

Sinochem Hong Kong (Group)
Company Limited

Interim Condensed
Consolidated Financial Statements
for the six months ended 30 June 2023

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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 34, 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 2023 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 2023 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

29 SEP 2023

Consolidated statement of comprehensive income for the six months ended 30 June 2023 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 HK\$ million	2022 HK\$ million
Revenue	4	31,171	35,045
Cost of sales		<u>(25,338)</u>	<u>(27,186)</u>
Gross profit		5,833	7,859
Other income, gains and losses, net	6	1,378	3,711
Selling and distribution expenses		(1,374)	(1,276)
Administrative expenses		(2,232)	(2,444)
Fair value changes of investment properties		(49)	5
Finance costs	7(a)	(2,138)	(1,982)
Share of profits and losses of:			
Joint ventures		665	752
Associates		<u>553</u>	<u>942</u>
Profit before taxation	7	2,636	7,567
Income tax expense	8	<u>(317)</u>	<u>(2,422)</u>
Profit for the period		<u>2,319</u>	<u>5,145</u>
Attributable to:			
Owners of the parent		432	1,192
Non-controlling interests		<u>1,887</u>	<u>3,953</u>
		<u>2,319</u>	<u>5,145</u>

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

Consolidated statement of comprehensive income for the six months ended 30 June 2023 - unaudited (continued)

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
Note	2023	2022
	HK\$ million	HK\$ million
Profit for the period	<u>2,319</u>	<u>5,145</u>
Other comprehensive income for the period		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges, net of tax	(48)	144
Exchange differences on translation of foreign operations	<u>(5,575)</u>	<u>(8,007)</u>
	<u>(5,623)</u>	<u>(7,863)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation, net of tax	134	-
Changes in fair value of equity investments at fair value through other comprehensive income (the "FVOCI")	<u>(466)</u>	<u>45</u>
	<u>(332)</u>	<u>45</u>
Other comprehensive income for the period, net of tax	<u>(5,955)</u>	<u>(7,818)</u>

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

**Consolidated statement of comprehensive income
for the six months ended 30 June 2023 - unaudited
(continued)**
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 HK\$ million	2022 HK\$ million
Total comprehensive income for the period		<u>(3,636)</u>	<u>(2,673)</u>
Attributable to:			
Owners of the parent		(2,011)	(1,513)
Non-controlling interests		<u>(1,625)</u>	<u>(1,160)</u>
Total comprehensive income for the period		<u>(3,636)</u>	<u>(2,673)</u>

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

Consolidated statement of financial position as at 30 June 2023 - unaudited (Expressed in Hong Kong dollars)

	Note	30 June 2023 HK\$ million	31 December 2022 HK\$ million
NON-CURRENT ASSETS			
Property, plant and equipment	9	14,755	15,043
Land under development	10	23,464	22,717
Properties under development		89,804	95,302
Investment properties		41,177	42,485
Right-of-use assets		2,101	2,194
Goodwill		2,270	2,278
Intangible assets		523	546
Investments in joint ventures		28,771	28,974
Investments in associates		25,339	25,489
Financial assets at fair value through other comprehensive income		1,565	2,059
Amounts due from related parties		42,932	43,379
Deferred tax assets		4,328	4,242
Amounts due from non-controlling shareholders		3,811	5,029
Trade receivables	11	2,570	2,720
Other assets		6,878	7,126
		<hr/>	<hr/>
Total non-current assets		<hr/> 290,288 <hr/>	<hr/> 299,583 <hr/>

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

Consolidated statement of financial position as at 30 June 2023 - unaudited (continued) (Expressed in Hong Kong dollars)

	Note	30 June 2023 HK\$ million	31 December 2022 HK\$ million
CURRENT ASSETS			
Inventories		525	443
Land under development	10	3,827	3,084
Properties under development		71,958	67,051
Properties held for sale		28,947	25,963
Trade and bills receivables	11	2,657	2,478
Contract assets		518	533
Prepayments, deposits and other receivables		35,513	32,020
Amounts due from related parties		67,612	59,149
Prepaid taxes		4,874	5,645
Derivative financial instruments		3	103
Restricted bank balances	12	10,502	8,523
Cash and cash equivalents	12	35,847	42,106
Total current assets		<u>262,783</u>	<u>247,098</u>
CURRENT LIABILITIES			
Trade and bills payables	13	30,260	34,515
Other payables and accruals		100,559	89,703
Derivative financial instruments		518	5
Interest-bearing borrowings	14	24,796	41,304
Lease liabilities		196	196
Amounts due to related parties		50,988	45,077
Tax payable		1,606	3,106
Provision for land appreciation tax		2,175	2,982
Total current liabilities		<u>211,098</u>	<u>216,888</u>
NET CURRENT ASSETS		<u>51,685</u>	<u>30,210</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>341,973</u>	<u>329,793</u>

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

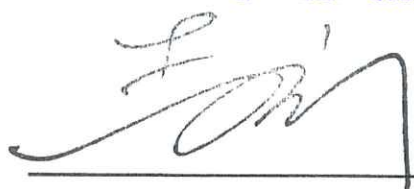
**Consolidated statement of financial position
as at 30 June 2023 - unaudited (continued)**
(Expressed in Hong Kong dollars)

	Note	30 June 2023 HK\$ million	31 December 2022 HK\$ million
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	14	151,289	138,967
Lease liabilities		1,063	1,064
Deferred tax liabilities		10,494	10,798
Amounts due to related parties		24,917	19,843
Other payables and accruals		2,206	2,218
Total non-current liabilities		<u>189,969</u>	<u>172,890</u>
NET ASSETS		<u>152,004</u>	<u>156,903</u>
CAPITAL AND RESERVES			
Issued capital	15	24,468	24,468
Reserves		<u>13,328</u>	<u>17,106</u>
Equity attributable to owners of the parent		37,796	41,574
Non-controlling interests		<u>114,208</u>	<u>115,329</u>
TOTAL EQUITY		<u>152,004</u>	<u>156,903</u>

Approved and authorised for issue by the board of directors on **29 SEP 2023**



Director



Director

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

Consolidated statement of changes in equity for the six months ended 30 June 2023 - unaudited (Expressed in Hong Kong dollars)

Note	Issued capital HK\$ million	Attributable to owners of the parent										Non-controlling Interests HK\$ million	Total equity 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	Retained profits HK\$ million		
At 1 January 2023	24,468	(1,952)	717	(4,097)	5,539	(139)	(3,566)	2,304	132	41	18,137	41,574	156,903
Profit for the period	-	-	-	-	-	-	-	-	-	-	432	432	2,319
Other comprehensive income for the period:													
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	(466)	-	-	-	-	-	-	(466)
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(70)	-	-	(70)	(48)
Gains on property revaluation, net of tax	-	-	133	-	-	-	-	-	-	-	-	133	134
Reclassification adjustments of exchange differences for foreign operations disposed of during the period	-	-	-	-	-	-	(11)	-	-	-	-	(11)	(29)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,029)	-	-	-	-	(2,029)	(5,546)
Total comprehensive income for the period, net of tax	-	-	133	-	-	(466)	(2,040)	-	(70)	-	432	(2,011)	(3,636)
Capital contribution from non-controlling shareholders	-	24	-	-	-	-	-	-	-	-	-	24	5,489
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(834)
Transfer from retained profits	-	-	-	-	213	-	-	-	-	-	(213)	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,000
Equity-settled share-based payment of subsidiaries	-	-	-	-	-	-	-	-	-	(2)	-	(2)	(5)
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	(3,910)
Repayment of capital to non-controlling shareholders	-	(73)	-	-	-	-	-	-	-	-	-	(73)	(2,894)
Assumption of liabilities of related party at nil consideration	-	(1,716)	-	-	-	-	-	-	-	-	-	(1,716)	(1,716)
Disposal of properties	-	-	(7)	-	-	-	-	-	-	-	7	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(735)
Distribution paid on perpetual capital securities by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(658)
At 30 June 2023	24,468	(3,727)*	843*	(4,097)*	5,752*	(605)*	(5,606)*	2,304*	62*	39*	18,363*	37,796	152,004

* These reserve accounts comprise the consolidated reserves of HK\$13,328 million in the consolidated statement of financial position. The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

Consolidated statement of changes in equity for the six months ended 30 June 2023 - 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; (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, (iv) contributions made by owners to the Company's subsidiaries and (v) assumption of liabilities of a fellow subsidiary at nil consideration.
- (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 34 form part of the interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the six months ended 30 June 2023 - unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	2023	2022
		HK\$ million	HK\$ million
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations		373	(175)
Income tax paid		(2,006)	(3,350)
Net cash used in operating activities		(1,633)	(3,525)
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in loans to joint ventures and associates		2,385	7,135
Increase in amounts due from related parties		(12,027)	(494)
(Increase)/decrease in restricted bank balances		(2,340)	393
Disposal of subsidiaries	18	642	(68)
Proceeds from disposal of joint ventures and associates		-	1,821
Acquisition of subsidiaries	17	1,590	(1,887)
Decrease/(increase) in entrusted loans to non-controlling shareholders		148	(1,000)
Additions to investments in associates		(6)	(311)
Additions to investments in joint ventures		(1,671)	(1,865)
Advances of investments to third parties		(25)	(285)
Decrease in entrustment loans to a subsidiary's substantial shareholders		103	70
Other investing activities		401	473
Net cash (used in)/generated from investing activities		(10,800)	3,982

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the six months ended 30 June 2023 - unaudited (continued)

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023	2022
		HK\$ million	HK\$ million
NET CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other loans		123,406	89,957
Repayment of bank loans and other loans		(129,434)	(86,914)
Interest paid		(4,865)	(4,270)
Loans from non-controlling shareholders		-	205
Dividends paid		(412)	(121)
Increase in amounts due to related parties		21,301	492
Redemption of perpetual securities		(3,910)	(4,112)
Perpetual securities' distribution paid		(658)	(569)
Advanced investment received from third parties		(922)	5,448
Repayment of loans from non-controlling shareholders		(294)	(344)
Capital contribution from non-controlling shareholders		5,093	1,283
Proceeds from issue of shares of a subsidiary, net of cost		-	782
Capital repayment to non-controlling shareholders		(1,979)	-
Other financing activities		(58)	3
		<u>7,268</u>	<u>1,840</u>
Net cash generated from financing activities		<u>7,268</u>	<u>1,840</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,165)	2,297

The notes on pages 15 to 34 form part of the interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the six months ended 30 June 2023 - unaudited (continued)

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 HK\$ million	2022 HK\$ million
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		42,106	38,399
Effect of foreign exchange rate changes, net		<u>(1,094)</u>	<u>(1,739)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>35,847</u>	<u>38,957</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	12	<u>35,847</u>	<u>38,957</u>

The notes on pages 15 to 34 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 **29 SEP 2023**.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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").

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 2022 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:

2. Basis of preparation (continued)

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

(a) New and amended HKFRSs

The Group has applied the following new and amended HKFRSs issued by the HKICPA to this interim condensed consolidated financial statements for the current accounting period:

- HKFRS 17, *Insurance Contracts*
- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to HKAS 12, *International Tax Reform – Pillar Two Model Rules*

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 new and amended HKFRSs are discussed below:

HKFRS 17, including relevant amendments, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. Since the Group's accounting policy disclosures aligns with the amendments, the amendments did not have any significant impact on the financial position or performance of the Group.

3. Changes in accounting policies (continued)

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any significant impact on the financial position or performance of the Group.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy of deferred tax accounting aligns with the amendments, the amendments did not have any significant impact on the financial position or performance of the Group.

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

(b) ***New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism***

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

3. Changes in accounting policies (continued)

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In these interim condensed consolidated financial statements and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time these interim condensed consolidated financial statements are authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 December 2023.

4. Revenue

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

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	HK\$ million	HK\$ million
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
- Sale of properties	25,010	26,594
- Land development	84	3,526
- Hotel operations	1,209	618
- Others	3,858	3,439
	30,161	34,177
Revenue from other sources		
Gross rental income	1,010	868
Total revenue	31,171	35,045

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 2023				
REVENUE				
External sales	30,363	808	-	31,171
Inter-segment sales	-	349	(349)	-
Total	30,363	1,157	(349)	31,171
Segment profit/(loss)	1,041	1,103	(298)	1,846
Interest income				1,455
Finance costs				(2,138)
Gain on equity interest previously held as investments in joint ventures				255
Share of profits and losses of:				
Joint ventures				665
Associates				553
Profit before taxation				2,636

5. Segment reporting (continued)

	<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)	-
Total	<u>34,698</u>	<u>1,023</u>	<u>(676)</u>	<u>35,045</u>
Segment profit/(loss)	5,147	1,171	(674)	5,644
Interest income				1,488
Finance costs				(1,982)
Gain on disposal of subsidiaries				73
Gain on bargain purchase				32
Gain on equity interest previously held as investments in joint ventures				618
Share of profits and losses of:				
Joint ventures				752
Associates				<u>942</u>
Profit before taxation				<u>7,567</u>

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 joint ventures and share of results of joint ventures and associates.

6. Other income, gains and losses, net

	<i>Six months ended 30 June</i>	
	2023	2022
	HK\$ million	HK\$ million
Bank interest income	223	469
Interest on other advances	1,045	1,012
Interest on other financial assets	187	7
Government grants (Note i)	104	79
Penalty income	30	32
Sundry income, net	99	58
	<u>1,688</u>	<u>1,657</u>
Gain on disposal of certain land under development	-	1,513
Gain on equity interest previously held as investments in joint ventures (Note 17)	255	618
Gain on disposal of a subsidiary/ subsidiaries (Note 18)	-	73
Gain on bargain purchase - for business combination not under common control (Note 17)	-	32
Changes in fair value of derivative financial instruments	(214)	9
Foreign exchange difference, net	(72)	(119)
Changes in fair value of convertible bond	-	(15)
Loss on disposal of property, plant and equipment	(1)	-
Changes in fair value of trading financial assets	29	(3)
Impairment of properties under development, net	(102)	-
Impairment of properties held for sale, net	(277)	-
Impairment of prepayments, other receivables and other assets	(22)	-
Provision for penalty claims	(1)	-
Change in fair value of trade receivables at fair value through profit or loss	79	-
Others	16	(54)
	<u>(310)</u>	<u>2,054</u>
Other income, gains and losses, net	<u>1,378</u>	<u>3,711</u>

Note:

- (i) Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants..

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>2023</i>	<i>2022</i>
	HK\$ million	HK\$ million
Interest on interest-bearing borrowings	4,976	3,977
Less: interest expense capitalised	(2,838)	(1,995)
Total interest expenses	<u>2,138</u>	<u>1,982</u>

(b) Other items

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	HK\$ million	HK\$ million
Amortisation of intangible assets	20	20
Depreciation of owned property, plant and equipment	339	366
Depreciation of right-of-use assets	<u>116</u>	<u>98</u>

8. Income tax expense

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	HK\$ million	HK\$ million
PRC tax:		
PRC corporate income tax	861	1,552
Land appreciation tax ("LAT")	(119)	578
	<u>742</u>	<u>2,130</u>
Deferred taxation	<u>(425)</u>	<u>292</u>
	<u>317</u>	<u>2,422</u>

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. Certain subsidiaries of the Group are qualified as high-tech enterprises in Mainland China, or operated/located in western cities, and the relevant tax authorities have granted the subsidiaries a preferential corporate income tax rate of 15%.

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.

8. Income tax expense (continued)

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 2023, the Group acquired items of property, plant and equipment with total costs of HK\$421 million (2022: HK\$632 million). Items of property, plant and equipment with net book value of HK\$ 6 million were disposed of (2022: HK\$0.7 million), resulting in a loss on disposal of HK\$1 million (2022: HK\$0.4 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. Trade and bills receivables

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
At amortised cost		
Trade receivables	2,693	2,518
Impairment allowance	(36)	(40)
	2,657	2,478
At fair value through profit or loss		
Trade receivables	2,570	2,720
Carrying amount	5,227	5,198
Current portion	2,657	2,478
Non-current portion	2,570	2,720

11. Trade and bills receivables (continued)

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

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Within 3 months	791	1,010
3 to 6 months	449	289
6 to 12 months	970	646
Over 12 months	447	533
	<u>2,657</u>	<u>2,478</u>

12. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Cash and bank balances	35,847	42,103
Time deposits	10,502	8,526
	46,349	50,629
Less: Restricted bank balances	<u>(10,502)</u>	<u>(8,523)</u>
Cash and cash equivalents	<u>35,847</u>	<u>42,106</u>

(b) Significant non-cash transactions

During the six months ended 30 June 2023, repayments of capital to non-controlling shareholders amounting to HK\$802 million (2022: nil) were effected through offsetting amounts due from the relevant non-controlling shareholders of certain non-wholly owned subsidiaries of HK\$802 million.

During the six months ended 30 June 2023, amounts due to non-controlling shareholders of certain non-wholly owned subsidiaries of HK\$320 million (2022: HK\$3,510 million) were converted into equity of the relevant subsidiaries as capital contributions from these non-controlling shareholders.

During the six months ended 30 June 2023, land use rights of HK\$76 million (2022: nil) were contributed to certain non-wholly owned subsidiaries by non-controlling shareholders as capital contributions.

13. 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 2023 HK\$ million	31 December 2022 HK\$ million
Within one year	24,819	28,564
Over one year	5,441	5,951
	<u>30,260</u>	<u>34,515</u>

14. Interest-bearing borrowings

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Current:		
Bank loans, secured	2,178	4,173
Bank loans, unsecured	13,390	27,440
Guaranteed senior notes, unsecured	1,994	33
Notes issued under the medium-term note programme, unsecured	145	106
Domestic corporate bonds, unsecured	5,965	5,597
Bonds	-	560
Domestic bonds, secured	34	-
Other loans, unsecured	1,090	3,395
	<u>24,796</u>	<u>41,304</u>
Non-current:		
Bank loans, secured	28,182	23,132
Bank loans, unsecured	29,119	26,097
Guaranteed senior notes, unsecured	15,106	16,957
Notes issued under the medium-term note programme, unsecured	28,251	28,073
Domestic corporate bonds, unsecured	21,312	16,007
Bonds, unsecured	-	1,791
Domestic bonds, secured	7,017	-
Other loans, unsecured	22,302	26,910
	<u>151,289</u>	<u>138,967</u>

14. Interest-bearing borrowings (continued)

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Carrying amounts repayable:		
Within one year	24,796	41,304
In the second year	44,678	52,495
In the third to fifth years, inclusive	71,388	59,594
More than five years	35,223	26,878
	<u>176,085</u>	<u>180,271</u>

15. Share capital

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Issued and fully paid:		
24,468,400,000 (2022: 24,468,400,000) ordinary shares	<u>24,468</u>	<u>24,468</u>

16. Significant changes in capital reserve

During the six months ended 30 June 2023, the Group assumed liabilities of a fellow subsidiary, namely ChemChina (Hong Kong) Holding Limited, with a total amount of HK\$1,716 million at nil consideration as part of the parent company's arrangement to clear inter-company balances. The relevant amount was debited into capital reserve.

17. Business combinations not under common control

Business combinations during the period mainly included Jinmao's acquisitions of several property development companies (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\$255 million (six months ended 30 June 2022: HK\$618 million) were recognised in other income, gains and losses, net in the consolidated statement of comprehensive income during the six months ended 30 June 2023 (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:

17. Business combinations not under common control (continued)

	Note	Six months ended 30 June	
		2023 HK\$ million	2022 HK\$ million
Property, plant and equipment		1	5
Intangible assets		-	175
Right-of-use assets		2	2
Properties under development		12,254	22,697
Properties held for sale		-	279
Prepayments, deposits and other receivables, and other assets		3,808	5,941
Deferred tax assets		41	150
Prepaid taxes		400	892
Trade and bill receivables		-	66
Restricted bank balances		-	1,287
Cash and cash equivalents		2,273	962
Trade and bills payables		(150)	(2,132)
Other payables and accruals		(6,576)	(17,891)
Interest-bearing borrowings		(3,784)	(2,946)
Tax payable		-	(92)
Lease liabilities		(2)	(2)
Deferred tax liabilities		(267)	(423)
Total identifiable net assets at fair value		8,000	8,970
Non-controlling interests		(4,000)	(2,485)
Gain on bargain purchase recognised in other income, gains and losses, net in the consolidated statement of comprehensive income	6	-	(32)
Goodwill on acquisition		-	291
		4,000	6,744
Fair value of equity interest previously held as investments in joint ventures		(2,667)	(3,074)
Total consideration paid in cash (Note)		1,333	3,670

Note:

Consideration of HK\$650 million had been pre-paid by the Group as at 31 December 2022 and the remaining consideration of HK\$683 million was paid during the six months ended 30 June 2023.

Consideration of HK\$253 million had been pre-paid by the Group as at 31 December 2021 and consideration of HK\$2,849 million was paid during the six months ended 30 June 2022. As at 30 June 2022, consideration payable of HK\$568 million remained outstanding.

17. Business combinations not under common control (continued)

The fair values of these companies' other receivables as at the date of acquisition amounted to HK\$3,808 million, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

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.

The Group incurred transaction costs of HK\$0.3 million for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of comprehensive income.

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

	Six months ended 30 June	
	2023 HK\$ million	2022 HK\$ million
Cash consideration	(683)	(2,849)
Cash and bank balances acquired	<u>2,273</u>	<u>962</u>
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	1,590	(1,887)
Transaction costs of the acquisition included in cash flows used in operating activities	<u>-</u>	<u>(1)</u>

Since the acquisition, the Acquirees did not generate any revenue while incurred an aggregated loss of HK\$17 million to the consolidated profit for the six months ended 30 June 2023.

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\$31,500 million and HK\$2,259 million, respectively.

18. Disposal of a subsidiary

For the six months ended 30 June 2023, the Group disposed of a subsidiary.

Details of the financial impacts are summarised below:

	Note	Six months ended 30 June	
		2023 HK\$ million	2022 HK\$ million
Net assets/(liabilities) disposed of:			
Properties under development		-	4,335
Properties held for sale		957	-
Prepayments, deposits and other receivables		1503	1
Tax recoverable		15	15
Cash and cash equivalents		63	68
Trade and bills payables		(303)	(59)
Provision for land appreciation tax		(145)	-
Other payables and accruals		(621)	(4,420)
Non-controlling interests		(735)	-
		<u>734</u>	<u>(60)</u>
Translation reserve		<u>(29)</u>	<u>-</u>
Fair value of interests retained by the Group		-	(13)
Gain on disposal of a subsidiary	6	<u>-</u>	<u>73</u>
Cash consideration		<u>705</u>	<u>-</u>
Satisfied by:			
Cash		<u>705</u>	<u>-</u>

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

	Six months ended 30 June	
	2023 HK\$ million	2022 HK\$ million
Cash consideration	705	-
Cash and cash equivalents disposed of	<u>(63)</u>	<u>(68)</u>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of a subsidiary	<u>642</u>	<u>(68)</u>

19. Commitments

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Contracted, but not provided for:		
Property, plant and equipment	70	38
Properties under development	59,344	71,673
Land under development	5,999	6,640
Capital contributions to joint ventures and associates	11,375	12,445
	<u>76,788</u>	<u>90,796</u>

20. Related party transactions

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

	<u>Six months ended 30 June</u> 2023 HK\$ million	2022 HK\$ million
The ultimate parent:		
Rental income	4	5
The immediate parent:		
Rental income	62	65
Property management fee income	5	5
Interest expense	302	296
Building decoration services income	2	5
Fellow subsidiaries:		
Interest expense	81	59
Rental income	135	138
Property management fee income	44	21
Interest income	814	378
Building decoration services income	2	-

20. Related party transactions (continued)

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	HK\$ million	HK\$ million
Associates:		
Property management fee income	45	48
Interest income	409	92
Consulting fee income	22	63
Interest expense	56	53
Building decoration services income	329	252
Rental income	1	2
Other service income	5	3
Joint ventures:		
Interest income	308	614
Consulting fee income	4	16
Rental income	4	5
Property management fee income	63	62
Building decoration services income	140	388
Interest expense	7	96
Other service income	25	1
An associate of the Group's ultimate holding company:		
Rental income	16	23
Property management fee income	2	3
Minority shareholders of Jinmao		
Interest income	13	39
Interest expense	37	8

21. 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\$20,569 million (31 December 2022: HK\$22,004 million).

Besides, as at 30 June 2023, Jinmao provided guarantees of HK\$2,384 million (31 December 2022: HK\$2,551 million) and HK\$1,231 million (31 December 2022: HK\$907 million) to certain joint ventures and associates of Jinmao related to their borrowings, respectively.

The Group assessed that the fair value at initial recognition of the financial guarantees and the ECL allowance during the reporting period were not significant.

22. 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 2022 and 30 June 2023.

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 FVTPL included in other financial assets and 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 profit or loss and 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 and interest rate curves of the underlying currency.

22. 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 2023

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Equity investments designated at FVOCI	322	-	1,243	1,565
Other financial assets	-	381	6,171	6,552
Derivative financial instruments	-	3	-	3
Trade receivables, non-current portion	-	-	2,570	2,570
	<u>322</u>	<u>384</u>	<u>9,984</u>	<u>10,690</u>

As at 31 December 2022

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Equity investments designated at FVOCI	340	-	1,719	2,059
Other financial assets	-	427	6,347	6,774
Derivative financial instruments	7	96	-	103
Trade receivables, non-current portion	-	-	2,720	2,720
	<u>347</u>	<u>523</u>	<u>10,786</u>	<u>11,656</u>

22. Fair value and fair value hierarchy (continued)

Liability measured at fair value:

As at 30 June 2023

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1) HK\$ million</i>	<i>Significant observable inputs (Level 2) HK\$ million</i>	<i>Significant unobservable inputs (Level 3) HK\$ million</i>	<i>Total HK\$ million</i>
Derivative financial instruments	-	518	-	518

As at 31 December 2022

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1) HK\$ million</i>	<i>Significant observable inputs (Level 2) HK\$ million</i>	<i>Significant unobservable inputs (Level 3) HK\$ million</i>	<i>Total HK\$ million</i>
Derivative financial instruments	-	5	-	5

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 (2022: Nil).

23. Events after the reporting period

On 21 July 2023, Jinmao completed the issuance of the medium-term notes in a principal amount of RMB2,500,000,000. The notes are unsecured and have a term of 3 years with a fixed coupon rate of 3.53% per annum.