

**Sinochem Hong Kong (Group)  
Company Limited**

**Interim Condensed  
Consolidated Financial Statements  
for the six months ended 30 June 2022**

# CONTENTS

	Pages
REVIEW REPORT TO THE BOARD OF DIRECTORS OF SINOCHEM HONG KONG (GROUP) COMPANY LIMITED	1 - 2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3 - 5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6 - 8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9 - 11
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12 - 14
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	15 - 35

# Review report to the board of directors of Sinochem Hong Kong (Group) Company Limited *(Incorporated in Hong Kong with limited liability)*

## **Introduction**

We have reviewed the interim condensed consolidated financial statements set out on pages 3 to 35, which comprise the consolidated statement of financial position of Sinochem Hong Kong (Group) Company Limited (the "Company") and its subsidiaries (together, the "Group") as of 30 June 2022 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The directors of the Company are responsible for the preparation and presentation of interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants.

Our responsibility is to form a conclusion, based on our review, on the interim condensed consolidated financial statements 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 condensed consolidated financial statements 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.

Review report to the board of directors of  
Sinochem Hong Kong (Group) Company Limited  
(continued)

*(Incorporated in Hong Kong with limited liability)*

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements as at 30 June 2022 are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.



Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

28 September 2022

**Consolidated statement of comprehensive income**  
**for the six months ended 30 June 2022 - unaudited**  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 HK\$ million	2021 HK\$ million
Revenue	4	35,045	34,213
Cost of sales		(27,186)	(27,182)
<b>Gross profit</b>		<b>7,859</b>	<b>7,031</b>
Other income, gains and losses, net	6	3,711	4,827
Selling and distribution expenses		(1,276)	(776)
Administrative expenses		(2,444)	(2,512)
Fair value changes of investment properties	5		1,351
Finance costs	7(a)	(1,982)	(2,085)
Share of profits and losses of:			
Joint ventures		752	299
Associates		942	1,091
<b>Profit before taxation</b>	7	<b>7,567</b>	<b>9,226</b>
Income tax expense	8	(2,422)	(2,317)
<b>Profit for the period</b>		<b>5,145</b>	<b>6,909</b>
Attributable to:			
Owners of the parent		1,192	1,764
Non-controlling interests		3,953	5,145
		<b>5,145</b>	<b>6,909</b>

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

**Consolidated statement of comprehensive income  
for the six months ended 30 June 2022 - unaudited  
(continued)**  
(Expressed in Hong Kong dollars)

	<i>Six months ended 30 June</i>	
	2022	2021
Note	HK\$ million	HK\$ million
<b>Profit for the period</b>	5,145	6,909
<b>Other comprehensive income for the period</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges, net of tax	144	20
Exchange differences on translation of foreign operations	(8,007)	2,050
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(7,863)	2,070
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation, net of tax	-	11
Net gain on equity investments at fair value through other comprehensive income (the "FVOCI")	45	48
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	45	59
<b>Other comprehensive income for the period, net of tax</b>	(7,818)	2,129

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

**Consolidated statement of comprehensive income  
for the six months ended 30 June 2022 - unaudited  
(continued)**  
*(Expressed in Hong Kong dollars)*

	Note	Six months ended 30 June	
		2022 HK\$ million	2021 HK\$ million
<b>Total comprehensive income for the period</b>		<u>(2,673)</u>	<u>9,038</u>
Attributable to:			
Owners of the parent		(1,513)	2,552
Non-controlling interests		<u>(1,160)</u>	<u>6,486</u>
<b>Total comprehensive income for the period</b>		<u>(2,673)</u>	<u>9,038</u>

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

**Consolidated statement of financial position**  
**as at 30 June 2022 - unaudited**  
(Expressed in Hong Kong dollars)

	Note	30 June 2022 HK\$ million	31 December 2021 HK\$ million
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	14,030	14,392
Land under development	10	8,602	15,981
Properties under development		107,474	102,360
Investment properties		37,941	39,565
Right-of-use assets		2,036	2,086
Goodwill		2,291	2,000
Intangible assets		383	214
Investments in joint ventures		24,357	27,137
Investments in associates	11	25,005	24,872
Financial assets at fair value through other comprehensive income		312	265
Amounts due from related parties		67,057	45,359
Deferred tax assets		3,775	4,034
Amounts due from non-controlling shareholders		5,598	5,545
Other assets		8,549	2,442
		<hr/>	<hr/>
Total non-current assets		307,410	286,252
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The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.



**Consolidated statement of financial position**  
**as at 30 June 2022 - unaudited (continued)**  
(Expressed in Hong Kong dollars)

	Note	30 June 2022 HK\$ million	31 December 2021 HK\$ million
<b>CURRENT ASSETS</b>			
Inventories		492	286
Land under development	10	3,366	2,268
Properties under development		90,629	74,765
Properties held for sale		33,522	33,608
Trade and bills receivables	12	2,445	2,547
Contract assets		236	1,713
Prepayments, deposits and other receivables		36,448	46,143
Amounts due from related parties		45,552	72,393
Prepaid taxes		5,464	4,905
Derivative financial instruments		46	149
Restricted bank balances	13	11,032	10,633
Cash and cash equivalents	13(a)	38,957	38,399
Other assets		1	-
<b>Total current assets</b>		<b>268,190</b>	<b>287,809</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	34,579	35,411
Other payables and contract liabilities		129,229	127,017
Derivative financial instruments		-	17
Interest-bearing borrowings	15	44,156	41,940
Lease liabilities		176	143
Amounts due to related parties		44,844	45,120
Tax payable		1,849	2,435
Provision for land appreciation tax		2,803	2,830
<b>Total current liabilities</b>		<b>257,636</b>	<b>254,913</b>
<b>NET CURRENT ASSETS</b>		<b>10,554</b>	<b>32,896</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>317,964</b>	<b>319,148</b>

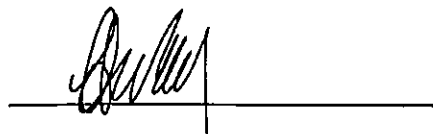
The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

**Consolidated statement of financial position**  
**as at 30 June 2022 - unaudited (continued)**  
*(Expressed in Hong Kong dollars)*

	Note	30 June 2022 HK\$ million	31 December 2021 HK\$ million
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing borrowings	15	132,867	132,634
Lease liabilities		1,081	1,161
Deferred tax liabilities		8,790	8,702
Amounts due to related parties		15,308	16,274
Derivative financial instruments		4	34
Other payables and accruals		650	944
<b>Total non-current liabilities</b>		<u>158,700</u>	<u>159,749</u>
<b>NET ASSETS</b>		<u>159,264</u>	<u>159,399</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	16	24,468	24,468
Reserves		19,054	20,391
<b>Equity attributable to owners of the parent</b>		43,522	44,859
<b>Non-controlling interests</b>		<u>115,742</u>	<u>114,540</u>
<b>TOTAL EQUITY</b>		<u>159,264</u>	<u>159,399</u>



Director



Director

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

## Consolidated statement of changes in equity for the six months ended 30 June 2022 - unaudited (Expressed in Hong Kong dollars)

	Attributable to owners of the parent													
	Issued capital	Capital reserve	Asset revaluation reserve	Merger reserve	Statutory reserve	Fair value reserve	Translation reserve	Other contribution reserve	Cashflow hedge reserve	Share option reserve	Retained profits	Total	Non-controlling interests	Total equity
Note	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2022	24,468	(3,616)	717	(4,097)	5,115	(202)	2,478	2,304	(30)	63	17,659	44,859	114,540	159,399
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,192	1,192	3,953	5,145
Other comprehensive income for the period: Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	45	-	-	-	-	-	-	45	-	45
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	115	-	-	115	-	144
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,865)	-	-	-	-	(2,865)	(5,142)	(8,007)
Total comprehensive income for the period, net of tax	-	-	-	-	45	-	(2,865)	-	115	-	1,192	(1,513)	(1,160)	(2,673)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	4,793	4,793
Issue of shares by a subsidiary	17	235	(4)	-	-	-	-	-	-	-	-	235	547	782
Exercise of share options of subsidiaries	-	(4)	-	-	-	-	-	-	-	-	-	(4)	7	3
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(23)	-	(121)	(121)
Transfer from retained profits	-	-	-	-	23	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	2,496	2,496
Acquisition of non-controlling interests	-	(32)	-	-	-	-	-	-	-	-	-	(32)	(636)	(670)
Equity-settled share-based payment of subsidiaries	-	-	-	-	-	-	-	-	-	(23)	-	(23)	(41)	(64)
Redemption of perpetual securities by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(4,112)	(4,112)
Distribution paid on perpetual capital securities by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(569)	(569)
At 30 June 2022	24,468	(3,417)	717	(4,097)	5,138	(157)	(387)	2,304	85	40	18,828	43,522	115,742	159,264

\* These reserve accounts comprise the consolidated reserves of HK\$19,054 million in the interim condensed consolidated statement of financial position.

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

## Consolidated statement of changes in equity for the six months ended 30 June 2022 - unaudited (continued) (Expressed in Hong Kong dollars)

	Attributable to owners of the parent											Non-controlling Interests HK\$ million	Total equity HK\$ million		
	Issued capital HK\$ million	Capital reserve HK\$ million (Note (a))	Asset revaluation reserve HK\$ million (Note (b))	Merger reserve HK\$ million (Note (c))	Statutory reserve HK\$ million (Note (d))	Fair value reserve HK\$ million (Note (e))	Translation reserve HK\$ million (Note (f))	Other contribution reserve HK\$ million (Note (g))	Cashflow hedge reserve HK\$ million (Note (h))	Share option reserve HK\$ million	Perpetual securities reserve HK\$ million			Retained profits HK\$ million	Total HK\$ million
At 1 January 2021	24,468	(3,514)	714	(4,097)	4,891	(177)	584	2,304	(108)	54	3,856	16,193	45,168	103,664	148,832
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,764	1,764	5,145	6,909
Other comprehensive income for the period: Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	48	-	-	-	(3)	-	-	-	48	-	48
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)	23	20
Gain on property revaluation, net of tax	-	-	4	-	-	-	-	-	-	-	-	-	4	7	11
Exchange differences on translation of foreign operations	-	-	-	-	-	-	739	-	-	-	-	-	739	1,311	2,050
Total comprehensive income for the period, net of tax	-	-	4	-	48	-	739	-	(3)	-	-	1,764	2,552	6,486	9,038
Repurchase of shares by a subsidiary	-	-	-	-	-	-	-	-	-	-	(57)	(57)	(57)	(105)	(162)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	2,563	2,563
Capital repayment of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,613)	(1,613)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	-	(8)	-	8	2	3	5
Exercise of share options of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,423)	(2,423)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(22)	(22)	-	(611)	(633)
Transfer from retained profits	-	-	-	-	22	-	-	-	-	-	-	-	-	604	604
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(93)	(811)	(704)
Acquisition of non-controlling interests Equity-settled share-based payment of subsidiaries	-	(93)	-	-	-	-	-	-	-	-	-	-	-	(611)	(704)
Issue of perpetual securities by a subsidiary	-	-	-	-	-	-	-	-	-	8	-	-	8	18	26
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	-	5,063	5,063
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(58)	-	(58)	(3,908)	(3,908)
Distribution paid on perpetual capital securities by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(472)	(472)
At 30 June 2021	24,468	(3,605)*	718*	(4,097)*	4,913*	(129)*	1,323*	2,304*	(111)*	54*	3,798*	17,866*	47,522	109,269	156,791

\* These reserve accounts comprise the consolidated reserves of HK\$23,054 million in the interim condensed consolidated statement of financial position.

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

## Consolidated statement of changes in equity for the six months ended 30 June 2022 - unaudited (continued)

(Expressed in Hong Kong dollars)

Notes:

- (a) The capital reserve of the Group mainly comprises (i) contributions from owners in respect of settlement of doubtful receivables; (ii) contributions made by owners for the transfer of equity interest in a joint venture to the Group in previous years; and (iii) the differences between the cost of acquisitions and the non-controlling interests acquired upon the acquisitions made by the Company of additional equity interests in non-wholly-owned subsidiaries and (iv) contributions made by owners to the Company's subsidiaries.
- (b) The asset revaluation reserve of the Group arose from the change in use from owner-occupied properties to investment properties carried at fair value.
- (c) The merger reserve of the Group comprises the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the holding companies of the acquirees as consideration for the group restructuring transactions.
- (d) The statutory reserve comprises the statutory reserve fund, reserve fund and enterprise expansion fund. In accordance with the relevant rules and regulations in the People's Republic of China ("PRC"), each of the Group's PRC subsidiaries is required to transfer an amount of its profit after income tax to the statutory reserve fund, until the accumulated total of the fund reaches 50% of its registered capital. The appropriations to the reserve fund and enterprise expansion fund are determined by the articles of association of the Company's subsidiaries and are subject to the approval by the board of directors of the respective subsidiaries.
- (e) Fair value reserve comprises the cumulative net change in the fair value, of equity investments designated at fair value through other comprehensive income under HKFRS 9 that are held at the end of reporting period.
- (f) Translation reserve comprises all foreign currency differences arising from the translation of the financial statements presented in any currencies other than Hong Kong dollars.
- (g) The other contribution reserve mainly comprises capital contributions, maintenance and production fund, capital contribution for energy saving and emission reduction projects, and deemed contributions from equity owners net of deemed distributions to equity owners. The maintenance and production fund is appropriated/utilised in accordance with relevant PRC regulations on certain enterprises.
- (h) The cashflow hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow.

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

## Condensed consolidated statement of cash flows for the six months ended 30 June 2022 - unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 HK\$ million	2021 HK\$ million
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in)/generated from operations		(175)	12,735
Income tax paid		(3,350)	(3,786)
Net cash (used in)/generated from operating activities		(3,525)	8,949
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease/(increase) in loans to joint ventures and associates		7,135	(4,794)
Increase in amounts due from related parties		(494)	(19,401)
Decrease/(increase) in restricted bank balances		393	(175)
Disposal of subsidiaries	19	(68)	(3)
Proceeds from disposal of joint ventures and associates		1,821	980
Acquisition of subsidiaries not under common control	18	(1,887)	2,199
Increase in entrusted loans to non-controlling shareholders		(1,000)	(3,105)
Additions to investments in associates		(311)	(5,300)
Additions to investments in joint ventures		(1,865)	(3,914)
Advances of investment to third parties		(285)	(6,534)
Decrease in entrustment loans to a subsidiary's substantial shareholders		70	208
Increase in entrustment loans to third parties		-	(1,167)
Decreased in long-term time deposits		-	3,921
Other investing activities		473	240
Net cash generated from/(used in) investing activities		3,982	(36,845)

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows  
for the six months ended 30 June 2022 - unaudited  
(continued)  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 HK\$ million	2021 HK\$ million
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans and other loans		89,957	79,342
Issue of perpetual securities, net of issue expenses		-	5,063
Repayment of bank loans and other loans		(86,914)	(72,591)
Interest paid		(4,270)	(3,936)
Loans from non-controlling shareholders		205	959
Dividends paid		(121)	(1,274)
Acquisition of non-controlling interests		-	(704)
Increase in amounts due to related parties		492	16,997
Redemption of perpetual securities		(4,112)	(3,908)
Perpetual securities' distribution paid		(569)	(530)
Advanced investment received from third parties		5,448	6,690
Repayment of loans from non-controlling shareholders		(344)	(959)
Capital contribution from non-controlling shareholders		1,283	2,563
Proceeds from issue of shares of a subsidiary, net of cost		782	-
Capital repayment of non-controlling shareholders		-	(1,613)
Other financing activities		3	(68)
		<u>1,840</u>	<u>26,031</u>
Net cash generated from financing activities		<u>1,840</u>	<u>26,031</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,297</b>	<b>(1,865)</b>

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows  
for the six months ended 30 June 2022 - unaudited  
(continued)

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 HK\$ million	2021 HK\$ million
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		38,399	48,537
Effect of foreign exchange rate changes, net		(1,739)	339
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>38,957</u>	<u>47,011</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	13(a)	<u>38,957</u>	<u>47,011</u>

The notes on pages 15 to 35 form part of the interim condensed consolidated financial statements.



# Notes to interim condensed consolidated financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1. Corporate information

Sinochem Hong Kong (Group) Company Limited (the "Company") is a limited company incorporated in Hong Kong. Its registered office is located at 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

In the opinion of the directors, the Company's ultimate holding company is Sinochem Holdings Corporation Ltd. (the "Sinochem Holdings"), and the immediate parent is Sinochem Corporation Co., Ltd. ("Sinochem Corporation"), both of which were established in the PRC.

## 2. Basis of preparation

These interim condensed consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group") have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issue on 28 September 2022.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of interim condensed consolidated financial statements 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 condensed consolidated financial statement 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 2021 annual financial statements. The interim condensed consolidated 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").

## 2. Basis of preparation (continued)

The interim condensed consolidated financial statements are unaudited, but have 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 pages 1 and 2.

The financial information relating to the financial year ended 31 December 2021 that is included in the interim condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year. 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:

As the Company is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

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.

## 3. Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these interim condensed consolidated financial statements for the current accounting period:

- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*
- Annual Improvements to HKFRSs 2018-2020, *Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

### 3. Changes in accounting policies (continued)

#### Amendments to HKFRS 3, *Reference to the Conceptual Framework*

The amendments replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

#### Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

#### Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

#### Annual Improvements to HKFRSs 2018-2020, *Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*

The amendments set out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Items of the amendments that are applicable to the Group are HKFRS 9 *Financial Instruments* and HKFRS 16 *Leases*.

### 3. Changes in accounting policies (continued)

HKFRS 9 *Financial Instruments* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

HKFRS 16 *Leases* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16. As the Group has no leases containing reimbursement relating to leasehold improvements, the amendment did not have any impact on the financial position or performance of the Group.

### 4. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<i>Six months ended 30 June</i>	
	2022	2021
	HK\$ million	HK\$ million
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products of service lines		
- Sale of properties	26,594	25,705
- Land development	3,526	4,136
- Hotel operations	618	1,032
- Others	3,439	2,431
	34,177	33,304
<b>Revenue from other sources</b>		
Gross rental income	868	909
Total revenue	35,045	34,213

## 5. Segment reporting

The Group organises its business activities into two operating segments: real estate and others (mainly securities investments). The following is an analysis of the Group's revenue and results by operating segment:

	<i>Real estate</i> HK\$ million	<i>Others</i> HK\$ million	<i>Elimination</i> HK\$ million	<i>Consolidated</i> HK\$ million
Six months ended 30 June 2022				
REVENUE				
External sales	34,698	347	-	35,045
Inter-segment sales	-	676	(676)	-
<b>Total</b>	<b>34,698</b>	<b>1,023</b>	<b>(676)</b>	<b>35,045</b>
Segment profit/(loss)	5,147	1,171	(674)	5,644
Interest income				1,488
Finance costs				(1,982)
Gain on disposal of a subsidiary				73
Gain on bargain purchase				32
Gain on equity interest previously held as investments in associates				618
Share of profits and losses of:				
Joint ventures				752
Associates				942
Profit before taxation				<b>7,567</b>
Six months ended 30 June 2021				
REVENUE				
External sales	34,098	115	-	34,213
Inter-segment sales	-	101	(101)	-
<b>Total</b>	<b>34,098</b>	<b>216</b>	<b>(101)</b>	<b>34,213</b>
Segment profit/(loss)	5,546	289	(100)	5,735
Interest income				1,723
Finance costs				(2,085)
Gain on disposal of subsidiaries				76
Gain on bargain purchase				2,101
Gain on equity interest previously held as investments in associates				286
Share of profits and losses of:				
Joint ventures				299
Associates				1,091
Profit before taxation				<b>9,226</b>

Segment profit represents the results earned by each segment without allocation of interest income, finance costs, gain on disposal of subsidiaries, gain on bargain purchase, gain on equity interest previously held as investments in associates and share of results of joint ventures and associates.

**6. Other income, gains and losses, net**

	<i>Six months ended 30 June</i>	
	2022	2021
	HK\$ million	HK\$ million
Bank interest income	469	276
Interest on other advances	1,012	971
Interest on other financial assets	7	476
Government grants (Note i)	79	107
Penalty income	32	21
Sundry income/(loss), net	58	(24)
	1,657	1,827
Gain on disposal of certain land under development	1,513	-
Gain/(loss) on disposal of equity investments designated at fair value through profit or loss	-	(18)
Gain on equity interest previously held as investments in joint ventures and associates (Note 18)	618	286
Gain on disposal of subsidiaries (Note 19)	73	76
Gain on disposal of joint ventures	-	473
Gain on bargain purchase		
- for business combination not under common control (Note 18)	32	111
- for acquisition of an associate (Note 11)	-	1,990
Changes in fair value of derivative financial instruments	9	61
Foreign exchange difference, net	(119)	39
Changes in fair value of convertible bond	(15)	-
Loss on disposal of property, plant and equipment	-	(20)
Changes in fair value of trading financial asset	(3)	-
Others	(54)	2
	2,054	3,000
Other income, gains and losses, net	3,711	4,827

**Note:**

- (i) Government grants mainly comprised proceeds received from the PRC government to support the development of the businesses of group entities in accordance with applicable regulations in the PRC.

## 7. Profit before taxation

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

### (a) Finance costs

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	HK\$ million	HK\$ million
Interest on interest bearing borrowings	3,977	4,019
Less: interest expense capitalised	<u>(1,995)</u>	<u>(1,934)</u>
Total interest expenses	<u>1,982</u>	<u>2,085</u>

### (b) Other items

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	HK\$ million	HK\$ million
Amortisation of intangible assets	20	13
Depreciation of owned property, plant and equipment	366	266
Depreciation of right-of-use assets	<u>98</u>	<u>117</u>

## 8. Income tax expense

	<i>Six months ended 30 June</i>	
	2022 HK\$ million	2021 HK\$ million
PRC tax:		
PRC corporate income tax	1,552	1,072
Land appreciation tax ("LAT")	578	686
	2,130	1,758
Deferred taxation	292	559
	2,422	2,317

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for both periods.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for both periods.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

According to the requirements of the *Provisional Regulations of the People's Republic of China on Land Appreciation Tax* (中华人民共和国土地增值税暂行条例) effective from 1 January 1994, and the *Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax* (中华人民共和国土地增值税暂行条例实施细则) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including borrowing costs and all property development expenditure.

## 9. Property, plant and equipment

### ***Acquisitions and disposals of owned assets***

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with total costs of HK\$632 million (2021: HK\$293 million). Items of property, plant and equipment with net book value of HK\$0.7 million were disposed of (2021: HK\$40 million), resulting in a loss on disposal of HK\$0.4 million (2021: HK\$20 million).



## 10. Land under development

Land under development represents the project costs, land requisition costs, compensation costs and other preliminary infrastructure costs incurred by China Jinmao Holdings Group Limited (“Jinmao”), in relation to the land development projects in Mainland China (the “Projects”). Though Jinmao does not have the ownership title or land use rights to such land, it is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, Jinmao is entitled to receive from the local authorities the land development fee.

## 11. Investments in associates

On 30 June 2021, Jinmao acquired 29.9% equity interest in China VAST Industrial Urban Development Company Limited (“China VAST”), a company incorporated in the Cayman Islands, whose shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). China VAST is engaged in the business of (i) planning, development and operation of large-scale industrial towns, (ii) property development, and (iii) property leasing, in the PRC. The acquisition was made in line with the strategic development of the Group’s real estate business. The purchase consideration for the acquisition was in the form of cash of HK\$1,481,160,000 paid at the acquisition date. The investment in China VAST is accounted as an associate and be measured using the equity method. The excess of Jinmao’s share of net fair value of China VAST’s identifiable assets and liabilities over the cost of the investment is included in other income, gains and losses, net (note 6).

## 12. Trade and bills receivables

	<i>30 June 2022</i>	<i>31 December 2021</i>
	HK\$ million	HK\$ million
Trade and bills receivables	2,477	2,580
Impairment allowance	<u>(32)</u>	<u>(33)</u>
Trade and bills receivables, net of impairment allowance	<u>2,445</u>	<u>2,547</u>

## 12. Trade and bills receivables (continued)

As of the end of the reporting period, the ageing analysis of trade and bills receivables, net of impairment allowance, presented based on the invoice date is as follows:

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Within 3 months	482	1,643
3 to 6 months	235	182
6 to 12 months	1,227	605
Over 12 months	501	117
	<u>2,445</u>	<u>2,547</u>

## 13. Cash and cash equivalents and other cash flow information

### (a) Cash and cash equivalents comprise:

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Cash and bank balances	38,909	38,319
Time deposits	11,080	10,713
	49,989	49,032
Less: Restricted bank balances	<u>(11,032)</u>	<u>(10,633)</u>
Cash and cash equivalents	<u>38,957</u>	<u>38,399</u>

### (b) Significant non-cash transactions

During the six months ended 30 June 2022, amounts due to non-controlling shareholders of certain non-wholly owned subsidiaries of HK\$3,510 million were converted into equity of the relevant subsidiaries as contributions from these non-controlling shareholders. These transactions have no cash flow impact to the Group.

## 14. Trade and bills payables

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Within one year	29,486	32,382
Over one year	5,093	3,029
	<u>34,579</u>	<u>35,411</u>

## 15. Interest-bearing borrowings

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Current:		
Bank loans, secured	3,438	9,174
Bank loans, unsecured	32,486	19,422
Guaranteed senior notes, unsecured	34	5,459
Notes issued under the medium-term note programme, unsecured	107	4,570
Notes, unsecured	-	978
Bonds, unsecured	3,508	-
Other loans, unsecured	4,583	2,337
	<u>44,156</u>	<u>41,940</u>
Non-current:		
Bank loans, secured	19,850	12,932
Bank loans, unsecured	19,474	18,347
Guaranteed senior notes, unsecured	17,084	14,270
Notes issued under the medium term note programme, unsecured	28,291	28,526
Domestic corporate bonds, unsecured	16,838	16,879
Bonds, unsecured	-	612
Other loans, unsecured	31,330	41,068
	<u>132,867</u>	<u>132,634</u>
	<u>177,023</u>	<u>174,574</u>
	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Carrying amounts repayable:		
Within one year	44,156	41,940
In the second year	39,936	26,880
In the third to fifth years, inclusive	67,105	71,360
More than five years	25,826	34,394
	<u>177,023</u>	<u>174,574</u>

## 16. Share capital

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Issued and fully paid:		
24,468,400,000 (2021: 24,468,400,000) ordinary shares	24,468	24,468

## 17. Initial public offering of a subsidiary

On 10 March 2022, Jinmao Property Services Co., Limited ("Jinmao Services"), a then wholly-owned subsidiary of Jinmao, completed an initial public offering ("IPO") on the Stock Exchange (the "Listing") with 101,411,500 shares issued at HK\$8.14 per share. On 1 April 2022, the international underwriters of the IPO partially exercised the over-allotment option, and as a result, Jinmao Services issued and distributed a total of 2,777,500 shares at HK\$8.14 per share. Net proceeds from the IPO (including amount raised from partial exercise of the over-allotment option), net of underwriting expenses and related expenses, amounted to approximately HK\$782 million.

## 18. Business combinations not under common control

Business combinations during the period mainly included Jinmao's acquisitions of several property development companies and acquisition of additional investments in joint ventures (collectively referred to as the "Acquirees"). The directors of the Company consider that none of these subsidiaries acquired during the period was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

The Group remeasured the fair values of the equity interests previously accounted for as investments in joint ventures at the date of acquisition, and fair value gains of HK\$618 million (six months ended 30 June 2021: HK\$286 million) were recognised in other income, gains and losses, net in the consolidated statement of comprehensive income during the six months ended 30 June 2022 (note 6).

The Group has elected to measure the non-controlling interests in the Acquirees at the non-controlling interests' proportionate share of the Acquirees' identifiable net assets.

The fair values of the identifiable assets and liabilities of the Acquirees as at the date of acquisition were as follows:

## 18. Business combinations not under common control (continued)

	Note	Six months ended 30 June	
		2022 HK\$ million	2021 HK\$ million
Property, plant and equipment		5	182
Intangible assets		175	-
Right-of-use assets		2	22
Properties under development		22,697	11,079
Properties held for sale		279	1,209
Prepayments, deposits and other receivables, and other assets		5,941	734
Deferred tax assets		150	55
Prepaid taxes		892	678
Trade and bill receivables		66	-
Restricted bank balances		1,287	870
Cash and cash equivalents		962	2,941
Trade and bills payables		(2,132)	(429)
Other payables and contract liabilities		(17,891)	(13,514)
Interest-bearing borrowings		(2,946)	(1,432)
Tax payable		(92)	(1)
Lease liabilities		(2)	(1)
Deferred tax liabilities		(423)	(408)
<b>Total identifiable net assets at fair value</b>		<b>8,970</b>	<b>1,985</b>
<b>Non-controlling interests</b>		<b>(2,485)</b>	<b>(604)</b>
Gain on bargain purchase recognised in other income, gains and losses, net in the consolidated statement of comprehensive income	6	(32)	(111)
Goodwill on acquisition		291	-
		6,744	1,270
Fair value of equity interest previously held as investments in joint ventures		(3,074)	(528)
<b>Total consideration paid in cash</b>		<b>3,670</b>	<b>742</b>

The Group incurred transaction costs of HK\$1.9 million for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of comprehensive income.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

## 18. Business combinations not under common control (continued)

The Group recognised a gain on bargain purchase of approximately HK\$32 million (six months ended 30 June 2021: HK\$111 million) in the consolidated statement of comprehensive income for the six months ended 30 June 2022, which was, in the opinion of the directors, primarily attributable to Jinmao's ability in negotiating the agreed terms of the transactions with the independent third parties, as Jinmao has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the projects. The fair value of the acquired identifiable net assets and related goodwill on acquisition are provisional pending to the final valuation results performed by independent professionally qualified valuers.

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

	<i>Six months ended 30 June</i>	
	2022 HK\$ million	2021 HK\$ million
Cash consideration	(2,849)	(742)
Cash and bank balances acquired	962	2,941
Net inflow of cash and cash equivalents included in cash flows from investing activities	(1,887)	2,199
Transaction costs of the acquisition included in cash flows used in operating activities	(1)	-

Since the acquisition, the Acquirees contributed HK\$561 million to the Group's revenue and HK\$117 million to the consolidated profit for the six months ended 30 June 2022 in aggregate.

Had the combinations taken place at the beginning of the period, the revenue and the profit for the period of the Group would have been HK\$36,613 million and HK\$6,183 million, respectively.

## 19. Disposal of subsidiaries

For the six months ended 30 June 2022, the Group lost control over a subsidiary.

Details of the financial impacts are summarised below:

	Note	Six months ended 30 June	
		2022	2021
		HK\$ million	HK\$ million
Net liabilities disposed of:			
Property, plant and equipment		-	1
Properties under development		4,335	3,232
Deferred tax assets		-	1
Prepayments, deposits and other receivables		16	3
Prepaid taxes		-	12
Cash and cash equivalents		68	59
Trade and bills payables		(59)	(108)
Other payables and contract liabilities		(4,420)	(1,930)
Interest-bearing borrowings		-	(1,219)
		<u>(60)</u>	<u>51</u>
Fair value of interests retained by the Group		(13)	(71)
Gain on disposal of a subsidiaries	6	<u>73</u>	<u>76</u>
Cash consideration		<u>-</u>	<u>56</u>
Satisfied by:			
Cash		<u>-</u>	<u>56</u>

An analysis of the net cash outflow in respect of the disposal of a subsidiary is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$ million	HK\$ million
Cash consideration	-	56
Cash and cash equivalents disposed of	<u>(68)</u>	<u>(59)</u>
Net cash outflow in respect of the disposal of a subsidiary	<u>(68)</u>	<u>(3)</u>

## 20. Commitments

	<i>30 June 2022</i>	<i>31 December 2021</i>
	HK\$ million	HK\$ million
Contracted, but not provided for:		
Property, plant and equipment	25	35
Properties under development	63,793	96,108
Land under development	1,018	7,989
Capital contributions to joint ventures and associates	13,693	10,939
	<u>78,529</u>	<u>115,071</u>

## 21. Related party transactions

In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	HK\$ million	HK\$ million
The ultimate parent:		
Rental income	5	5
The immediate parent:		
Rental income	65	61
Property management fee income	5	5
Interest income	-	22
Interest expense	296	378
Building decoration services income	5	-
Fellow subsidiaries:		
Interest expense	59	98
Rental income	138	127
Property management fee income	21	24
Interest income	378	132



## 21. Related party transactions (continued)

	<i>Six months ended 30 June</i>	
	2022 HK\$ million	2021 HK\$ million
Associates:		
Property management fee income	48	50
Interest income	92	148
Consulting fee income	63	27
Interest expense	53	148
Building decoration services income	252	187
Rental income	2	1
Other service income	3	-
Joint ventures:		
Interest income	614	819
Consulting fee income	16	9
Rental income	5	1
Property management fee income	62	62
Building decoration services income	388	424
Interest expense	96	170
Consulting fee expense	-	81
Energy supply income	1	-
An associate of the Group's ultimate holding company:		
Rental income	23	5
Property management fee income	3	-
Minority shareholders of Jinmao		
Interest income	39	29
Interest expense	8	4

## 22. Contingent liabilities

At the end of the reporting period, Jinmao had provided guarantees in respect of mortgage facilities for certain purchasers of Jinmao's properties amounting to approximately HK\$39,102 million (31 December 2021: HK\$47,286 million).

## 23. Fair value and fair value hierarchy

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2021 and 30 June 2022.

The Group's corporate finance is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at FVOCI have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with counterparties, principally financial institutions with good credit ratings. Derivative financial instruments are measured using present value calculations or similar calculations. The models incorporate market observable inputs including the foreign exchange spot and forward rates.

## 23. Fair value and fair value hierarchy (continued)

### *Fair value hierarchy*

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

Assets measured at fair value:

As at 30 June 2022

	<i>Fair value measurement using</i>			<i>Total</i> HK\$ million
	<i>Quoted prices in active markets (Level 1)</i> HK\$ million	<i>Significant observable inputs (Level 2)</i> HK\$ million	<i>Significant unobservable inputs (Level 3)</i> HK\$ million	
Equity investments designated at FVOCI	312	-	-	312
Other financial assets	-	371	7,654	8,025
Derivative financial instruments	-	46	-	46
	<u>312</u>	<u>417</u>	<u>7,654</u>	<u>8,383</u>

As at 31 December 2021

	<i>Fair value measurement using</i>			<i>Total</i> HK\$ million
	<i>Quoted prices in active markets (Level 1)</i> HK\$ million	<i>Significant observable inputs (Level 2)</i> HK\$ million	<i>Significant unobservable inputs (Level 3)</i> HK\$ million	
Equity investments designated at FVOCI	265	-	-	265
Other financial assets	-	909	986	1,895
Derivative financial instruments	-	149	-	149
	<u>265</u>	<u>1,058</u>	<u>986</u>	<u>2,309</u>

## 23. Fair value and fair value hierarchy (continued)

Liabilities measured at fair value:

As at 30 June 2022

	<i>Fair value measurement using</i>			<i>Total</i> HK\$ million
	<i>Quoted prices in active markets (Level 1)</i> HK\$ million	<i>Significant observable inputs (Level 2)</i> HK\$ million	<i>Significant unobservable inputs (Level 3)</i> HK\$ million	
Derivative financial instruments	-	4	-	4

As at 31 December 2021

	<i>Fair value measurement using</i>			<i>Total</i> HK\$ million
	<i>Quoted prices in active markets (Level 1)</i> HK\$ million	<i>Significant observable inputs (Level 2)</i> HK\$ million	<i>Significant unobservable inputs (Level 3)</i> HK\$ million	
Derivative financial instruments	-	51	-	51

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

Below is a summary of significant unobservable inputs to the level 3 valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2022:

	<i>Valuation technique</i>	<i>Significant unobservable input</i>	<i>Sensitivity of fair value to the input</i>
A convertible bond	Binomial option pricing	Share price (HK\$2.27 per share)	5% increase in share price would result in increase in fair value by HK\$371,787, 5% decrease in share price would result in decrease in fair value by HK\$312,639
		Expected volatility (25%)	5% increase in expected volatility would result in increase in fair value by HK\$103,811, 5% decrease in expected volatility would not result in decrease in fair value by HK\$119,503

## 24. Events after the reporting period

- (a) On 30 June 2022, Beijing Xingmao Property Co., Ltd., a wholly-owned subsidiary of Jinmao, entered into an acquisition agreement with Tongxiang Haoji Property Co., Ltd. ("Tongxiang Haoji") and China Overseas Property Group Co., Ltd. ("China Overseas"), independent third parties, to acquire the respective 14% and 18% equity interests of Qingdao Fangqian Property Co., Ltd. ("Qingdao Fangqian") held by Tongxiang Haoji and China Overseas with cash consideration of HK\$108 million and HK\$145 million, respectively. After the acquisition, Qingdao Fangqian will become a wholly-owned subsidiary of Jinmao.
- (b) On 8 July 2022, Shanghai Jinmao Investment Management Group Co., Ltd. ("Shanghai Jinmao") completed the issuance of the corporate bonds to professional investors with a total principal amount of HK\$2.34 billion. The corporate bonds are unsecured and have a term of 5 years with a fixed rate of 3.28% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year from the issuance date at par value.
- (c) On 11 July 2022, Jinmao Huadong Enterprises Management Co., Ltd. ("Jinmao Huadong"), a wholly-owned subsidiary of Jinmao, entered into an acquisition agreement with Ningbo Ningnan New Town Development and Investment Co., Ltd. ("Ningbo Ningnan"), independent third parties, to acquire from Ningbo Ningnan the entire equity interests of Ningbo Yongyun Real Estate Development Co., Ltd. ("Ningbo Yongyun") and Ningbo Yonghuan Real Estate Development Co., Ltd. ("Ningbo Yonghuan") with cash consideration of HK\$2.52 billion and HK\$1.98 billion, respectively. After the acquisition, Ningbo Yongyun and Ningbo Yonghuan will become wholly-owned subsidiaries of Jinmao.
- (d) On 27 July 2022, Shanghai Jinmao completed the issuance of the medium-term notes with a total principal amount of HK\$2.41 billion. The notes are unsecured and have a term of 3 years with a fixed coupon rate of 3.29% per annum.