeds exceeding HK\$200 million. Through disposal of the Group's non-core assets, it allows the Group to focus on its core asset portfolio and returns, reducing debt level which improve cash flow and enhance value for shareholders.

In addition to the above, with the sale for the remaining unsold units of Manor Hill in Hong Kong, upcoming presale of High Street project located in Sai Ying Pun, Hong Kong and presales/sales of various projects in Mainland China, it is expected that profits and cash inflows generated by these projects will further enhance the equity level and lower the borrowings of the Group.

During the period, sales for the property projects in Hong Kong contributed cash inflows of approximately HK\$1,205 million to the Group, mainly from sales of Manor Hill. Furthermore, the Group recorded approximately HK\$351 million cash inflows from presales/sales of various development projects in Mainland China, mainly from presales/sales of Le Cove City, Wuxi.

The Group continued to actively engage in the development projects in Hong Kong and Mainland China and expended a total of approximately HK\$829 million for construction costs during the period.

All the Group's borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging in relevant hedging arrangements when appropriate.

With the investments in Mainland China, the Group is exposed to exchange fluctuations in Renminbi ("RMB"). Using revenue and cash generated from the development projects in Mainland China and/or external borrowings in RMB serve as a natural hedge against the exchange rate risk of RMB.

With the financing facilities in place, recurrent rental income from investment properties, cash inflows from presales/sales of the Group's development projects and the financial support from a related company, the Group has sufficient financial resources to satisfy its commitments and future funding requirements.



## CAPITAL COMMITMENTS

As at 30 June 2024, the Group had commitments mainly in connection with the Group's investment properties amounting to HK\$80 million.

## PLEDGE OF ASSETS

As at 30 June 2024, properties having a value of HK\$26,857 million and deposits of HK\$14 million were pledged to banks and insurance companies mainly to secure general banking facilities and performance bonds extended to the Group.

## CONTINGENT LIABILITIES

As at 30 June 2024, the Group had given guarantees to financial institutions in respect of performance bonds entered into by a subsidiary to the extent of HK\$35 million.

# Independent Review Report of the Auditor



**To the board of directors of  
Kowloon Development Company Limited**  
*(Incorporated in Hong Kong with limited liability)*

## Introduction

We have reviewed the interim financial report set out on pages 14 to 35 which comprises the consolidated statement of financial position of Kowloon Development Company Limited (the “Company”) and its subsidiaries (the “Group”) as of 30 June 2024 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting”.

### **KPMG**

Certified Public Accountants  
8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

Hong Kong, 23 August 2024

# Consolidated Income Statement

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000 (unaudited)	2023 \$'000 (unaudited)
<b>Revenue</b>	3	<b>1,940,947</b>	1,275,963
Cost of sales		<b>(916,223)</b>	(402,254)
Other revenue		<b>25,960</b>	25,903
Other net expenses	4(a)	<b>(2,792)</b>	(57,643)
Depreciation and amortisation		<b>(10,155)</b>	(10,471)
Staff costs		<b>(318,985)</b>	(291,830)
Selling, marketing and distribution expenses		<b>(206,929)</b>	(112,972)
Other operating expenses		<b>(66,839)</b>	(67,556)
Fair value changes on investment properties	8	<b>(189,846)</b>	(36,972)
Fair value changes on interests in property development		<b>14,050</b>	(8,777)
<b>Profit from operations</b>		<b>269,188</b>	313,391
Finance costs	4(b)	<b>(85,140)</b>	(95,034)
Share of profits of associated companies		<b>16,044</b>	26,121
Share of (losses)/profits of joint ventures		<b>(747)</b>	16,519
<b>Profit before taxation</b>	4	<b>199,345</b>	260,997
Income tax	5	<b>(86,241)</b>	(77,403)
<b>Profit for the period</b>		<b>113,104</b>	183,594
<b>Attributable to:</b>			
Shareholders of the Company		<b>113,453</b>	184,481
Non-controlling interests		<b>(349)</b>	(887)
<b>Profit for the period</b>		<b>113,104</b>	183,594
<b>Earnings per share - Basic and diluted</b>	6	<b>\$0.10</b>	\$0.16

The notes on pages 20 to 35 form part of the interim financial report.



# Consolidated Statement of Comprehensive Income

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024 \$'000 (unaudited)	2023 \$'000 (unaudited)
<b>Profit for the period</b>	<b>113,104</b>	183,594
<b>Other comprehensive income for the period</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<b>(32,719)</b>	(129,063)
Release of exchange reserves upon on disposal of subsidiaries	<b>17,082</b>	–
Share of other comprehensive income of joint ventures and associated companies	<b>(18,925)</b>	(100,431)
	<b>(34,562)</b>	(229,494)
<b>Total comprehensive income for the period</b>	<b>78,542</b>	(45,900)
<b>Attributable to:</b>		
Shareholders of the Company	<b>78,987</b>	(43,523)
Non-controlling interests	<b>(445)</b>	(2,377)
<b>Total comprehensive income for the period</b>	<b>78,542</b>	(45,900)

The notes on pages 20 to 35 form part of the interim financial report.

# Consolidated Statement of Financial Position

(Expressed in Hong Kong dollars)

	Note	At 30 June 2024 \$'000 (unaudited)	At 31 December 2023 \$'000 (audited)
<b>Non-current assets</b>			
Investment properties	8	13,502,300	13,633,020
Property, plant and equipment		223,863	233,166
Interests in property development	9	1,264,321	1,261,835
Interest in joint ventures		1,924,278	1,938,154
Interest in associated companies		2,287,563	1,315,962
Other financial assets	10	–	27,119
Trade and other receivables	12	87,913	101,980
Loans and advances	12	197,633	204,736
Deferred tax assets		60,723	53,372
		<b>19,548,594</b>	<b>18,769,344</b>
<b>Current assets</b>			
Inventories	11	22,845,215	26,551,788
Interests in property development	9	439,153	427,589
Trade and other receivables	12	761,140	751,559
Loans and advances	12	17,464	17,810
Other financial assets	10	21,751	21,082
Amount due from a joint venture		112,883	112,883
Cash and bank balances		708,832	1,080,599
		<b>24,906,438</b>	<b>28,963,310</b>
<b>Current liabilities</b>			
Trade and other payables	13	4,689,975	4,880,826
Amount due to a joint venture		563,247	565,977
Loan from an associated company		43,410	43,719
Bank loans	15	2,898,391	3,744,569
Current taxation		279,859	198,595
		<b>8,474,882</b>	<b>9,433,686</b>
<b>Net current assets</b>		<b>16,431,556</b>	<b>19,529,624</b>
<b>Total assets less current liabilities</b>		<b>35,980,150</b>	<b>38,298,968</b>

## Consolidated Statement of Financial Position

(Expressed in Hong Kong dollars)

	Note	At 30 June 2024 \$'000 (unaudited)	At 31 December 2023 \$'000 (audited)
<b>Non-current liabilities</b>			
Loan from a related company	14	1,079,763	2,789,185
Bank loans	15	16,449,906	17,151,977
Deferred tax liabilities		603,968	589,835
		<b>18,133,637</b>	20,530,997
<b>NET ASSETS</b>		<b>17,846,513</b>	17,767,971
<b>Capital and reserves</b>			
Share capital		8,636,490	8,636,490
Reserves		9,111,935	9,032,948
<b>Total equity attributable to the shareholders of the Company</b>		<b>17,748,425</b>	17,669,438
<b>Non-controlling interests</b>		<b>98,088</b>	98,533
<b>TOTAL EQUITY</b>		<b>17,846,513</b>	17,767,971

Approved and authorised for issue by the board of directors on 23 August 2024.



# Consolidated Statement of Changes in Equity

(Expressed in Hong Kong dollars)

	Attributable to shareholders of the Company					Non-controlling interests \$'000	Total equity \$'000	
	Note	Share capital \$'000	Capital reserve \$'000	Exchange reserves \$'000	Retained profits \$'000			Total \$'000
At 1 January 2023		8,636,490	(176,595)	(152,925)	10,118,615	18,425,585	110,114	18,535,699
Changes in equity for the six months ended 30 June 2023								
Profit for the period		-	-	-	184,481	184,481	(887)	183,594
Other comprehensive income		-	-	(228,004)	-	(228,004)	(1,490)	(229,494)
Total comprehensive income		-	-	(228,004)	184,481	(43,523)	(2,377)	(45,900)
Dividends approved in respect of the previous year	7(b)	-	-	-	(670,680)	(670,680)	-	(670,680)
At 30 June and 1 July 2023		8,636,490	(176,595)	(380,929)	9,632,416	17,711,382	107,737	17,819,119
Changes in equity for the six months ended 31 December 2023								
Profit for the period		-	-	-	152,714	152,714	(10,006)	142,708
Other comprehensive income		-	-	111,266	-	111,266	802	112,068
Total comprehensive income		-	-	111,266	152,714	263,980	(9,204)	254,776
Dividends approved in respect of the current year	7(a)	-	-	-	(305,924)	(305,924)	-	(305,924)
At 31 December 2023		8,636,490	(176,595)	(269,663)	9,479,206	17,669,438	98,533	17,767,971
<b>(unaudited)</b>								
<b>At 1 January 2024</b>		<b>8,636,490</b>	<b>(176,595)</b>	<b>(269,663)</b>	<b>9,479,206</b>	<b>17,669,438</b>	<b>98,533</b>	<b>17,767,971</b>
<b>Changes in equity for the six months ended 30 June 2024</b>								
Profit for the period		-	-	-	113,453	113,453	(349)	113,104
Other comprehensive income		-	-	(34,466)	-	(34,466)	(96)	(34,562)
Total comprehensive income		-	-	(34,466)	113,453	78,987	(445)	78,542
<b>At 30 June 2024</b>		<b>8,636,490</b>	<b>(176,595)</b>	<b>(304,129)</b>	<b>9,592,659</b>	<b>17,748,425</b>	<b>98,088</b>	<b>17,846,513</b>

The notes on pages 20 to 35 form part of the interim financial report.

# Condensed Consolidated Cash Flow Statement

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000 (unaudited)	2023 \$'000 (unaudited)
<b>Net cash generated from operating activities</b>		<b>1,076,035</b>	1,005,443
<b>Investing activities</b>			
Net cash inflow from disposal of subsidiaries	16	<b>126,865</b>	–
Additions to investment properties		<b>(21,128)</b>	(8,557)
Other cash flows arising from investing activities		<b>(809)</b>	(2,701)
<b>Net cash generated from/(used in) investing activities</b>		<b>104,928</b>	(11,258)
<b>Financing activities</b>			
Drawdown of bank loans		<b>1,680,700</b>	1,766,564
Repayment of bank loans		<b>(1,845,716)</b>	(2,467,688)
Interest paid		<b>(626,462)</b>	(540,142)
(Decrease)/Increase in loan from a related company		<b>(452,691)</b>	431,426
Dividend paid to shareholders of the Company		<b>(305,533)</b>	(305,607)
<b>Net cash used in financing activities</b>		<b>(1,549,702)</b>	(1,115,447)
<b>Net decrease in cash and cash equivalents</b>		<b>(368,739)</b>	(121,262)
<b>Cash and cash equivalents at 1 January</b>		<b>1,080,599</b>	837,790
<b>Effect of foreign exchange rate changes</b>		<b>(3,028)</b>	(14,638)
<b>Cash and cash equivalents at 30 June</b>		<b>708,832</b>	701,890
<b>Analysis of balances of cash and cash equivalents at 30 June</b>			
Cash and bank balances		<b>708,832</b>	737,990
Less: Bank deposits with maturity more than 3 months		–	(36,100)
Cash and cash equivalents		<b>708,832</b>	701,890

The notes on pages 20 to 35 form part of the interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

## 1 Basis of preparation

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 13.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 2 Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 1, “Presentation of financial statements: Classification of liabilities as current or non-current (“2020 amendments”)”
- Amendments to HKAS 1, “Presentation of financial statements: Non-current liabilities with covenants (“2022 amendments”)”
- Amendments to HKFRS 16, “Leases: Lease liability in a sale and leaseback”
- Amendments to HKAS 7, “Statement of cash flows” and HKFRS 7, “Financial instruments: Disclosures – Supplier finance arrangements”

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 Segment reporting

The Group manages its business by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group’s top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified the following reportable segments.

- Property development segment (Hong Kong/Mainland China): the development and sale of properties and interests in property development. Given the importance of the property development division to the Group, the Group’s property development business is segregated further into two reportable segments on a geographical basis.
- Property investment segment: the leasing of properties to generate rental income and to gain from the appreciation in the properties’ values in the long term.
- Other businesses segment: mainly includes the provision of property management services, financial investments, the provision of finance services and treasury operations.

Revenue comprises mainly rental income from properties, gross proceeds from sale of properties, income from interests in property development, property management service income and interest income.

Reportable segment profit represents profit before taxation by excluding fair value changes on interests in property development and investment properties, finance costs and head office and corporate income/expenses.

Reportable segment assets include all tangible and current assets with the exception of deferred tax assets, cash and bank balances and other corporate assets.



## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 3 Segment reporting *(Continued)*

#### (a) Disaggregation of revenue

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Sale of properties	1,445,633	769,137
Property management service income	232,300	205,220
Others	78,037	79,146
	<b>1,755,970</b>	1,053,503
<b>Revenue from other sources:</b>		
Rental income	147,555	148,114
Others	37,422	74,346
	<b>1,940,947</b>	1,275,963

#### (b) Segment results and assets

Information regarding the Group's reportable segments as provided to the Group's top management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2024				
	Property development				Others <i>(Remark 1)</i> \$'000
	Total \$'000	Hong Kong \$'000	Mainland China \$'000	Property investment \$'000	
Revenue	1,940,947	1,174,307	271,326	147,555	347,759
Reportable segment profit	497,394	346,022	5,024	118,469	27,879
Fair value changes on investment properties	(189,846)	-	-	(189,846)	-
Fair value changes on interests in property development	14,050	-	14,050	-	-
Head office and corporate expenses	(37,113)				
Finance costs	(85,140)				
Profit before taxation	199,345				
Share of profits of associated companies	16,044	-	16,044	-	-
Share of losses of joint ventures	(747)	-	(747)	-	-

Remark 1: Others included revenue from property management services and financial investments of \$232,300,000 and \$21,856,000 (six months ended 30 June 2023: \$205,220,000 and \$57,945,000) respectively and the relevant segment profit of \$3,454,000 and \$19,033,000 (six months ended 30 June 2023: \$3,305,000 and \$3,787,000) respectively.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 3 Segment reporting *(Continued)*

#### (b) Segment results and assets *(Continued)*

	Six months ended 30 June 2023					
	Total	Property development			Property investment	Others <i>(Remark 1)</i>
		Hong Kong	Mainland China			
	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue	1,275,963	649,592	119,545	148,114	358,712	
Reportable segment profit	419,413	263,835	29,478	101,397	24,703	
Fair value changes on investment properties	(36,972)	–	–	(36,972)	–	
Fair value changes on interests in property development	(8,777)	–	(8,777)	–	–	
Head office and corporate expenses	(17,633)					
Finance costs	(95,034)					
Profit before taxation	260,997					
Share of profits of associated companies	26,121	–	26,121	–	–	
Share of profits of joint ventures	16,519	–	16,519	–	–	
	At 30 June 2024					
	Total	Property development			Property investment	Others <i>(Remark 2)</i>
		Hong Kong	Mainland China			
	\$'000	\$'000	\$'000	\$'000	\$'000	
Reportable segment assets	<b>43,615,834</b>	<b>15,483,649</b>	<b>13,959,233</b>	<b>13,519,341</b>	<b>653,611</b>	
Deferred tax assets	<b>60,723</b>					
Cash and bank balances	<b>708,832</b>					
Head office and corporate assets	<b>69,643</b>					
Total assets	<b>44,455,032</b>					
Interest in associated companies	<b>2,287,563</b>	–	<b>2,287,563</b>	–	–	
Interests in and amount due from joint ventures	<b>2,037,161</b>	–	<b>2,037,161</b>	–	–	

Remark 2: Others included reportable segment assets of property management services and financial investments amounting to \$149,264,000 and \$22,748,000 (31 December 2023: \$124,435,000 and \$48,201,000) respectively.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 3 Segment reporting *(Continued)*

#### (b) Segment results and assets *(Continued)*

	At 31 December 2023				
	Total	Property development			Others <i>(Remark 2)</i>
		Hong Kong	Mainland China	Property investment	
	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	46,516,807	15,600,452	16,607,442	13,645,455	663,458
Deferred tax assets	53,372				
Cash and bank balances	1,080,599				
Head office and corporate assets	81,876				
<b>Total assets</b>	<b>47,732,654</b>				
Interest in associated companies	1,315,962	–	1,315,962	–	–
Interest in and amount due from joint ventures	2,051,037	–	2,051,037	–	–

### 4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting) the amounts as set out below:

#### (a) Other net expenses

Other net expenses mainly represent the fair value gain on other financial assets of \$669,000 (six months ended 30 June 2023: the provision and fair value loss of \$57,643,000).

#### (b) Finance costs

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Interest on bank loans	<b>543,149</b>	483,723
Interest on loan from a related company	<b>73,904</b>	45,362
Less: Amount capitalised <i>(Remark)</i>	<b>(531,913)</b>	(434,051)
	<b>85,140</b>	95,034

Remark: Borrowing costs were capitalised at rates of 4.98% – 6.98% (six months ended 30 June 2023: 2.42% – 6.29%) per annum.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 4 Profit before taxation *(Continued)*

#### (c) Other items

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Rentals receivable under operating leases less outgoings	(121,462)	(115,269)
Rental income	(147,555)	(148,114)
Less: Outgoings	26,093	32,845
Depreciation and amortisation	10,155	10,471
Interest income	(36,425)	(74,346)

### 5 Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Current tax		
Provision for profits tax		
– Hong Kong	77,775	53,605
– Outside Hong Kong	397	(473)
Land appreciation tax ("LAT")	78,172	53,132
Deferred tax	818	9,139
	7,251	15,132
	86,241	77,403

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2023: 16.5%) of the estimated assessable profits for the six months ended 30 June 2024. Tax levied in jurisdictions outside Hong Kong is charged at the appropriate current rates of taxation ruling in relevant jurisdictions.

Under the Provisional Regulations on LAT in Mainland China, all gains arising from the transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditure including the cost of land use rights, borrowing costs and all property development expenditure.



## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 6 Earnings per share

#### (a) Basic earnings per share

The calculation of basic earnings per share are based on the profit attributable to shareholders of the Company of \$113,453,000 (six months ended 30 June 2023: \$184,481,000) and the weighted average number of ordinary shares in issue during the period of 1,176,631,296 (six months ended 30 June 2023: 1,176,631,296).

#### (b) Diluted earnings per share

There were no dilutive potential shares in existence during the six months ended 30 June 2024 and 2023.

### 7 Dividends

#### (a) Dividends attributable to the interim period

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Interim dividend declared after the interim period of \$0.10 (six months ended 30 June 2023: \$0.26) per share	130,621	305,924

The interim dividend declared after the interim period has not been recognised as a liability at the interim period end date.

#### (b) Dividends attributable to the previous financial year and approved during the interim period

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved during the interim period, of \$0.57 (six months ended 30 June 2023: \$0.57) per share	670,680	670,680

2023 final dividend declared during the six months ended 30 June 2024 has not been recognised as a liability at the interim period end date.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 8 Investment properties

The investment properties of the Group were revalued at 30 June 2024 by Vigers Appraisal and Consulting Limited, an external qualified professional valuer, who has appropriate qualifications and experience in the valuation of similar properties in the relevant locations. The Group's investment properties are revalued semi-annually by using the income capitalisation approach with reference to comparable sales transactions as available in the market. The Group's investment properties under development are revalued semi-annually by estimating the fair value of such properties as if they were completed in accordance with relevant development plan, which makes reference to the average selling prices based on certain comparable sales transactions in the market and adjusted for differences such as location, size, timing and other factors collectively, and then deducting the estimated cost to complete the construction.

A revaluation loss of \$189,846,000 (six months ended 30 June 2023: \$36,972,000) was recognised in profit or loss during the six months ended 30 June 2024.

### 9 Interests in property development

Interests in property development represent the Group's interests in the development of various properties located at Huizhou and Zhuhai in Mainland China under co-investment agreements with a related company, Polytec Holdings International Limited ("Polytec Holdings"). Details of the funding arrangement and other key terms of the co-investment agreement were disclosed in the Company's Circulars dated 30 October 2013 and 30 June 2022. Interests in property development are stated at fair value at the end of the reporting period.

During the six months ended 30 June 2023, pursuant to one of the co-investment agreements, return of investment in relation to the property project at Huizhou of \$1,000,000,000 was made by Polytec Holdings and settled through the loan from a related company (non-cash transaction). No such return was noted during the current period.

As at 30 June 2024, interests in property development of \$439,153,000 (31 December 2023: \$427,589,000) was expected to be recoverable within one year and was classified as current assets.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 10 Other financial assets

	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
<b>Non-current</b>		
Investments measured at amortised cost		
Listed debt securities outside Hong Kong	–	27,119
<b>Current</b>		
Investments measured at fair value through profit or loss		
Listed equity securities in Hong Kong	<b>12,216</b>	12,269
Unlisted investment fund	<b>9,535</b>	8,813
	<b>21,751</b>	21,082
<b>Total</b>	<b>21,751</b>	48,201
Market value of listed debt securities	–	27,119

### 11 Inventories

	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
Land/Properties held for future development	<b>1,081,073</b>	4,777,342
Properties under development	<b>18,250,903</b>	17,356,547
Properties held for sale	<b>3,510,419</b>	4,415,077
Trading goods and consumables	<b>2,820</b>	2,822
	<b>22,845,215</b>	26,551,788

The amount of land/properties held for future development and properties under development expected to be recovered after more than one year is \$1,081,073,000 (31 December 2023: \$4,777,342,000) and \$14,397,027,000 (31 December 2023: \$13,818,094,000) respectively. All of the other inventories are expected to be recovered within one year.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 12 Trade and other receivables/Loans and advances

The following is an ageing analysis (based on the due date) of trade receivables and loans and advances (net of loss allowance):

	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
Current	<b>405,039</b>	444,648
Within 3 months	<b>28,630</b>	22,122
3 months to 6 months	<b>3,617</b>	3,587
More than 6 months	<b>17,231</b>	17,255
Trade receivables and loans and advances	<b>454,517</b>	487,612
Utility and other deposits	<b>17,710</b>	17,048
Prepaid tax	<b>86,065</b>	83,966
Other receivables and prepayments	<b>505,858</b>	487,459
	<b>1,064,150</b>	1,076,085
Representing:		
Non-current assets	<b>285,546</b>	306,716
Current assets	<b>778,604</b>	769,369
	<b>1,064,150</b>	1,076,085

Utility and other deposits of the Group of \$4,626,000 (31 December 2023: \$7,818,000) are expected to be recovered after more than one year.

The Group maintains a defined credit policy. An ageing analysis of trade receivables and loans and advances is prepared on a regular basis and is closely monitored to minimise any credit risk associated with the receivables and loans and advances.



## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 13 Trade and other payables

The following is an ageing analysis (based on the due date) of trade payables:

	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
Not yet due or on demand	<b>1,980,383</b>	2,125,394
Within 3 months	<b>489</b>	107
Trade payables	<b>1,980,872</b>	2,125,501
Rental and other deposits	<b>78,106</b>	78,543
Other payables and accrued expenses	<b>452,683</b>	778,061
Contract liabilities – deposits received on sale of properties	<b>2,178,314</b>	1,898,721
	<b>4,689,975</b>	4,880,826

### 14 Loan from a related company

Loan from a related company is unsecured, interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin per annum and is not expected to be repaid within one year.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 15 Bank loans

At the end of the reporting period, bank loans were repayable as follows:

	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
Within 1 year or on demand	<b>2,898,391</b>	3,744,569
After 1 year but within 2 years	<b>114,593</b>	713,184
After 2 years but within 5 years	<b>16,335,313</b>	16,438,793
	<b>16,449,906</b>	17,151,977
	<b>19,348,297</b>	20,896,546

At the end of the reporting period, bank loans were secured and unsecured as follows:

	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
Bank loans		
– secured	<b>19,213,797</b>	19,194,540
– unsecured	<b>134,500</b>	1,702,006
	<b>19,348,297</b>	20,896,546

Interest on bank loans is charged at HIBOR plus a margin per annum in Hong Kong or by reference to interest rates for term loans published by the People's Bank of China.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 16 Notes to condensed consolidated cash flow statement

	Six months ended 30 June 2024 \$'000
<b>Fair value of assets of subsidiaries disposed</b>	
Property, plant and equipment	69
Inventories	3,732,706
Other receivables and prepayment	7,392
Cash and cash equivalents	12,331
Trade and other payables	(57,845)
Bank loans	(1,374,725)
Net assets disposed and total consideration received on disposal of subsidiaries	2,319,928
Satisfied by:	
Cash consideration received	139,196
Consideration settled through loan from a related company	1,252,761
Fair value of interest retained and recognised as "Interest in associated companies" in the consolidated statement of financial position	927,971
Total consideration received on disposal of subsidiaries	2,319,928
Analysis of net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries:	
Cash consideration received	139,196
Cash disposed of	(12,331)
Net cash inflow from disposal of subsidiaries	126,865

On 1 February 2024, the Group had entered into an agreement with Polytec Holdings for the disposal of 60% equity interest of wholly owned subsidiaries together with the assignment of 60% shareholder's loan for an aggregate consideration of \$1,391,957,000. The assets held by the subsidiaries comprised of a development project located in Shanghai, Mainland China. The completion of this acquisition took place on 11 June 2024.

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 17 Fair value measurement of financial instruments

#### Financial assets and liabilities measured at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
<b>Assets</b>		
Level 1		
Other financial assets		
– Listed equity securities in Hong Kong	12,216	12,269
Level 2		
Other financial assets		
– Unlisted investment fund	9,535	8,813
Level 3		
Interests in property development	1,703,474	1,689,424

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of unlisted investment fund was determined with reference to the fair value of underlying investment portfolio and adjustments of related transaction costs.



## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 17 Fair value measurement of financial instruments *(Continued)*

The movement during the period in the balance of Level 3 fair value measurement is as follows:

	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
At 1 January	<b>1,689,424</b>	2,687,050
Changes in fair value recognised in profit or loss	<b>14,050</b>	2,374
Return of investment during the period/year	–	(1,000,000)
At 30 June/31 December	<b>1,703,474</b>	1,689,424

Interests in property development are stated at their fair value measured using a discounted cash flow model. In preparing the discounted cash flow model, management estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for market development and terms provided under the co-investment agreements. Any adverse change in the key assumption could decrease the fair value.

The Group has a team reporting to the top management which performs the valuation of the interests in property development required for financial reporting purposes. Discussions of valuation processes and results are held between the top management and the team at least once every six months, in line with the Group's half-yearly reporting dates. The key unobservable market data used in the model of a development project at Huizhou and Zhuhai in Mainland China includes estimated selling prices of the underlying properties which are derived from observable market data, including average market prices of properties in Mainland China, with certain adjustments to reflect the impacts of those factors on the development. The adjustments to the average market selling price range from –10% to +10%.

The fair value measurement is positively correlated to adjustments to the selling prices of the underlying property. As at 30 June 2024, it is estimated that an increase/decrease of 5% in the expected/forecasted selling price of the underlying properties at Huizhou and Zhuhai of the Group's interests in property development, with all other variables held constant, would have increased/decreased the Group's retained profits by \$66,213,000/\$42,113,000 (31 December 2023: \$65,389,000/\$43,548,000).

### 18 Capital commitments

Capital commitments outstanding at the end of the reporting period contracted but not provided for in the financial statements amounted to \$79,910,000 (31 December 2023: \$69,354,000).

### 19 Contingent liabilities

As at 30 June 2024, the Group had given guarantees to financial institutions in respect of performance bonds entered into by a subsidiary to the extent of \$35,055,000 (31 December 2023: \$35,055,000).

## Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

### 20 Pledge of assets

As at 30 June 2024, properties having a value of approximately \$26,857,435,000 (31 December 2023: \$28,158,525,000) and deposits of \$14,279,000 (31 December 2023: \$14,279,000) were pledged to banks and insurance companies mainly to secure general banking facilities and performance bonds extended to the Group.

### 21 Material related party transactions

In addition to the transactions and balances disclosed above, the Group also entered into the following material related party transactions:

- (a) As at 30 June 2024, certain bank loans were secured by properties and shares of subsidiaries of Polytec Holdings having a total value of \$3,007,000,000 (31 December 2023: \$3,007,000,000) and guaranteed by these subsidiaries.
- (b) As at 30 June 2024, loan to a joint venture of \$219,500,000 (31 December 2023: \$219,500,000) were unsecured, interest-bearing at fixed rate and were not expected to be repaid within one year. As at 30 June 2024, the amount due from a joint venture of \$112,883,000 (31 December 2023: \$112,883,000) and the amount due to a joint venture of \$563,247,000 (31 December 2023: \$565,977,000) were unsecured, interest-free and recoverable/repayable on demand.
- (c) As at 30 June 2024, loan to an associated company of \$845,280,000 (31 December 2023: \$805,568,000) was unsecured, interest-free and was not expected to be repaid within one year. During the six months ended 30 June 2024, interest income of \$9,418,000 was recognised in profit or loss and included in the share of profits of associated companies. As at 30 June 2024, accumulated accrued interest income of approximately RMB137,000,000 (31 December 2023: RMB146,000,000) due from an associated company had not been recognised as the Group considers it is not probable that the economic benefits will flow to the Group as at the end of the reporting period.
- (d) As at 30 June 2024, properties with an aggregate value of \$1,068,009,000 (31 December 2023: \$1,068,009,000) were held on trust by the subsidiaries of Polytec Holdings.
- (e) During the six months ended 30 June 2024, the Group has assigned cash flows of certain debt securities as partial repayment of a loan from a related company amounting to \$47,981,000.

# Other Information

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2024, the Company has complied with all code provisions set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception of Code Provision C.2.1 as explained below:

### Code Provision C.2.1

Mr Or Wai Sheun has performed the combined role as the chairman of the Board and the chief executive taking charge of the overall operations of the Group. The reason for deviation from the code provision was disclosed in the Annual Report 2023.

## SECURITIES TRADING POLICY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") (Appendix C3 to the Listing Rules) as a code of conduct regarding Directors' securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period under review and all the Directors have confirmed that they had fully complied with the required standard set out in the Model Code. The Company has also established written guidelines on employees' securities transactions. Relevant employees are required to obtain written preclearance before initiating a securities transaction during the blackout period.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company required to be disclosed are set out below:

1. The monthly salary of the following Directors of the Company has been adjusted since 1 July 2024 and details are set out below:

	1 January 2024 to 30 June 2024	From 1 July 2024
Mr Or Pui Kwan	HK\$108,200	HK\$111,500
Mr Lam Yung Hei	HK\$108,200	HK\$111,500
Mr Lai Ka Fai	HK\$210,100	HK\$216,400

2. Mr Li Kwok Sing, Aubrey, an Independent Non-executive Director of the Company, will retire as an independent non-executive director of Café de Coral Holdings Limited ("Café de Coral", a company listed on the Stock Exchange of Hong Kong) with effect from the conclusion of the annual general meeting of Café de Coral to be held on 5 September 2024.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

During the six months ended 30 June 2024, the Company had no disclosure obligation pursuant to Rule 13.21 of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2024.

## DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2024, the interests of the Directors in the shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, are set out below:

### Long positions in the shares of the Company

Name	Nature of interest	Number of ordinary shares	Percentage of shareholding (Note 1)	Note
Mr Or Wai Sheun	Corporate	864,397,624	73.46%	2
Mr Lok Kung Chin, Hardy	Founder and beneficiary of trusts	1,425,000	0.12%	3
Mr Lai Ka Fai	Personal	751,000	0.06%	
Mr Yeung Kwok Kwong	Personal	180,000	0.02%	
Mr Or Pui Kwan	Personal	43,500	0.00%	
Mr Lam Yung Hei	Personal	15,000	0.00%	

Notes:

- (1) The percentage of shareholding is calculated based on 1,176,631,296 shares, being the total number of issued ordinary shares of the Company as at 30 June 2024.
- (2) Such interest in shares is held by Intellinsight Holdings Limited ("Intellinsight"), a wholly-owned subsidiary of New Explorer Developments Limited which is wholly-owned by Mr Or Wai Sheun.
- (3) Such interest in shares is owned by discretionary trusts of which Mr Lok Kung Chin, Hardy is the founder and a beneficiary respectively.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executives 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) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDER'S INTEREST

As at 30 June 2024, the shareholder (other than the Directors and chief executives of the Company) who had an interest and short position in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO is set out below:

Name	Nature of interest	Number of ordinary shares	Percentage of shareholding (Note 1)	Note
New Explorer Developments Limited	Corporate	864,397,624	73.46%	2

Notes:

- (1) The percentage of shareholding is calculated based on 1,176,631,296 shares, being the total number of issued ordinary shares of the Company as at 30 June 2024.
- (2) Such interest in shares is held by Intellinsight as described in note (2) under the section headed "Directors' Interests and Short Positions".

The interest disclosed above represents long position in the shares of the Company.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 2,743 employees (31 December 2023: 2,641 employees), of which 2,602 were Hong Kong staff and 141 were Mainland China staff. The increase in headcount was mainly to match business growth. During the period, total staff costs increased to HK\$329 million (30 June 2023: HK\$300 million) due to salary revisions in July 2023 and an increase in headcount. Salary levels of employees are competitive. Discretionary bonuses are granted based on the performance of the Group as well as the performance of individuals to attract, motivate and retain talented people.

The Group believes that the quality of its human resources is critical for it to maintain a strong competitive edge. The Group has conducted a range of training programmes through various institutions to strengthen employees' all-round skills and knowledge, aiming to well equip them to cope with their development in the ever-changing economy.

In addition, the Group established a recreation club which organises events for employees to promote team spirit and loyalty, and encourage communication among departments.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 16 December 2024 to Tuesday, 17 December 2024, both dates inclusive. During the aforementioned period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, for registration not later than 4:30 pm (Hong Kong time) on Friday, 13 December 2024.

## REVIEW OF INTERIM FINANCIAL REPORT

The Audit Committee of the Company has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2024. The Group's independent auditor, KPMG, Certified Public Accountants, has conducted a review of the interim financial report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, whose review report is contained on page 13 of this interim report.



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