



太陽城集團
SUNCITY GROUP

SUNCITY GROUP HOLDINGS LIMITED
太陽城集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1383)

INTERIM REPORT
2021



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chau Cheok Wa (*Chairman*)
Mr. Lo Kai Bong
Mr. Au Chung On John
Mr. Manuel Assis Da Silva

Independent Non-Executive Directors

Mr. Tou Kin Chuen
Dr. Wu Kam Fun Roderick
Mr. Lo Wai Tung John

COMPANY SECRETARY

Mr. Chiu King Yan

AUDITOR

Crowe (HK) CPA Limited
Registered Public Interest Entity Auditors

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1705, 17/F., West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Corporate Information

PRINCIPAL BANKERS

In Hong Kong:

Bank of Communications Co., Ltd.
Hong Kong Branch
Bank of Communications (Hong Kong) Limited

In the People's Republic of China:

China Merchants Bank Co., Ltd.

In Macau:

Bank of China Limited, Macau Branch
Industrial and Commercial Bank of China
(Macau) Limited

In the Philippines:

Union Bank of the Philippines
BDO Unibank, Inc.

In Russian Federation:

PJSC Bank Primorye
Alfa-Bank
Primsotsbank

In Japan:

Sumitomo Mitsui Banking Corporation

WEBSITE

www.suncitygroup.com.hk

INVESTOR RELATIONS

For other information relating to the Company,
please contact

Investor Relations Department

Tel: (852) 2598 1180

Fax: (852) 2598 1185

E-mail: ir@suncitygroup.com.hk

Chairman's Statement



Dear fellow shareholders,

In the past two decades, I have witnessed Asia gaming's exponential growth, its downturns and its shifts towards leisure and entertainment; but none of these was even faintly comparable to the pandemic now. Borders grinding to a halt is a completely new phenomenon. As you may have expected, our businesses have been impacted by border restrictions. Yet we are also glad to see economic resilience globally, which has given us the confidence that pent-up demand is real and will happen once borders reopen. A big applause to the Central Government, the Russian, the Vietnamese and the Philippines governments and everyone else who play a part in controlling the pandemic to date.

Chairman's Statement

Our core strategy is to preserve cash and liquidity while retaining flexibility to adapt to the challenges brought by the pandemic and changing market conditions. Firstly, we focus on the maximisation of cash flows from our operating properties through continued implementation of cost-reduction and efficiency initiatives; some of which have become permanent savings. In each of our properties, we manage costs carefully without affecting customer experience. Secondly, we will continue to work on creating growth for all our properties so that Tigre de Cristal, Hoiana, and later, Westside City Project will become main growth drivers of the Suncity Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). We remain pragmatic and will flexibly adjust the scale and speed of development, prioritising projects with the highest and fastest returns.

In the first half of 2021, we completed the disposal of the legacy property development and leasing businesses in the People's Republic of China which generated total proceeds of approximately RMB675 million, so that the Group can finally focus on integrated resort development, with significantly improved liquidity. As for Summit Ascent Holdings Limited (“**Summit Ascent**”), Tigre de Cristal has delivered fair results generating a positive-Adjusted EBITDA of HK\$17.2 million, thanks to solid local mass and slots business. Hoiana has also been running at its lowest cost ever. We are pleased that our stakeholders continue their support towards Hoiana.

The hospitality and gaming business in Asia may be tough for now, yet, the Group's commitment to our vision in the North, South and East of Asia remains steadfast. We have worked diligently during these challenging times to develop premier resorts in Asia. In the North, Tigre de Cristal, has undergone upgrade to its facilities and services – Suncity Premium Club and new F&B options are now all ready, pending the border reopening. I believe, with the openings of other entertainment facilities nearby, the Integrated Entertainment Zone of the Primorye Region (“**IEZ Primorye**”) is primed to become an entertainment destination of its own special character. In the South, Hoiana is awaiting tourists to experience her beauty along the sandy coast in Central Vietnam. In the East, the development of the Westside City Project in the Philippines is undergoing as planned. In Japan, our skiing hotel in Niseko and diving hotel in Miyako Islands will offer customers pure Japanese leisure and fun.

The Group's synergistic locations in the North, South and East of Asia makes our entertainment accessible to people living in key markets in Asia. Riding on the wave of digitalisation and by mining our data, we know what our guests love best with the Group's advantage – a propriety network of unparalleled services and fun, only achievable under the Group's umbrella. Our customers in Asia will love heading to Vladivostok for a weekend break with seafood and vodka within a short two-hour commute. Our customers may take mini weekend excursions relishing sun, sea and sand in Hoiana. Westside City Project will be well-loved as the trendiest party place in town. When borders reopen, the picture will be very different from how it is today. The afterlife of the Asian entertainment sector post-COVID awaits, because what doesn't kill you, makes you stronger.

Chairman's Statement

Currently, we are creating the good; and sustaining the bad. If the road ahead of us is hard and rocky, we continue our journey by flowing down like a river; if the environment turns to the extreme chill; we solidify and continue downhill in the form of a glacier. Being ultra-flexible and adaptable in a ferocious business operating environment is in the heart of every our team member. The Group will always have my full support, be it rainy days, or rainbow days.

Finally, I would like to extend my gratitude to our global team, our shareholders, our suppliers, our investment partners and our team members for their patience to grow together with the Group. While pending recovery, we are turning pain into power, and turning power into motivation. I look forward to sharing with you the successes of our Group in the many more half-years ahead.

Mr. Chau Cheok Wa

Chairman

Suncity Group Holdings Limited

31 August 2021

Management Discussion and Analysis

FINANCIAL REVIEW

Suncity Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) recorded a profit attributable to equity holders of the Company of RMB320.0 million for the six months ended 30 June 2021 (“**1H 2021**”), significantly turnaround from the loss attributable to equity holders of the Company of RMB118.6 million for the six months ended 30 June 2020 (“**1H 2020**”). Consolidated Adjusted EBITDA from continuing operations was approximately negative RMB33.7 million versus approximately negative RMB44.5 million for 1H 2020.

The profit attributable to equity holders of the Company for 1H 2021 was mainly attributable to (i) the gain on change in fair value of derivative financial instruments of approximately RMB449.4 million; (ii) profit for the period from discontinued operations of approximately RMB147.1 million, including the gain on disposal of the entire equity interest in Access Achievement Limited of approximately RMB167.9 million; and (iii) partially offset by costs and expenses from continuing operations of (a) finance costs of approximately RMB123.1 million; and (b) share of loss of a joint venture of approximately RMB139.9 million.

In 1H 2021, Summit Ascent Holdings Limited (“**Summit Ascent**”)’s 77.5%-owned integrated resort located in the Integrated Entertainment Zone of the Primorye Region (“**IEZ Primorye**”) in the Russian Federation, Tigre de Cristal, contributed revenue from gaming and hotel operations of approximately RMB107.9 million to the Group, with contribution of approximately RMB115 million total gross gaming revenue (“**GGR**”) to the Group.

Group Key Financial Data

	1H 2021 RMB'000	1H 2020 RMB'000
Revenue:		
Operation of integrated resort in the Russian Federation		
– Tigre de Cristal:		
– Gaming operations	102,262	N/A ⁽ⁱ⁾
– Hotel operations	5,610	N/A ⁽ⁱ⁾
	107,872	N/A ⁽ⁱ⁾
Other segments:		
– Property development	–	–
– Management and operation of malls	12,639	–
– Hotel and integrated resort general consultancy services	1,309	6,888
– Travel related products and services	26,950	67,733
Total revenue from continuing operations	148,770	74,621
Consolidated Adjusted EBITDA from continuing operations	(33,728)	(44,467)

Management Discussion and Analysis

Gaming Statistics

(In RMB million)	Q1 2021	Q2 2021	1H 2021	1H 2020
Total GGR ⁽ⁱⁱ⁾	53	62	115	–
Rolling Chip Volume	–	–	–	–
Gross Win Rate %	N/A	N/A	N/A	N/A
Gross Win	–	–	–	–
Mass Table Drop	103	96	199	–
Net Win Rate %	19.5%	27.2%	23.2%	N/A
Net Win	20	26	46	–
Electronic Gaming Volume	640	647	1,287	–
Net Win Rate %	4.2%	4.5%	4.4%	N/A
Net Win	27	29	56	–

Notes:

- (i) Summit Ascent became a non-wholly owned subsidiary of the Company since October 2020.
- (ii) GGR represents the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs.

Management Discussion and Analysis

The following is a reconciliation of profit (loss) for the period to Consolidated Adjusted EBITDA from continuing operations of the Group:

	1H 2021 RMB'000	1H 2020 RMB'000
Profit (loss) for the period	285,799	(123,208)
Add (deduct):		
(Profit) loss for the period from discontinued operations	(147,097)	277,775
Income tax expense	9,979	66
Change in fair value of derivative financial instruments	(449,407)	(588,159)
Gain on disposal of an associate	(495)	–
Gain on disposal of property, operating right and equipment	(153)	–
Impairment on interest in an associate	–	47,363
Share of losses of associates	433	15,532
Share of loss of a joint venture	139,919	90,132
Finance costs	123,110	166,112
Interest income and imputed interest income on loans to a joint venture	(36,143)	(6,907)
Other operating expenses	2,150	7,786
Depreciation and amortisation	46,444	3,984
Net exchange (gain) loss	(8,267)	65,057
Consolidated Adjusted EBITDA from continuing operations	(33,728)	(44,467)

Revenue

Revenue from continuing operations in 1H 2021 was approximately RMB148.8 million, increased by approximately RMB74.2 million or 99% when compared to approximately RMB74.6 million in 1H 2020. The increase was mainly attributable to the contribution from Summit Ascent and its subsidiaries (collectively referred to as “**Summit Ascent Group**”) for the full six-month period since the acquisition in the fourth quarter of 2020.

- (i) **Operation of integrated resort in the Philippines** – through an indirect 51% owned subsidiary of the Company, Suntrust Home Developers, Inc. (“**SunTrust**”, together with its subsidiaries as “**SunTrust Group**”), the Group is currently developing a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines (the “**Main Hotel Casino**” or the “**Westside City Project**”) of which SunTrust would be the sole and exclusive operator and manager to operate and manage the Main Hotel Casino upon commencement of operation of the Main Hotel Casino in 2023. In 1H 2021, the construction works of pile cap and the basement of the Main Hotel Casino were in progress. No revenue was recognised during the period.

Management Discussion and Analysis

- (ii) **Operation of integrated resort in the Russian Federation** – Summit Ascent, the 69.66% owned subsidiary of the Company, contributed revenue from gaming and hotel operations in the IEZ Primorye in the Russian Federation through its approximately 77.5% owned subsidiary of approximately RMB107.9 million to the Group during 1H 2021.
- (iii) **Travel related products and services** – Revenue mainly represented the sales of hotel accommodation products, travel agency services income and aircraft chartering service fee income. Due to the COVID-19 pandemic, there has been a significant impact on the Group's travel and tourism related business in 1H 2021. The Group recorded a substantial decrease in revenue from this segment by approximately RMB40.7 million to approximately RMB27.0 million in 1H 2021 (six months ended 30 June 2020: RMB67.7 million).
- (iv) **Hotel and integrated resort general consultancy services** – The Group has entered into several technical service agreements and casino management agreement with integrated resorts since 2017, generating revenue of approximately RMB1.3 million in 1H 2021 (six months ended 30 June 2020: RMB6.9 million).
- (v) **Property development** – The Group delivered residential units in the aggregate Gross Floor Area (“GFA”) of approximately nil m² (six months ended 30 June 2020: nil m²). Since there are no units delivered during 1H 2021, no revenue was recognised in 1H 2021.
- (vi) **Management and operation of malls** – The revenue for concessionaire sales and provision of retail management and related services from the management and operation of the Group's leased assets, namely Phase 1 Shopping Mall and Phase 2 Living Mall of Xinguang Tiandi in Zhejiang Province, the People's Republic of China (the “PRC”). The occupancy rates of Phase 1 Shopping Mall and Phase 2 Living Mall of Xinguang Tiandi as at 30 June 2021 were approximately 88% and 79%, respectively.

Other income, gains and losses

The increase in other income, gains and losses during 1H 2021 was mainly due to (i) the net exchange gain recognised in 1H 2021 of approximately RMB8.3 million (six months ended 30 June 2020: net exchange loss of RMB65.1 million) which was primarily due to the translation of convertible bonds, derivative financial instruments and promissory notes and (ii) the increase in interest income and imputed interest income from loans to a joint venture advanced by the Group from the first to third quarter of 2020.

Selling and distribution expenses

Selling and distribution expenses remained stable during the 1H 2021 and 1H 2020, which comprised mainly salaries and benefits of sales and marketing staff, advertising and promotion expenses.

Management Discussion and Analysis

Administrative expenses

The increase in administrative expenses in 1H 2021 was mainly attributable to the increase in share-based compensation benefits and increase in staff costs since the acquisition of Summit Ascent Group in the fourth quarter of 2020.

Other operating expenses

The decrease in other operating expenses in 1H 2021 was mainly attributable to less spending of legal and professional fees incurred for investment projects of the Group during 1H 2021.

Gain on disposal of an associate

During 1H 2021, the Group disposed of its remaining 24.27% equity interest in First Oceanic Property Management, Inc. (“**FOPM**”) at the consideration of PHP153,728,294 (equivalent to approximately RMB20.6 million) and recognised a gain of approximately RMB0.5 million.

Impairment on interest in an associate

During 1H 2020, the Group performed impairment review on the interest in an associate, Summit Ascent which has become a non-wholly owned subsidiary of the Company since October 2020. As the recoverable amount was less than the carrying amount, the Group had recognised an impairment on interest in an associate of approximately RMB47.4 million by reference to the valuation carried out by an independent professional valuer accordingly.

Change in fair value of derivative financial instruments

It mainly represented the change in fair value of derivative components carried in the 2016 Convertible Bond and the 2018 Convertible Bond (as defined in Note 22(a) to the condensed consolidated financial statements). The fair values of the derivative financial instruments as at 30 June 2021 were assessed by an independent professional valuer.

Share of losses of associates

Upon the completion of further acquisition of approximately 24.68% equity interest in Summit Ascent on 23 April 2019, the interest of the Group in Summit Ascent increased from approximately 3.29% to approximately 27.97%, where those shares held were classified as investment in an associate. As at 30 June 2020, the Group held approximately 24.74% equity interest in Summit Ascent. In October 2020, the Group had further acquired additional equity interest in Summit Ascent up to approximately 69.66% immediately after the rights issue of Summit Ascent. Summit Ascent ceased to be an associate of the Group and became a non-wholly owned subsidiary of the Company since then.

Management Discussion and Analysis

On 10 December 2019, FOPM, a wholly-owned subsidiary of SunTrust before the FOPM Shares Subscription (as defined below), issued 150,000,000 new shares to a related company of a non-controlling shareholder of SunTrust at PHP1.0 each (the “**FOPM Shares Subscription**”). Upon completion of FOPM Shares Subscription, FOPM and its subsidiary ceased as subsidiaries of the Group and FOPM became 24.27% owned by the Group. The retained interest in FOPM was recognised as investment in an associate. As at 30 June 2020, the Group held approximately 24.27% equity interest in FOPM.

The Group recognised the share of loss of an associate of approximately RMB0.4 million for 1H 2021 (six months ended 30 June 2020: RMB15.5 million), which represented the share of loss of FOPM in 1H 2021 before the disposal of remaining approximately 24.27% equity interest in FOPM in April 2021.

Share of loss of a joint venture

The amount represented the share of loss of the Group’s joint venture, which is owned by Star Admiral Limited (“**Star Admiral**”, an indirect wholly-owned subsidiary of the Company). The principal asset of Star Admiral is approximately 34% equity interest in the integrated resort development project located in Hoi An South, Quang Nam Province, Vietnam (“**Hoiana**”). Hoiana was opened for preview on 28 June 2020. As a tourist-dependent property, Hoiana was in loss making position and its performance was adversely impacted by the COVID-19 pandemic during 1H 2021. Due to the increase of operating cost in 1H 2021 after the preview in June 2020, the share of loss of a joint venture has been increased from approximately RMB90.1 million to approximately RMB139.9 million.

Finance costs

Finance costs for 1H 2021 comprise mainly (i) interests on interest-bearing bank and other borrowings, (ii) imputed interest expenses on convertible bonds, (iii) interests and imputed interest expenses on promissory note and loan from a related company, (iv) interest on lease liabilities; and (v) interest and imputed interest expense on loans from non-controlling shareholders of subsidiaries. The decrease in finance costs during 1H 2021 was mainly attributable to the lower interest on loans from a related company due to the settlement of loans from Star Hope Limited by issuances of perpetual securities since August 2020.

Income tax expense

Income tax expense comprises current tax and the increase for 1H 2021 was mainly due to the Philippines capital gains tax levied on gain on disposal of remaining approximately 24.27% equity interest in FOPM and Philippines withholding tax on gross interest income earned by Summit Ascent Group on intragroup borrowings advanced to SunTrust during 1H 2021.

Management Discussion and Analysis

SEGMENT ANALYSIS

In 1H 2021, (i) revenue from gaming and hotel operations in the Russian Federation; (ii) travel related products and services revenue and aircraft chartering services revenue; (iii) hotel and integrated resort general consultancy services income; (iv) property development revenue; (v) revenue from management and operation of malls accounted for 72.5% (six months ended 30 June 2020: Nil), 18.1% (six months ended 30 June 2020: 90.8%), 0.9% (six months ended 30 June 2020: 9.2%), Nil (six months ended 30 June 2020: Nil) and 8.5% (six months ended 30 June 2020: Nil) of total revenue from continuing operations of the Group respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Bank balances and cash, pledged bank deposits and restricted bank deposits, in aggregate, as at 30 June 2021 amounted to approximately RMB1,947.4 million (31 December 2020: RMB2,225.6 million).

The Group had total bank and other borrowings of approximately RMB965.3 million as at 30 June 2021 (31 December 2020: RMB1,312.6 million) of which approximately RMB640.2 million were repayable on demand or within one year and approximately RMB325.1 million were repayable in the second year. The Group's borrowings carried interest at fixed or floating interest rates as at 30 June 2021.

The amount due to a director represents the issuance of a HK\$ denominated promissory note ("**2016 Promissory Note**") to a director of approximately RMB4.6 million as at 30 June 2021 (31 December 2020: RMB4.7 million), which is unsecured, non-interest bearing and repayable on 31 August 2022.

The amount due to a related company represents the issuance of a HK\$ denominated promissory note ("**2018 Promissory Note**") to a related company of approximately RMB192.1 million as at 30 June 2021 (31 December 2020: RMB173.6 million), which is unsecured, interest bearing at 2% per annum and repayable on 28 August 2022.

The Group has loans from non-controlling shareholders of subsidiaries of approximately RMB196.0 million as at 30 June 2021 (31 December 2020: RMB200.2 million), in which (i) an amount of approximately RMB77.3 million which is secured by parcels of land (including in property, operating right and equipment), interest bearing at 2.4% per annum and repayable on 21 July 2021, and (ii) an amount of approximately RMB118.7 million which is unsecured, interest-free and will not be repaid unless there are sufficient free cash flows generated from the operations to make the repayment.

The Group had convertible bonds and derivative financial instruments liabilities of approximately RMB453.7 million (31 December 2020: RMB412.7 million) and approximately RMB248.4 million (31 December 2020: RMB704.9 million), respectively.

Management Discussion and Analysis

The gearing ratio, expressed as a percentage of total bank and other borrowings, promissory notes, loans from a related company, loans from non-controlling shareholders of subsidiaries, convertible bonds and derivative financial instruments liabilities divided by consolidated total assets of the Group as at 30 June 2021 as approximately 25.4% (31 December 2020: 31.1%).

As at 30 June 2021, the Group had current assets of approximately RMB2,927.3 million (31 December 2020: RMB3,092.4 million) and current liabilities of approximately RMB1,503.1 million (31 December 2020: RMB1,741.2 million).

As at 30 June 2021, the aggregate perpetual securities facilities with principal amount of up to HK\$6,000.0 million (equivalent to approximately of RMB4,992.6 million) have been granted by a related company to the Group, of which approximately HK\$5,372.0 million (equivalent to approximately of RMB4,769.0 million at the respective dates of issuance) have been issued and the unissued amount of the facilities is approximately HK\$628.0 million (equivalent to approximately of RMB522.6 million).

CHARGE ON ASSETS

As at 30 June 2021, bank borrowings of approximately RMB38.2 million (31 December 2020: RMB376.5 million) were secured by the Group's assets, including (i) certain property, operating right and equipment of approximately RMB65.5 million (31 December 2020: RMB70.0 million); (ii) pledged bank deposits of approximately RMB41.6 million (31 December 2020: RMB0.006 million); (iii) pledge of the entire equity interest of a subsidiary of the Group; and (iv) investment properties of RMB Nil (31 December 2020: RMB1,185.6 million). As at 30 June 2021, (i) certain property, operating right and equipment of RMB65.5 million and (ii) the entire equity interest of a subsidiary of the Group have been pledged as securities for a bank borrowing of which has been fully repaid in 1H 2021, and such securities have been released on 11 August 2021.

As at 30 June 2021, other borrowings of approximately RMB124.8 million were secured by a debenture (the "**Debenture**") incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group with carrying value of RMB5,276.8 million (the "**Facility**"). Subsequent to the end of the reporting period, the Company has fully settled the Facility on 26 July 2021 and the securities under the Debenture has been released in July 2021. As at 31 December 2020, other borrowings of RMB242.4 million were secured by certain inventories and entire equity interest of a subsidiary of the Group of approximately RMB172.1 million.

Among the abovementioned secured bank and other borrowings, other borrowing of approximately RMB124.8 million was guaranteed by Mr. Chau Cheok Wa ("**Mr. Chau**") as at 30 June 2021 (31 December 2020: bank borrowing of RMB51.5 million).

As at 30 June 2021, pledged bank deposits of approximately RMB4.6 million (31 December 2020: RMB5.5 million) were pledged for the license and suppliers in relation to Sun Travel Ltd.

Management Discussion and Analysis

As at 30 June 2021, a pledged bank deposit of approximately RMB41.6 million has been pledged to a bank as security for a banking facility (31 December 2020: pledged bank deposits of RMB0.3 million had been pledged with the banks as guarantee deposits for the mortgage loan facilities granted to the buyers of the Group's properties).

As at 30 June 2021, loans from non-controlling shareholders of a subsidiary of approximately RMB77.3 million (31 December 2020: RMB83.6 million) were secured by parcels of land under property, operating right and equipment of the Group of approximately RMB282.2 million (31 December 2020: RMB295.1 million).

As at 30 June 2021, the indirect equity interest of approximately 34% in Hoi An South Development Limited ("**HASD**") were pledged to a bank for the banking facilities granted to HASD.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The functional currency of the Company and the presentation currency of condensed consolidated financial statements of the Company are in Renminbi. The income and expenses, assets and liabilities, interests in associates and interest in a joint venture of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into Renminbi for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 30 June 2021.

CONTINGENT LIABILITIES

For details of contingent liabilities, please refer to Note 26 to the condensed consolidated financial statements.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

On 21 February 2021, the Company entered into a sale and purchase agreement (the "**S&P Agreement**") with an independent third party (the "**Purchaser**"). Pursuant to the S&P Agreement, the Company agreed to sell and the Purchaser agreed to purchase the entire equity interest of Access Achievement Limited ("**Access Achievement**", together with its subsidiaries, the "**Disposal Group**"), a direct wholly-owned subsidiary of the Company, at a consideration of RMB155,290,000 (the "**Disposal**"). The Disposal was completed on 30 June 2021 with a gain of approximately RMB167,864,000. Details of which are set out in Notes 3 and 25 to the condensed consolidated financial statements. Upon the completion of the Disposal, the Group ceased and discontinued its operations in property development and property leasing in Shenzhen, the PRC.

Save for the Disposal above, the Group had no significant investments, material acquisitions and disposals of subsidiaries during 1H 2021.

Management Discussion and Analysis

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EMPLOYEES

As at 30 June 2021, the Group had a staff force of approximately 1,166 (31 December 2020: 1,291) employees, of this, most were situated in the Russian Federation. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as share option scheme). Total staff costs, including directors, incurred for the six months ended 30 June 2021 was approximately RMB93.7 million (six months ended 30 June 2020: RMB33.4 million).

INTERIM DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend for 1H 2021 (six months ended 30 June 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period that had significant impacts on the Group after 30 June 2021 and up to the date of this report.

BUSINESS REVIEW

During the six months ended 30 June 2021, the Group engages in the following continuing operations: (i) through SunTrust Group, the development and operation of an integrated resort in the Philippines; (ii) through Summit Ascent Group, the operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation; (iii) provision of travel related products and services; (iv) provision of hotel and integrated resort general consultancy services in Vietnam; (v) property development in the PRC and Japan; and (vi) management and operation of malls in the PRC.

Management Discussion and Analysis

Development, operation and investment in integrated resorts, hotels and gaming business

(i) *Co-Development of Westside City Project at Entertainment City*

The Company, through its wholly-owned subsidiary, Fortune Noble Limited (“**Fortune Noble**”), acquired 51% equity interest in SunTrust on 28 October 2019. Pursuant to the operations and management/services agreement dated 4 May 2020 entered into between Westside City Resorts World Inc. (“**Westside**”, a non-wholly owned subsidiary of Travellers International Hotel Group Inc. (“**Travellers**”)) and SunTrust, Westside appointed SunTrust as the sole and exclusive operator and manager of the Main Hotel Casino as contemplated under the co-development agreement between SunTrust and Westside on 28 October 2019 (the “**Co-Development Agreement**”). The investment in SunTrust marked the first step towards establishing the Group’s presence in the growing casino and entertainment market of the Philippines whilst providing synergies for the overall tourism-related business of the Group. Further details of the co-development of Westside City Project at Entertainment City were disclosed in the announcements of the Company dated 29 October 2019, 25 November 2019, 20 January 2020, 23 February 2020, 30 March 2020, 4 May 2020, 15 June 2020 and 23 July 2020 as well as the circular of the Company dated 26 March 2020.

On 29 May 2020, SunTrust and Fortune Noble entered into a subscription agreement (the “**CB Subscription Agreement**”) for PHP7.3 billion (equivalent to approximately RMB1,037.6 million) zero coupon convertible bonds issued by SunTrust to Fortune Noble for an initial term of 5 years (the “**Fortune Noble Subscribed CB**”). Upon full exercise of the rights to convert the Fortune Noble Subscribed CB into common shares of SunTrust at the initial conversion price of PHP1.1 each into shares of SunTrust (the “**SunTrust Conversion Shares**”), SunTrust will become 74.42% owned by the Group (on the basis of 7,250,000,000 shares of SunTrust in issue as at the date of the CB Subscription Agreement and assuming no change in that number other than by the issuance of the SunTrust Conversion Shares). Further details of the Fortune Noble Subscribed CB were disclosed in the announcement of the Company dated 29 May 2020.

On 1 June 2020, SunTrust (as issuer) and Summit Ascent Investments Limited (“**SA Investments**”), a wholly-owned subsidiary of Summit Ascent (as subscriber), entered into a subscription agreement, pursuant to which, SA Investments conditionally agreed to subscribe for the convertible bonds in the aggregate principal amount of up to PHP5.6 billion (equivalent to approximately RMB796.0 million) with a 6% coupon rate (or 8% per annum if held until their maturity) for an initial term of 5 years, which are convertible into common shares of SunTrust (the “**Summit Ascent Subscribed CB**”). Further details of the Summit Ascent Subscribed CB were disclosed in the circular of Summit Ascent dated 14 August 2020.

In December 2020, both the Fortune Noble Subscribed CB and the Summit Ascent Subscribed CB had been issued by SunTrust to Fortune Noble and SA Investments respectively and the subscription proceeds of the Fortune Noble Subscribed CB and the Summit Ascent Subscribed CB have been/will be applied by SunTrust for the development of the Main Hotel Casino.

Management Discussion and Analysis

On 18 December 2020, SunTrust entered into a supplemental agreement (the “**Supplemental Agreement**”) with the main contractor of the Main Hotel Casino, Megawide Construction Corporation (“**Megawide**”), to revise the letters of award dated 13 November 2020 by expanding the scope of work of Megawide as main contractor and increasing the contract sum payable by PHP20,000,000,000 (equivalent to approximately RMB2,661.1 million) in relation to the (i) construction of basement, podium and tower of the Main Hotel Casino and (ii) construction work of the pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino (the “**Construction Agreements**”). The terms of the Construction Agreements remain unchanged save as revised by the Supplemental Agreement. Further details of the Supplemental Agreement were disclosed in the circular of the Company dated 11 February 2021.

On 23 February 2021, SunTrust, as borrower entered into a loan agreement (the “**Loan Agreement**”) with SA Investments as lender, pursuant to which SA Investments shall provide a loan in the principal amount of US\$120 million (the “**SA Loan**”) to SunTrust. The SA Loan is unsecured, interest-bearing at 6% per annum and shall be matured after three months from the date of the disbursement of the SA Loan, which is extendable not more than three months. The SA Loan was advanced to SunTrust in May 2021. The loan proceeds from the SA Loan will be applied by SunTrust for the development of the Main Hotel Casino. Further details of the SA Loan were disclosed in the announcements of Summit Ascent dated 23 February 2021 and 20 April 2021, respectively and the circular of Summit Ascent dated 26 March 2021.

As at 30 June 2021, the construction works of the pile cap and the basement of the Main Hotel Casino were in progress. The Main Hotel Casino is expected to commence operation in 2023. During 1H 2021, SunTrust had recorded a loss because of its pre-operating activities under the development phase.

(ii) *Tigre de Cristal*

In 2020, Summit Ascent became a subsidiary of the Company upon the completion of the rights issue of Summit Ascent which increased the Group’s equity interest in Summit Ascent from approximately 24.74% to approximately 69.66%. Summit Ascent held approximately 77.5% of the controlling interest in an integrated resort named “Tigre de Cristal” in the IEZ Primorye in the Russian Federation.

Tigre de Cristal recorded a positive Adjusted EBITDA of approximately HK\$17 million in the 1H 2021, versus a negative Adjusted EBITDA of approximately HK\$22 million in the 1H 2020.

Gaming operations

Net gaming revenue of Tigre de Cristal, which consists of three main sources namely the rolling chip business, mass table business and electronic gaming business, was approximately HK\$129 million during 1H 2021, increased by approximately HK\$33 million or 34% year-on-year comparing to 1H 2020.

Due to the COVID-19 pandemic, no rolling chip activities has been noted in the 1H 2021. Rolling chip volume (measured as the sum of all non-negotiable chips wagered and lost by players) at Tigre de Cristal was approximately HK\$1.2 billion in the 1H 2020. Gross win rate percentage (represented the ratio of gross win to rolling chip volume) was approximately 4.2% in the 1H 2020.

Management Discussion and Analysis

Mass table drop (measured as the sum of gaming chips purchased or exchanged at the cages) increased remarkably by 68% to approximately HK\$237 million in the 1H 2021, compared to approximately HK\$141 million in the 1H 2020. Net win from mass table business increased by 62% to approximately HK\$55 million in the 1H 2021, compared to approximately HK\$34 million in the 1H 2020. Net win rate percentage (represented net win as a percent of mass table drop) decreased slightly from 24.1% in the 1H 2020 to 23.2% in the 1H 2021.

Electronic gaming volume (measured as the total value of electronic gaming credits wagered by players) was approximately HK\$1,563 million in the 1H 2021, increased significantly by 93% compared to approximately HK\$810 million in the 1H 2020. The electronic gaming business recorded net win of approximately HK\$68 million, increased by 66% compared to approximately HK\$41 million in the 1H 2020. The net win rate percentage decreased to 4.4% in the 1H 2021 from 5.1% in the 1H 2020.

Hotel Operations

Revenue from hotel operations, despite largely dependent on foreign tourists, steadily increased to approximately HK\$6.7 million in the 1H 2021 or by 82% compared to the 1H 2020. Average hotel occupancy rates increased to approximately 44% (six months ended 30 June 2020: 15%) during weekends and approximately 21% (six months ended 30 June 2020: 20%) during weekdays in the 1H 2021.

Key Financial Data of Tigre de Cristal

	For the six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Revenue:		
Net Gaming	122	92
Hotel/F&B/Others	7	4
Total Net Revenue	129	96
Adjusted EBITDA	17	(22)
Adjusted EBITDA margin	13%	N/A

Management Discussion and Analysis

Gaming Statistics

(In HK\$ million)	Q1 2021	Q2 2021	1H 2021 ⁽ⁱⁱ⁾	1H 2020 ⁽ⁱ⁾
Total GGR ⁽ⁱⁱⁱ⁾	64	75	139	127
Rolling Chip Volume	–	–	–	1,192
Gross Win Rate %	N/A	N/A	N/A	4.2%
Gross Win	–	–	–	50
Mass Table Drop	123	114	237	141
Net Win Rate %	19.5%	27.2%	23.2%	24.1%
Net Win	24	31	55	34
Electronic Gaming Volume	782	781	1,563	810
Net Win Rate %	4.2%	4.5%	4.4%	5.1%
Net Win	33	35	68	41

Notes:

- (i) For the period from 1 January 2020 to 30 June 2020.
- (ii) For the period from 1 January 2021 to 30 June 2021.
- (iii) GGR represents the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs.

Management Discussion and Analysis

(iii) Hoiana

As at 30 June 2021, the Group held approximately 34% indirect equity interest in Hoiana through the investment in a joint venture. The Certificate for the Eligibility for Casino Business in relation to the casino operation of Hoiana in Vietnam was granted in May 2020, and the preview took place on 28 June 2020. Hoiana features an integrated resort with a casino that holds gaming tables, electronic gaming machines, Asian delights and other international cuisine with more than 1,000 hotel rooms and an eighteen-hole golf course. The commencement of operation of Hoiana was in the midst of the pandemic when international travel restrictions were in place which had significant impact on its business performance. The Group will continue to ramp up the property to prepare for more VIP rooms, hotel rooms, additional food & beverage and retail outlets.

In 1H 2021, Hoiana's total net revenue was approximately US\$6.8 million. Adjusted EBITDA was approximately negative US\$20.6 million.

Key Financial Data of Hoiana

	For the six months ended 30 June	
	2021 US\$'000	2020 ⁽ⁱ⁾ US\$'000
Revenue:		
Net Gaming	5,177	(2,823)
Hotel/F&B/Others	1,598	263
Total Net Revenue	6,775	(2,560)
Adjusted EBITDA	(20,557)	N/A ⁽ⁱⁱⁱ⁾
Adjusted EBITDA margin	N/A	N/A

Management Discussion and Analysis

Gaming Statistics

(In US\$'000)	Q1 2021	Q2 2021	1H 2021 ⁽ⁱⁱ⁾	1H 2020 ⁽ⁱ⁾
Total GGR ^(iv)	7,130	5,868	12,998	(1,498)
Rolling Chip Volume	142,539	129,387	271,926	47,256
Gross Win Rate %	3.4%	3.1%	3.3%	(3.5%)
Gross Win	4,878	4,005	8,883	(1,674)
Mass Table Drop	10,847	6,822	17,669	174
Gross Win Rate %	16.1%	13.9%	15.2%	39.7%
Gross Win	1,745	949	2,694	69
Electronic Gaming Volume	8,760	10,542	19,302	973
Gross Win Rate %	5.8%	8.7%	7.4%	11.0%
Gross Win	507	914	1,421	107

Notes:

- (i) For the 3-days period from 28 June 2020 (the date of commencement of casino operation) to 30 June 2020.
- (ii) For the period from 1 January 2021 to 30 June 2021.
- (iii) As the financial data of 1H 2020 only comprised of 3-days operation period from 28 June 2020 to 30 June 2020, no Adjusted EBITDA analysis was adopted for 1H 2020.
- (iv) GGR represents the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs.

Management Discussion and Analysis

Travel related products and services

The Group has commenced the provision of hotel accommodation products, transportation tickets and travel related products in Macau since 2016 and has extended its travel products to Vietnam and Turkey.

In 1H 2021, the COVID-19 pandemic and measures against COVID-19 have an adverse impact on the Macau's gaming and tourism industries. The Group recorded a substantial decrease in revenue from travel related products and services for 1H 2021. According to the information published by the Statistics and Census Service of the Macau SAR Government, the number of visitor arrivals were approximately 3.9 million during 1H 2021, up by 20.2% comparing to the corresponding period of 2020. The average occupancy rate of hotels and guesthouses for 1H 2021 increased by 23.2% year-on-year to 50.4% comparing to the corresponding period of 2020. The average length of stay of guests for 1H 2021 held steady at 1.8 nights.

In January 2020, the Group completed the acquisition of an aircraft. The Group commenced the provision of charter flight since January 2021 and the revenue generated is recorded as part of the Group's revenue classified under Group's "Travel related products and services" segment. The Group will continue to enrich travel related products to cover more Asian countries in the near future and improve the product mix.

Hotel and integrated resort general consultancy services

The Group has commenced the provision in hotel and integrated general consultancy services and entered into several technical service agreements and casino management agreement with integrated resorts since 2017. Since the preview of Hoiana took place in 1H 2020, the Group has begun to receive casino management income from Hoiana under the casino management agreement.

Property development

As at 30 June 2021, the Group had three property development projects in the PRC and Japan.

(i) Property development in the PRC

The Landale project is located at Chaohu, Anhui Province. The Landale is currently suspended due to the change in policy regarding the rules of scenic areas, in the PRC. During the year ended 31 December 2019, the Group received a notice from Chaohu Government that in accordance with the relevant laws and rules of scenic area in the PRC, Chaohu Government intended to reclaim the land use rights in respect of the Landale project of total land area of approximately 183.54 Chinese Mu (equivalent to approximately 122,360 m²) owned by the Group's subsidiary with appropriate compensation to be paid to the Group's subsidiary, which is yet to be determined. Details of which were disclosed in the announcement of the Company dated 12 April 2019.

Management Discussion and Analysis

(ii) Property development in Japan

- (a) As at 30 June 2021, the Group owns 51% of the issued share capital of MSRD Corporation Limited (“**MSRD**”), which held a plot of land with a total site area of 108,799 m² located on Miyako Island, Okinawa, Japan. Subject to the final development plan to be approved by the Group, MSRD intends to build 40 villas and a hotel tower of more than 100 rooms on the land.
- (b) On 30 September 2020, the Group entered into sale and purchase agreement with an independent third party in acquisition of land parcels with a total site area of 220,194 m² located at Niseko, Hokkaido, Japan and the acquisition of the land parcels was completed in January 2021. Subject to the final development plan to be approved by the Group, the Group intends to build over 50 villas and 20 townhouses and a hotel with over 40 rooms on the land.

Apart from the PRC and Japan, the Group has been exploring opportunities in Asia.

Management and operation of malls

On 19 November 2020, the Group acquired the entire interest of Dongyang Xinguang, Dongyang Xinguang has become a wholly-owned subsidiary of the Group. Dongyang Xinguang is currently engaged in the management and operation of malls located in Zhejiang Province, the PRC, in which Dongyang Xinguang is the lessee in relation to a lease on the Phase 1 Shopping Mall of Xinguang Tiandi (新光天地一期購物廣場) and Phase 2 Living Mall of Xinguang Tiandi (新光天地二期生活廣場). Phase 1 Shopping Mall and Phase 2 Living Mall comprise 620 units with a total floor area of 65,241.98 m² for a term of twenty (20) years commencing on 1 January 2015 and ending on 31 December 2034. The occupancy rates of Phase 1 Shopping Mall and Phase 2 Living Mall of Xinguang Tiandi as at 30 June 2021 were approximately 88% and 79%, respectively.

Management Discussion and Analysis

MARKET OVERVIEW

The gaming industry in different jurisdictions remained affected by the COVID-19 pandemic in the first half of 2021, which has greatly hindered recovery for the industry.

Russia

In Russia, the tourism industry was significantly impacted by the resurgence of COVID-19 pandemic in the first half of 2021. Total foreign arrivals in Primorsky region in the first quarter of 2021 decreased 71% year-on-year to 19,788¹. Borders for international tourism remained closed, while electronic visas to Russia were still suspended. Authorities extended tightened COVID-19 countermeasures, including restrictions on mass entertainment events and limiting restaurants' operating hours. Russia has launched its vaccination program in December 2020. Mandatory vaccination was introduced in at least 18 regions in the country for high-risk groups as virus cases surged in the first half of 2021. Russian authorities target herd immunity by 1 November 2021.

The Philippines

In the Philippines, international tourism has not resumed yet. Manila's integrated resorts were required to temporarily suspend all operations in late March 2021 as the country entered another wave of COVID-19. Until late May 2021, the casinos resumed operations at limited capacity. The Philippines' total Gross Gaming Revenue (GGR) in the first half of 2021 was PHP50.9 billion (equivalent to approximately US\$1 billion), down 8% year-on-year². Foreign arrivals in January to May of 2021 decreased 97% year-on-year to 46,322³. The Philippines government started its COVID-19 vaccination program in March 2021 and targets to have up to 70 million people vaccinated by 2021.

Vietnam

Vietnam has closed its borders to foreign tourists since late March 2020 to contain the pandemic and implemented strict quarantine protocols. The country has closed its borders for international tourism for over a year, and many tourist destinations remained closed. The country has started its COVID-19 vaccination program for high-risk groups in March 2021⁴, and targets herd immunity by the end of the first quarter of 2022⁵.

Macau

Macau's total GGR for the first half of 2021 was MOP49.0 billion⁶, up 45% year-on-year, down 67% versus 2019 Total visitor arrivals in the first half of 2021 increased 20% year-on-year to 3.9 million⁷, down 81% versus 2019. The average hotel occupancy rate in Macau in the first half of 2021 was 50%⁸, up 23 percentage points year-on-year. As of 30 June 2021, over 34%⁹ of Macau residents have received at least one dose of the COVID-19 vaccine.

¹ Federal Security Service (FSB), Russia

² Philippines Amusement and Gaming Corporation "PAGCOR"

³ Department of Trade and Industry, Republic of the Philippines

^{4 & 5} Online Newspaper of the Government of the Socialist Republic of Vietnam

⁶ Gaming Inspection and Coordination Bureau, Macao SAR

^{7 & 8} Statistics and Census Service, Macao SAR

⁹ Novel Coronavirus Response and Coordination Centre, Statistics and Census Service, Macao SAR

Management Discussion and Analysis

PROSPECT

Development Update

Tigre de Cristal, Russia

Tigre de Cristal Phase I upgrade has already been completed, pending border reopening. A brand-new Suncity Premium Club, a new authentic hotpot restaurant and a new private club are now ready.

Phase II planning and construction are well underway. When Phase I & II are both running, Tigre de Cristal will triple in its number of rooms, and double in number in its gaming facilities. Together with other integrated resorts in Primorye, they are going to form a gaming cluster known as the IEZ Primorye.

Westside City Project, Philippines

Construction works are going on as planned in Westside City Project even though Manila was under lockdown. The construction team on the ground are working around multiple challenges due to the lockdown while they adjust the priority to deliver progress. The foundation works have been completed, cranes are now being erected and the focus is to construct the building upwards. Westside City Project is expected to be ready in 2023.

When all phases of Westside City Project are ready, it will consist of:

- Approximately 300 gaming tables
- Over 1,300 electronic gaming machines
- Over 450 five-star hotel rooms
- Approximately 1,000 car park spaces; and
- Pool club & leisure club etc.

Westside City Project will be integrated with the shopping malls, theatres, restaurants, and shopping streets, etc. to be built by our partner Westside/Travellers. They will also build additional hotel rooms, a shopping mall, a Grand Opera House, restaurants, a theatre district and an additional of approximately 2,000 car park spaces.

Management Discussion and Analysis

Hoiana, Vietnam

In Hoiana, hotel rooms are being rolled out gradually in Phase I according to demand. Hoiana Shores Golf Club, Hoiana Suncity, Hoiana Hotel & Suites and New World Hoiana Hotel are now operational.

Phase II and beyond are planning in progress. Land plots are now being prepared for development.

Other international locations

The Group plans to develop a diving resort and a skiing resort in Japan, located in Okinawa and in Hokkaido. In Miyako Islands, Okinawa, the Group plans to develop 40 villas and a hotel with more than 100 rooms. In Niseko, Hokkaido, near Grand Hirafu Mountain, the Group plans to develop 50 villas, 20 townhouses and a hotel with over 40 rooms.

Outlook

The most prevalent uncertainty for now is that we do not know how long the pandemic will last. While near-term earnings may be dampened by border restrictions, on a property-by-property basis, we can identify clear performers with better performance during the pandemic. Tigre de Cristal, our Russian integrated resort with exposure to the local market, has delivered positive-EBITDA merely with mass and slots segments.

From a Group-wide perspective, firstly, focusing on cash flow is the most imperative task at hand in the near term. We are being very pragmatic at cost control without affecting customer experience. In each of our projects, vigorous cost-control and efficiency programmes are put in place. The Group is practical about the speed and the scale of our developments which is why we prioritise projects with the highest returns for investors.

Secondly, we believe that the worst-case scenario of having to mandatory shut down the entire integrated resort for COVID prevention, has already passed. The exposure to local demand in Russia also helps us to recover faster in the near term. Tigre de Cristal's mass and slots segments delivered credible results even though borders were not yet reopened, thanks to the support of the local Russian gaming patrons. Vladivostok is also blessed as it has access to the Russian-developed vaccine Sputnik-V and Sputnik Light, which signals that as vaccination rates in Russia continue to improve, it will become less likely for mandatory closure to be required again. Meanwhile, our colleagues in Hoiana are using creative ways to generate new sources of revenue, as long as Hoiana is allowed to be opened for business. As long as our doors remain open, the integrated resort with local access will outperform the others that solely rely on tourists.

Management Discussion and Analysis

Thirdly, the hardware for gaming business is now ready to drive volumes. We believe that having a quality product is the key to driving land-based gaming business. Currently, the upgrade in hardware in Tigre de Cristal Phase I including Suncity Premium Club and the latest F&B options have been completed, pending border reopening while Phase II is underway. Simultaneously, we are creating other growth drivers across Asia. Westside City Project, a US\$1 billion state-of-the-art integrated resort in the heart of Manila, will become the next stylish icon in the Philippines. Demand in Russia and the Philippines will not only be able to drive recovery, but will also be key growth drivers for the Group after their openings.

In addition, the Group is also well-positioned to make the best use of our synergistic network in the North, East and South of Asia. In the North of Asia, IEZ Primorye is on track to become a leisure destination on its own, as recent and would-be openings are going to form a new gaming cluster in the heart of North Asia, similar to Cotai. Nearby North Asian markets, such as South Koreans and Japanese, would be able to access the integrated resort within a reasonable commute. The uncertainty in the development of land-based gaming in Japan has, in fact, posed an untapped opportunity for Vladivostok for the underserved Japanese and Korean gaming markets. In the South, Manila and Hoi An will act as entertainment hubs for the South and the East Asian markets, serving locals and tourists alike. These two integrated resorts will each have their respective themes – Hoiana, a beach side resort; Westside City Project, a chic spot in Manila. In the East, in Japan, the diving resort in Miyako Islands and the skiing resort in Niseko offers pure non-gaming leisure for guests to enjoy Japanese-style exquisite services. The North, South and East Asia strategy offers diverse entertainment under the Group's platform where integrated resorts, pure hotels and leisure combine to leverage on the Group's advantage. In a post-COVID world, the Group will make the best use of our network to offer a multitude of entertainment choices for the South-East Asian, Korean and Japanese markets.

Riding on the digitalisation wave, the Group is also transforming digitally which includes using big data strategies, exploring an all-in-one digitally-transformed integrated resort experience as well as bringing in innovative augmented reality experience in the Group's entertainment offerings.

Finally, as long as the Group can sustain through the pandemic, Suncity is not far from becoming a renowned Asian gaming name. While the Group remains pragmatic on the speed and scale of development for growth, the faster the funding, the quicker we can develop. The Group also maintains a flexible stance in raising capital, such as selling the legacy real estate segment for cash; as well as selling land plots to secondary developers to speed up future phases. More importantly, as the Group transforms into an integrated resort operator, we will be operating our own mass, premium mass and slots segments because we have control of resources. By using a multi-jurisdiction approach, the Group is also able to diversify our geographic-related risks, deploying capital flexibly to the jurisdiction with the most attractive returns.

We remain cautiously optimistic in the Asian gaming sector in the very long term. We are hopeful about the vaccination progress, as we firmly believe that one day, the pandemic will soon be behind us.

Properties Portfolio Overview

PROPERTY DEVELOPMENT BUSINESS

Properties under development/to be developed

Project name	Place	Site Area (m ²)	GFA (m ²)			Total	Saleable Area (m ²)	Commencement/ completion date	Interest attributable to the Group
			Residential	Shop	Others ⁽¹⁾				
The Landale	Chaohu	122,363	78,120	4,854	2,782	85,756	82,974	note (1)	100%

Freehold land

Location	Site Area (m ²)	GFA (m ²)	Commencement/ completion date	Interest attributable to the Group
Parcels of land located at Miyako Island, Okinawa, Japan	108,799	note (2)	note (2)	51% ⁽³⁾
Parcels of land located at Niseko, Hokkaido, Japan	220,194	note (4)	note (4)	100%

Notes:

- (1) The Chaohu City People's Government (the "**Chaohu Government**") intended to reclaim the land use rights in respect of The Landale project, the Group's subsidiary is currently in negotiation with the Chaohu Government and the compensation to be paid to the Group's subsidiary is yet to be determined.
- (2) The parcels of land are intended to build 40 villas and a hotel tower of more than 100 rooms and are currently under preliminary planning stage.
- (3) Owned by a 51% owned subsidiary of the Group.
- (4) The parcels of land are intended to build 50 villas and 20 townhouses and a hotel with over 40 rooms and are currently under preliminary planning stage.

Report on Review of Condensed Consolidated Financial Statements



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited

香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF SUNCITY GROUP HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 32 to 103 which comprises the condensed consolidated statement of financial position of Suncity Group Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

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

SCOPE OF REVIEW

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

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the condensed consolidated financial statements which indicates the Group had net operating cash outflow as shown in the condensed consolidated statement of cash flows of approximately RMB114,481,000 for the six months ended 30 June 2021 and the Group had committed capital expenditure of approximately RMB3,439,362,000 as at 30 June 2021. As stated in Note 2 to the condensed consolidated financial statements, the Group is dependent on the financial support from its controlling shareholder and related companies. Should the financial support not be available, the Group may not be able to fulfill its financial obligations as and when they fall due in the ordinary course of business. These conditions indicate that a material uncertainty exists that may cast a significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

OTHER MATTERS

We draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2020, and the relevant notes disclosed in this interim financial report have not been reviewed in accordance with HKSRE 2410.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong, 31 August 2021

Poon Cheuk Ngai

Practising Certificate Number P06711

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Continuing operations			
Revenue	5	148,770	74,621
Cost of sales		(112,869)	(64,037)
Gross profit		35,901	10,584
Other income, gains and losses	6	49,725	(55,024)
Selling and distribution expenses		(10,706)	(2,117)
Administrative expenses		(110,529)	(60,044)
Other operating expenses		(2,150)	(7,786)
Gain on disposal of an associate		495	–
Impairment on interest in an associate		–	(47,363)
Change in fair value of derivative financial instruments	22	449,407	588,159
Share of losses of associates		(433)	(15,532)
Share of loss of a joint venture		(139,919)	(90,132)
Finance costs	7	(123,110)	(166,112)
Profit before taxation		148,681	154,633
Income tax expense	8	(9,979)	(66)
Profit for the period from continuing operations	9	138,702	154,567
Discontinued operations			
Profit (loss) for the period from discontinued operations	25(b)	147,097	(277,775)
Profit (loss) for the period		285,799	(123,208)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Other comprehensive (expense) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(98,517)	20,224
Share of other comprehensive expense of a joint venture, net of related income tax		(295)	(1,284)
Release of reserve upon disposal of an associate		(64)	–
		(98,876)	18,940
Total comprehensive income (expense) for the period		186,923	(104,268)
Profit (loss) for the period attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		209,036	(118,594)
– Holder of perpetual securities		110,992	–
		320,028	(118,594)
– Non-controlling interests		(34,229)	(4,614)
		285,799	(123,208)
Total comprehensive income (expense) for the period attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		132,698	(102,291)
– Holder of perpetual securities		110,992	–
		243,690	(102,291)
– Non-controlling interests		(56,767)	(1,977)
		186,923	(104,268)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Total comprehensive income (expense) for the period attributable to equity holders of the Company arose from:			
– Continuing operations		96,593	175,484
– Discontinued operations	25(b)	147,097	(277,775)
		243,690	(102,291)
Earnings (loss) per share attributable to shareholders of the Company:			
Basic (RMB cents)			
– For profit (loss) for the period	11	3.13	(1.78)
– For profit from continuing operations		0.93	2.39
Diluted (RMB cents)			
– For loss for the period	11	(2.51)	(7.36)
– For loss from continuing operations		(4.23)	(4.10)

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at	
		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, operating right and equipment	12	2,388,881	1,923,582
Right-of-use assets		1,937,402	2,027,469
Investment properties	13	–	1,185,600
Intangible assets		11,874	11,889
Prepayments and deposits for non-current assets	14	165,239	57,208
Pledged bank deposits	18	4,604	5,500
Interests in associates		–	20,846
Interest in a joint venture	15	469,314	615,464
Loans to a joint venture	15	94,423	85,587
Amounts due from a joint venture	15	4,384	2,775
Loan receivable	16	90,628	–
Deferred tax assets		–	66
Derivative financial instrument	22(c)	2,890	2,701
		5,169,639	5,938,687
Current assets			
Inventories		251,312	585,971
Trade and other receivables and prepayments	17	120,039	92,194
Loan receivable	16	404,621	–
Amounts due from directors		55	57
Amount due from a related company	19(b)	2,150	–
Amount due from a non-controlling shareholder of a subsidiary		–	3,713
Loan to a joint venture	15	193,289	183,983
Amount due from a joint venture	15	13,039	6,394
Pledged bank deposits	18	41,610	305
Restricted bank deposits	18	–	3,004
Bank balances and cash		1,901,186	2,216,790
		2,927,301	3,092,411

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at	
		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current liabilities			
Trade and other payables	20	311,226	272,191
Amounts due to related companies	19(a)	196,311	192,869
Loans from non-controlling shareholders of a subsidiary	19(d)	77,263	83,614
Amounts due to non-controlling shareholders of a subsidiary	19(d)	3,383	2,666
Contract liabilities		6,245	128,527
Receipt in advance		-	886
Rent and other deposits		4,996	10,717
Provisions for potential claims		-	22,564
Provision for litigation		-	27,800
Bank and other borrowings	21	640,221	274,496
Lease liabilities		9,819	9,162
Derivative financial instruments	22(a) and (b)	248,412	704,920
Current tax liabilities		5,266	10,759
		1,503,142	1,741,171
Net current assets		1,424,159	1,351,240
Total assets less current liabilities		6,593,798	7,289,927
Non-current liabilities			
Bank and other borrowings	21	325,038	1,038,152
Other payables	20	38,912	27,825
Lease liabilities		827,974	823,922
Amount due to a director	19(c)	4,647	4,700
Loans from non-controlling shareholders of a subsidiary	19(d)	118,753	116,576
Convertible bonds	22(a) and (b)	453,744	412,730
Liabilities for value-added tax ("VAT") arrangements		23,288	29,953
Deferred tax liabilities		-	235,462
		1,792,356	2,689,320
Net assets		4,801,442	4,600,607

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at	
		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Capital and reserves			
Share capital	23	582,894	582,811
Perpetual securities	24	4,956,561	4,845,569
Reserves		(2,071,582)	(2,218,035)
Equity attributable to equity holders of the Company		3,467,873	3,210,345
Non-controlling interests		1,333,569	1,390,262
Total equity		4,801,442	4,600,607

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2021 and were signed on its behalf by:

Chau Cheok Wa
Director

Lo Kai Bong
Director

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company										Non-controlling interests	Total (deficit) equity
	Share capital	Share premium	Perpetual securities	Merger reserve	Statutory reserve	Share option reserve	Capital reserve	Exchange reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020 (Audited)	582,811	1,899,637	-	24,227	59,873	61,660	590,270	49,351	(5,219,548)	(1,951,719)	246,343	(1,705,376)
Loss for the period	-	-	-	-	-	-	-	-	(118,594)	(118,594)	(4,614)	(123,208)
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	17,587	-	17,587	2,637	20,224
Share of other comprehensive expense of a joint venture, net of related income tax	-	-	-	-	-	-	-	-	(1,284)	(1,284)	-	(1,284)
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	17,587	(119,878)	(102,291)	(1,977)	(104,268)
Recognition of share-based compensation benefits	-	-	-	-	-	10,910	-	-	-	10,910	-	10,910
Lapse of share options	-	-	-	-	-	(719)	-	-	719	-	-	-
Deemed capital contribution (Note 19(e))	-	-	-	-	-	-	1,258,697	-	-	1,258,697	-	1,258,697
At 30 June 2020 (Unaudited)	582,811	1,899,637	-	24,227	59,873	71,851	1,848,967	66,938	(5,338,707)	(784,403)	244,366	(540,037)
At 1 January 2021 (Audited)	582,811	1,899,637	4,845,569	24,227	59,873	79,124	266,284	(159,119)	(4,388,061)	3,210,345	1,390,262	4,600,607
Profit (loss) for the period	-	-	110,992	-	-	-	-	-	209,036	320,028	(34,229)	285,799
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	(75,979)	-	(75,979)	(22,538)	(98,517)
Share of other comprehensive expense of a joint venture, net of related income tax	-	-	-	-	-	-	-	-	(295)	(295)	-	(295)
Release of reserve upon disposal of an associate	-	-	-	-	-	-	-	(64)	-	(64)	-	(64)
Total comprehensive income (expense) for the period	-	-	110,992	-	-	-	-	(76,043)	208,741	243,690	(56,767)	186,923
Recognition of share-based compensation benefits	-	-	-	-	-	5,583	-	-	-	5,583	74	5,657
Shares issued upon exercise of share options (Note 23)	83	480	-	-	-	(184)	-	-	-	379	-	379
Lapse of share options	-	-	-	-	-	(5,441)	-	-	5,441	-	-	-
Disposal of subsidiaries	-	-	-	(24,227)	(59,873)	-	-	-	84,100	-	-	-
Deemed capital contribution (Note 19(e))	-	-	-	-	-	-	7,876	-	-	7,876	-	7,876
At 30 June 2021 (Unaudited)	582,894	1,900,117	4,956,561	-	-	79,082	274,160	(235,162)	(4,089,779)	3,467,873	1,333,569	4,801,442

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES		(114,481)	(367,152)
INVESTING ACTIVITIES			
Purchase of property, operating right and equipment		(341,447)	(59,114)
Placement of deposits and prepayments for non-current assets		(121,065)	(497,731)
Proceeds from disposal of property, operating right and equipment		333	–
Net cash inflow from disposal of subsidiaries	25(a)	155,209	–
Proceeds from disposal of an associate		20,908	–
Loans to a joint venture		–	(239,719)
Return of VAT refunded under VAT arrangements		(7,777)	–
Interest received		10,781	1,687
Placement of restricted bank deposits		(1,337)	–
Placement of pledged bank deposit		(41,610)	–
Withdrawal of restricted bank deposits		1,839	22,288
NET CASH USED IN INVESTING ACTIVITIES		(324,166)	(772,589)
FINANCING ACTIVITIES			
Loans from a related company	19(e)	138,022	2,157,907
Repayment of loan from a related company	19(e)	(136,217)	–
New bank borrowings raised		38,235	60,894
New other borrowings raised		214,870	374,000
Repayment of bank borrowings		(76,727)	(21,916)
Repayment of other borrowings		(6,400)	(3,000)
Proceeds from shares issued upon exercise of share options	23	379	–
Interest paid		(14,046)	(12,190)
Repayment of lease liabilities		(6,304)	(1,128)
NET CASH GENERATED FROM FINANCING ACTIVITIES		151,812	2,554,567
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(286,835)	1,414,826
CASH AND CASH EQUIVALENTS AT 1 JANUARY		2,216,790	253,397
Effect of foreign exchange rate changes		(28,769)	(8,449)
CASH AND CASH EQUIVALENTS AT 30 JUNE Represented by bank balances and cash		1,901,186	1,659,774

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. GENERAL INFORMATION

Suncity Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is a public company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is at Unit 1705, 17/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. Its immediate holding company is Fame Select Limited (“**Fame Select**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and Mr. Chau Cheek Wa (“**Mr. Chau**”) and Mr. Cheng Ting Kong are the ultimate controlling parties of the Company.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) through Suntrust Home Developers, Inc. (“**SunTrust**”) and its subsidiaries (collectively referred to as the “**SunTrust Group**”), the development and operation of an integrated resort in the Philippines; (ii) through Summit Ascent Holdings Limited (“**Summit Ascent**”) and its subsidiaries (collectively referred to as the “**Summit Ascent Group**”), the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (“**IEZ Primorye**”) in the Russian Federation; (iii) provision of travel related products and services and aircraft chartering services; (iv) provision of hotel and integrated resort general consultancy services; (v) property development in the People’s Republic of China (the “**PRC**”) and Japan; and (vi) property leasing and management and operation of malls in the PRC.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 (“**HKAS 34**”) Interim Financial Reporting.

The Group incurred recurring net operating cash outflow of approximately RMB114,481,000 for the six months ended 30 June 2021 and the Group had committed capital expenditure of approximately RMB3,439,362,000 as at 30 June 2021. The Group is dependent on the financial support from Mr. Chau, its controlling shareholder and related companies. Taking into account the financial resources of the Group, including the financial support from Mr. Chau, the directors of the Company (the “**Directors**”) are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for the next twelve months from the date of approving the condensed consolidated financial statements by the board of Directors and accordingly the condensed consolidated financial statements have been prepared on a going concern basis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. SIGNIFICANT EVENTS IN THE CURRENT INTERIM PERIOD

- (a) On 21 February 2021, the Company entered into a sale and purchase agreement (the “**S&P Agreement**”) with an independent third party (the “**Purchaser**”). Pursuant to the S&P Agreement, the Company agreed to sell and the Purchaser agreed to purchase the entire equity interest of Access Achievement Limited (“**Access Achievement**”, together with its subsidiaries as the “**Disposal Group**”), a direct wholly-owned subsidiary of the Company, at a consideration of RMB155,290,000 (the “**Disposal**”). The Disposal was completed on 30 June 2021 with a gain of approximately RMB167,864,000 recognised by the Group. Details of the Disposal are set out in Note 25. Upon the completion of the Disposal, the Group ceased and discontinued its operations in property development and property leasing business in Shenzhen, the PRC.
- (b) The social distancing and travel-related measures implemented by governments to combat the spread of COVID-19 in the Group’s operating and customer markets have deterred, disrupted and inhibited international travel in general. As a result, the overall businesses of the Group, especially the Group’s travel related products and services in Macau and the hotel and gaming business in the IEZ Primorye in Russian Federation continued to be adversely impacted by the ongoing and evolving nature of the COVID-19 pandemic.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Application of amendments to HKFRSs

During the six months ended 30 June 2021, the Group has applied, for the first time, the following amendments to HKFRSs and Hong Kong Accounting Standards (“**HKASs**”) issued by the Hong Kong Institute of Certified Public Accountants for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The application of the amendments to HKFRSs and HKASs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Restatements due to discontinued operations

The presentation of comparative information in respect of the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020 has been restated in order to disclose the discontinued operations separately from continuing operations pursuant to the Disposal. As the restatements do not affect the condensed consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 January 2020.

5. REVENUE AND SEGMENT INFORMATION

Segment Information

Information reported to the Executive Directors of the Company, being the chief operating decision maker (“**CODM**”) for the purpose of resources allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment Information (Cont'd)

Specifically, the Group's operating and reportable segments are as follows:

(a) *Continuing operations*

- (1) Operation of integrated resort in the Philippines – Development and operation of an integrated resort at the Entertainment City, Manila, the Philippines through a non-wholly owned subsidiary, SunTrust;
- (2) Operation of integrated resort in the Russian Federation – Operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation through a non-wholly owned subsidiary, Summit Ascent;
- (3) Travel related products and services – Sales of travel related products and provision of travel agency services and aircraft chartering services;
- (4) Hotel and integrated resort general consultancy services – Provision of hotel and integrated resort general consultancy services;
- (5) Property development – Development and sales of office premises, residential and properties and hotel premises in Chachu, Anhui Province, the PRC and Japan; and
- (6) Management and operation of malls – Management and operation of malls in the PRC through a wholly-owned subsidiary, Dongyang Xinguang Pacific Industrial Company Limited (“**Dongyang Xinguang**”).

(b) *Discontinued operations*

- (1) Property development – Development and sales of office premises, residential and retail properties in Shenzhen, the PRC; and
- (2) Property leasing – Leasing of retail and residential properties and provision of property management services in Shenzhen, the PRC.

The Company disposed the entire equity interest in Access Achievement on 30 June 2021. Accordingly, part of the property development segment and the entire property leasing segment were discontinued as at 30 June 2021. Details about these discontinued operations and the Disposal are set out in Note 25. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the results of the Disposal Group as discontinued operations.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Disaggregation of revenue

Segment	Continuing operations								Discontinued operations														
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Travel related products and services		Hotel and integrated resort general consultancy services		Property development		Management and operation of malls		Sub-total		Property leasing		Sub-total		Total				
	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Types of goods and services																							
Property management services income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,643	2,820	-	-	-	-	2,643	2,820
Revenue from management and operation of malls	-	-	-	-	-	-	-	-	12,639	-	-	-	-	-	-	-	-	-	-	-	-	-	12,639
Sales of travel related products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Hotel accommodation products	-	-	25,877	66,629	-	-	-	-	-	-	25,877	66,629	-	-	-	-	-	-	-	-	-	25,877	66,629
- Others	-	-	309	55	-	-	-	-	-	-	309	55	-	-	-	-	-	-	-	-	-	309	55
Travel agency services income	-	-	-	-	-	-	-	-	-	-	220	1,049	-	-	-	-	-	-	-	-	-	-	220
Revenue from aircraft chartering services	-	-	-	-	-	-	-	-	-	-	544	-	-	-	-	-	-	-	-	-	-	-	544
Revenue from gaming and hotel operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Gaming operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Hotel operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel and integrated resort general consultancy services income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,309	6,888	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,309
Revenue from contracts with customers																							
	-	-	107,872	-	26,950	67,733	1,309	6,888	-	-	148,770	74,621	-	-	-	2,643	2,820	-	-	-	-	151,413	77,441
Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,411	16,307	-	-	-	-	16,411	16,307
Total revenue																							
	-	-	107,872	-	26,950	67,733	1,309	6,888	-	-	148,770	74,621	-	-	-	19,054	19,127	-	-	-	-	167,824	93,746

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Disaggregation of revenue (Cont'd)

Segment	Continuing operations										Discontinued operations													
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Travel related products and services		Hotel and integrated resort general		Property development		Management and operation of malls		Sub-total		Property development		Property leasing		Sub-total		Total			
	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Geographical markets																								
The PRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Macau	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cambodia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vietnam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
The Russian Federation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue from contracts with customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Timing of revenue recognition																								
At a point in time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Over time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

The duration of contracts in relation to property management services income, revenue from management and operation of malls, income from sales of travel related products, revenue from aircraft chartering services and hotel and integrated resort general consultancy services income usually varies from 1 to 20 years, 6 months to 15 years, 1 to 31 days, 1 day and 1 to 10 years, respectively and the contract fees of those contracts are either fixed or variable based on certain percentages of gross gaming revenue and EBITDA of a casino under management.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment revenue and result

The following is an analysis of the Group's revenue and results by operating and reportable segments.

Segment	Continuing operations										Discontinued operations													
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Travel related products and services		Hotel and integrated resort general		Property development		Management and operation of malls		Sub-total		Property development		Property leasing		Sub-total		Total			
	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the six months ended 30 June 2021	
Segment revenue from external customers	-	107,872	-	26,950	67,733	1,309	6,888	-	-	-	12,639	-	148,770	74,621	-	-	19,054	19,127	19,054	19,127	19,054	19,127	167,824	93,748
Segment (loss) profit	(21,240)	(31,004)	-	(19,543)	(9,827)	(9,440)	(3,714)	(1,886)	(15,759)	3,224	-	(79,889)	(85,872)	(23,790)	(21,401)	(15,115)	(335,051)	(88,905)	(856,452)	(118,794)	(392,324)	(118,794)	(392,324)	(392,324)
Change in fair value of derivative financial instruments													449,407	588,159										588,159
Impairment on interest in an associate													-	(47,363)										(47,363)
Gain on disposal of subsidiaries													495	-										495
Gain on disposal of an associate													(433)	(15,632)										(15,632)
Share of losses of associates													(139,919)	(90,132)										(139,919)
Reversal of provision for litigation													-	-										-
Unallocated other income, gains and losses													44,449	(61,659)										44,449
Unallocated finance costs													(99,258)	(149,728)										(99,258)
Unallocated expenses													(26,171)	(43,240)										(26,222)
Profit (loss) before taxation													148,681	154,633										146,708
Income tax (expense) credit													(9,979)	(66)										389
Profit (loss) for the period													138,702	154,567										147,087
																								285,799
																								(123,208)

Segment results represent the profit earned by/loss from each segment without allocation of certain other income, gains and losses, certain finance costs, change in fair value of derivative financial instruments, share of losses of associates, share of loss of a joint venture, gain on disposal of subsidiaries, gain on disposal of an associate, impairment on interest in an associate, reversal of provision for litigation and corporate expenses. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Segment assets		
Operation of integrated resort in the Philippines	3,885,181	3,040,092
Operation of integrated resort in the Russian Federation	1,810,499	2,643,570
Travel related products and services	90,650	126,169
Hotel and integrated resort general consultancy services	8,005	4,202
Property development	707,601	611,910
Property leasing and management and operation of malls	82,294	1,305,770
Total segment assets	6,584,230	7,731,713
Unallocated assets:		
Interests in associates	–	20,846
Interest in a joint venture	469,314	615,464
Loans to a joint venture	287,712	269,570
Amounts due from a joint venture	17,423	9,169
Property, operating right and equipment	216	295,682
Right-of-use assets	1,309	1,800
Derivative financial instrument	2,890	2,701
Loan receivable	495,249	–
Pledged bank deposits	41,610	–
Bank balances and cash	181,684	42,840
Deferred tax assets	–	66
Others	15,303	41,247
Consolidated total assets	8,096,940	9,031,098

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities (Cont'd)

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Segment liabilities		
Operation of integrated resort in the Philippines	934,483	787,984
Operation of integrated resort in the Russian Federation	186,261	188,254
Travel related products and services	11,715	60,003
Hotel and integrated resort general consultancy services	2,328	2,781
Property development	128,994	1,168,047
Property leasing and management and operation of malls	71,287	531,052
Total segment liabilities	1,335,068	2,738,121
Unallocated liabilities:		
Current tax liabilities	5,266	10,759
Deferred tax liabilities	–	235,462
Convertible bonds	453,744	412,730
Derivative financial instruments	248,412	704,920
Lease liabilities	1,299	1,765
Loans from non-controlling shareholders of a subsidiary	–	83,614
Amounts due to non-controlling shareholders of a subsidiary	–	2,666
Amounts due to related companies	196,311	192,869
Amount due to a director	4,647	4,700
Bank and other borrowings	965,259	–
Provision for litigation	–	27,800
Others	85,492	15,085
Consolidated total liabilities	3,295,498	4,430,491

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities (Cont'd)

For the purposes of monitoring segment performance and allocating resources among segments:

- * all assets are allocated to operating segments other than interests in associates, interest in a joint venture, loans to and amounts due from a joint venture, loan receivable, certain right-of-use assets, derivative financial instrument, certain property, operating right and equipment, certain pledged bank deposits, certain bank balances and cash, deferred tax assets and corporate assets of investment holding companies; and
- * all liabilities are allocated to operating segments other than certain lease liabilities, convertible bonds, derivative financial instruments, current tax liabilities, deferred tax liabilities, amounts due to a director and related companies, certain bank and other borrowings, provision for litigation and corporate liabilities of investment holding companies.

6. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Bank interest income	3,879	1,679
Interest income on loans to a joint venture	15,297	1,186
Imputed interest income on loans to a joint venture	20,846	5,721
Gain on disposal of property, operating right and equipment	153	–
Net exchange gain (loss)	8,267	(65,057)
Others	1,283	1,447
	49,725	(55,024)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7. FINANCE COSTS

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Imputed interest expense on convertible bonds (Notes 22(a) and (b))	45,738	27,812
Imputed interest expense on promissory note	20,489	11,828
Imputed interest expense on loans from a related company	8,002	69,430
Imputed interest expense on loans from non-controlling shareholders of a subsidiary	3,340	–
Imputed interest expense on VAT arrangements	824	–
Interest on promissory note	2,504	2,733
Interest on loans from a related company	1,903	36,511
Interest on loans from non-controlling shareholders of a subsidiary	940	1,194
Interest on bank borrowings	1,475	1,302
Interest on other borrowings	20,970	15,082
Interest on lease liabilities	16,925	220
	123,110	166,112

No finance costs have been capitalised for both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8. INCOME TAX EXPENSE

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current tax		
– PRC Enterprise Income Tax (“EIT”)	905	–
– Macau Complementary Income Tax (“CIT”)	9	7
– Philippines capital gains tax	3,134	–
– Philippines withholding tax	5,752	59
– Russian corporate tax	48	–
– Other jurisdictions tax	131	–
	9,979	66

(a) Hong Kong profits tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8. INCOME TAX EXPENSE (Cont'd)

(b) PRC EIT

Under the Law of the PRC on the PRC EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25% for the six months ended 30 June 2021 and 2020.

According to the EIT Law and the Implementation Regulation of the EIT Law of the PRC, an entity eligible as a small low-profit enterprise (“**Small Low-profit Enterprise**”) is subject to preferential tax treatments, a Small Low-profit Enterprise with annual taxable income not more than RMB1,000,000 is subject to PRC EIT calculated at 25% of its taxable income at a tax rate of 20%; a Small Low-profit Enterprise with annual taxable income which exceeds RMB1,000,000 but does not exceed RMB3,000,000 is subject to PRC EIT calculated at 50% of its taxable income at a tax rate of 20%. For the six months ended 30 June 2021 and 2020, none of the subsidiaries of the Group is eligible as a Small Low-profit Enterprise.

(c) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries for those registered as foreign-investment enterprises under the laws of the PRC from 1 January 2008 onwards. As at 30 June 2021, no deferred taxation has been provided for in the condensed consolidated financial statements as no accumulated profits is generated by PRC subsidiaries of the Group registered as foreign-investment enterprises.

(d) Macau CIT

Macau CIT is calculated at the progressive rate on the estimated assessable profits. The maximum tax rate is 12% for the six months ended 30 June 2021 and 2020.

(e) Philippines corporate income tax (“**Philippines CIT**”)

Philippines CIT is calculated at 30% of the estimated profits for the six months ended 30 June 2021 and 2020. No provision for Philippines CIT has been made for the period as the Philippines subsidiaries incurred losses for the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8. INCOME TAX EXPENSE (Cont'd)

(f) Philippines capital gains tax

Philippine capital gains tax is calculated at (i) 15% of the net capital gains realised during the taxable year from sale, barter, exchange or other disposal of shares in a domestic corporation, except for shares traded and sold through The Philippine Stock Exchange, Inc.; or (ii) 6% of the gross selling price or current fair market value, whichever is higher, during the taxable year from sale, barter, exchange or other disposal of real property classified as capital assets located in the Philippines.

(g) Philippines withholding tax

Philippines withholding tax of 30% shall be levied on the dividend declared by the companies incorporated in the Philippines to non-resident foreign corporations in the Philippines.

Interests on bank savings and time deposits received by the companies incorporated in the Philippines and gross interest income from intragroup borrowings between Summit Ascent Group and SunTrust Group are subject to a final tax between 15% to 20%.

(h) Japan corporate income tax

Corporate tax in Japan is calculated on the estimated assessable profit for the six months ended 30 June 2021 and 2020 at the rates of taxation prevailing in Japan in which the Group operates. No provision for Japan Corporate Income Tax has been made for the period as the Japan subsidiaries incurred losses for the period.

(i) Russian corporate tax

Russian corporate tax is calculated at a rate of 20% of the estimated assessable profit for the six months ended 30 June 2021. However, no Russian corporate tax is levied on the Group's gaming activities in the Russian Federation in accordance with Russian legislation.

(j) Overseas income tax

The Company and a subsidiary were incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax. Pursuant to the rules and regulations of the BVI and Bermuda, the Company's subsidiaries are not subject to any income tax in the respective jurisdictions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period from continuing operations has been arrived at after charging (crediting) the following:		
Depreciation of property, operating right and equipment	41,254	2,584
Depreciation of right-of-use assets	56,918	1,400
Amortisation of intangible assets	12	–
Total depreciation and amortisation	98,184	3,984
Less: capitalised in construction in progress included in property, operating right and equipment	(51,740)	–
Total depreciation and amortisation expensed	46,444	3,984
Total depreciation and amortisation expensed is presented in the condensed consolidated statement of profit or loss as		
– Cost of sales	32,381	–
– Administrative expenses	14,063	3,984
	46,444	3,984
Directors' remuneration	9,756	12,296
Staff costs, excluding Directors and consultants		
– salaries and wages	67,008	14,713
– share-based compensation benefits	625	1,234
– retirements benefits scheme contributions	11,091	523
Staff costs, excluding Directors and consultants	78,724	16,470
Total staff costs	88,480	28,766
Less: capitalised in construction in progress included in property, operating right and equipment	(2,550)	–
Total staff costs expensed	85,930	28,766

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS (Cont'd)

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Impairment loss recognised in respect of deposits	110	–
Short-term and variable lease payments (including COVID-19 related rent concessions of RMB256,000 (six months ended 30 June 2020: RMB354,000))	709	408
Cost of sales		
– cost of travel related products sold	25,991	64,037
– cost of services rendered	3,805	–
– operating expenses of gaming and hotel operations	83,073	–
	112,869	64,037

10. DIVIDENDS

No dividends were proposed, declared or paid during the six months ended 30 June 2021 and 2020. The Directors have determined that no dividends will be paid in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the shareholders of the Company is based on the following data:

Earnings (loss) figures are calculated as follows:

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Earnings (loss)		
Profit (loss) attributable to shareholders of the Company for the purpose of calculating basic earnings (loss) per share from:		
– Continuing operations	61,939	159,181
– Discontinued operations	147,097	(277,775)
	209,036	(118,594)
Effect of dilutive potential ordinary shares:		
– Adjustment to share of loss of SunTrust based on dilution of its loss per share	(7,544)	–
– Change in fair value of conversion option derivatives of 2016 Convertible Bond and 2018 Convertible Bond	(448,874)	(587,264)
– Imputed interest expenses on 2016 Convertible Bond and 2018 Convertible Bond	45,241	27,812
– Exchange (gain) loss in relation to 2016 Convertible Bond and 2018 Convertible Bond	(11,921)	49,648
Loss for the purpose of calculating diluted loss per share	(214,062)	(628,398)
Attributable to:		
– Continuing operations	(361,159)	(350,623)
– Discontinued operations	147,097	(277,775)
	(214,062)	(628,398)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

11. EARNINGS (LOSS) PER SHARE (Cont'd)

	Number of shares	
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	6,667,862,249	6,666,972,746
Effect of dilutive potential ordinary shares:		
– 2016 Convertible Bond and 2018 Convertible Bond	1,876,153,845	1,876,153,845
Weighted average number of ordinary shares for the purpose of diluted loss per share	8,544,016,094	8,543,126,591

For the six months ended 30 June 2021 and 2020, the calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the assumed exercise of those share options would result in decrease in loss per share.

For the six months ended 30 June 2021, the conversion of the outstanding convertible bonds issued by Summit Ascent has an anti-dilutive effect on the basic earnings per share amount presented.

12. MOVEMENT IN PROPERTY, OPERATING RIGHT AND EQUIPMENT

During the six months ended 30 June 2021, the Group incurred approximately RMB545,084,000 mainly on additions of freehold land located at Niseko, Hokkaido, Japan and construction in-progress in relation to the Main Hotel Casino (as defined in Note 14).

13. MOVEMENT IN INVESTMENT PROPERTIES

The Group engaged Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, to perform the valuation for the fair value of the Group's investment properties as at the completion date of the Disposal and 31 December 2020, respectively. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Income approach operates by taking into account the rental income of the property derived from the existing tenancy with due allowance for the reversionary income potential of the tenancy which are then capitalised into the value at an appropriate capitalisation rate.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13. MOVEMENT IN INVESTMENT PROPERTIES (Cont'd)

Decrease in fair value of investment properties of RMB9,990,000 has been recognised directly in profit or loss for the six months ended 30 June 2021 before the Disposal (six months ended 30 June 2020: RMB333,200,000).

As at 31 December 2020, all investment properties of the Group had been pledged to secure the Group's bank borrowings.

As at 30 June 2021, all investment properties of the Group were derecognised due to the Disposal.

14. PREPAYMENTS AND DEPOSITS FOR NON-CURRENT ASSETS

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Land use right in the PRC (Note (a))	8,136	8,136
Long-term prepayments (Note (b))	11,260	11,389
Deposits for purchase of property, operating right and equipment (Note (c))	152,000	9,693
Deposit for acquisition of land parcels (Note (d))	–	34,106
	171,396	63,324
Less: Allowance for impairment	(6,157)	(6,116)
	165,239	57,208

Notes:

- (a) The amount represents prepayment for the land use right for a property project in the PRC.
- (b) Long-term prepayments represent prepayments for connection to the utility infrastructure network located in the IEZ Primorye in the Russian Federation.
- (c) The balance mainly represents the advance deposits paid to the main contractor for the construction of a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines, which is currently under development by SunTrust (the "Main Hotel Casino").
- (d) Deposit for acquisition of land parcels represents a refundable deposit for the acquisition of land parcels located at Niseko, Hokkaido, Japan. The acquisition of the land parcels was completed in January 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

15. INTEREST IN A JOINT VENTURE/LOANS TO AND AMOUNTS DUE FROM A JOINT VENTURE

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cost of unlisted investment	363,621	363,621
Share of post-acquisition losses and other comprehensive expenses	(366,190)	(345,885)
Exchange difference	2,569	2,595
Loans to a joint venture (Note)	444,309	444,309
Deemed capital contribution	184,983	184,983
Share of post-acquisition losses and other comprehensive expenses in excess of cost of investment	(119,909)	–
Exchange difference	(40,069)	(34,159)
Interest in a joint venture	469,314	615,464
Loans to a joint venture		
– Current	193,289	183,983
– Non-current	94,423	85,587
	287,712	269,570
Amounts due from a joint venture		
– Current	13,039	6,394
– Non-current	4,384	2,775
	17,423	9,169

Note: The loans of approximately RMB444,309,000 to a joint venture are interest-free, unsecured and with no fixed repayment term. Such loans form the Group's net investment in a joint venture.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

16. LOAN RECEIVABLE

The maturity profile of the loan receivable is as follows:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year (shown under current assets)	404,621	–
More than one year and not more than two years (shown under non-current assets)	90,628	–
	495,249	–

On 30 June 2021, as part of the Disposal, a loan and guarantee agreement (the “**Loan Agreement**”) was entered into among Shenzhen Sky Alliance Property Company Limited (“**Shenzhen Sky Alliance**”), an indirect wholly-owned subsidiary of the Company, Shenzhen Zirui Real Estate Development Limited (“**Shenzhen Zirui**”), a wholly-owned subsidiary of Access Achievement, and Mr. Chiu King Yan (“**Mr. Chiu**”), the agent of Shenzhen Sky Alliance. A property mortgage agreement (the “**Property Mortgage Agreement**”) was subsequently entered into between Mr. Chiu as the agent of Shenzhen Sky Alliance and Shenzhen Zirui, as the guarantor on 30 June 2021. Pursuant to the Loan Agreement and the Property Mortgage Agreement, the outstanding principal amount of RMB519,249,000 owed by Shenzhen Zirui to Shenzhen Sky Alliance (the “**Shenzhen Sky Alliance Loan**”) on 30 June 2021 is interest free, and secured by 20 commercial units and shops, 1 apartment and 22 villas in Le Paysage, which are owned by Shenzhen Zirui.

Shenzhen Sky Alliance Loan shall be repayable according to the schedule as outlined below:

	RMB'000
On or before 31 July 2021	17,500
On or before 31 March 2022	401,749
On or before 30 June 2023	100,000
Total outstanding principal amount	519,249

The carrying amount of the loan receivable is determined using effective interest rate of 5.04% per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables (Note)		
– Contracts with customers	7,980	19,863
– Leases	–	7,253
	7,980	27,116
Allowance for impairment	(1,893)	(1,915)
	6,087	25,201
Other receivables	28,359	25,538
Other deposits	13,486	12,077
Indirect tax recoverable	50,428	5,642
Prepayments	21,679	23,736
	120,039	92,194

Note:

Amount represents trade receivables from hotel and integrated resort general consultancy services and travel agency services. For the hotel and integrated resort general consultancy services, a credit period ranging from 0 to 15 days is granted. For the travel agency services, the Group generally allows a credit period of 30 days to its customers.

The following is an aging analysis of trade receivables based on the invoice dates of both hotel and integrated resort general consultancy services and property leasing, dates of check-in and dates of the properties delivered at the end of each reporting period which approximated to the revenue recognition dates.

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	3,786	17,183
31 – 90 days	678	2,460
91 – 180 days	–	2,583
Over 180 days	1,623	2,975
	6,087	25,201

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

Note: (Cont'd)

As at 30 June 2021, approximately RMB2,301,000 (31 December 2020: RMB1,643,000) of trade receivables from sales of travel related products and provision of hotel and integrated resort general consultancy services are past due for which the Group has not provided for impairment loss. The Group has not held any collateral over the trade receivable in respect of hotel and integrated resort general consultancy services.

As at 31 December 2020, approximately RMB6,375,000 of proceeds receivables from lease of properties were past due for which the Group had not provided for impairment loss. The rental deposits were held as collateral over the proceeds receivable in respect of rental income from lease of properties. As at 30 June 2021, all trade receivable from lease of properties were derecognised due to the Disposal.

For credit term reviews of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit initially granted up to the end of the reporting period.

In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses (“ECL”) which uses a lifetime ECL, trade receivables have been assessed on individual basis and, the Directors considered that ECL for the trade receivables is not significant as at 30 June 2021 and 31 December 2020 due to the high internal credit rating of these debtors.

18. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS

Pledged bank deposits represent deposits for the following purposes:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Securities for banking facilities	41,610	6
Securities for mortgage loan facilities granted by the banks to buyers of the Group's properties	–	299
Securities for the travel agency business to the suppliers and license granted by the local regulatory bodies	4,604	5,500
	46,214	5,805
Amounts represented as:		
– Current	41,610	305
– Non-current (Note)	4,604	5,500
	46,214	5,805

Note: The amounts are placed for rendering travel agency services and the entire balances are not expected to be received within one year and therefore are classified as non-current assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS (Cont'd)

As at 30 June 2021, pledged bank deposits are subjected to floating interest rates ranged from 0.1% to 0.4% (31 December 2020: 0.2% to 1.5%) per annum.

As at 30 June 2021, none of the bank deposits were restricted.

As at 31 December 2020, restricted bank deposits represented:

- (i) deposits of income generated by certain pledged investment properties of the Disposal Group in a specified bank account as requested by a bank for satisfying the repayment of the bank borrowings and its withdrawal required prior approval by the bank amounted to approximately RMB1,165,000;
- (ii) in connection with a litigation in relation to a building management service contract with a service provider, a bank account of the Group with balance of approximately RMB981,000 was subject to court seizure during the period from 14 July 2020 to 13 July 2021. The seizure of bank account was subsequently released in June 2021 by the court since the mediation arrangement had been affirmed by the court on 17 June 2021. Pursuant to the mediation arrangement, an amount of RMB1,670,000 shall be paid to the plaintiff as settlement; and
- (iii) certain bank balances frozen by the relevant local bureau in the PRC amounting to approximately RMB858,000 (the “**Frozen Bank Accounts**”). One of such Frozen Bank Accounts as at 31 December 2020 was held by the Disposal Group with a balance of approximately RMB251 and was released in February 2021. The remaining Frozen Bank Accounts with a balance of approximately RMB858,000 were held by a subsidiary of the Company, which was deregistered during the six months ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

(a) Amounts due to related companies

The amounts due to related companies as at 30 June 2021 and 31 December 2020 are as follows:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-trade related:		
2018 Promissory Note (Note (i))	192,070	173,578
Accrued interest of 2018 Promissory Note	4,241	1,761
Trade related (Note (ii))	-	17,530
	196,311	192,869
Less: Amount due within one year	(196,311)	(192,869)
Amount due after one year	-	-

Notes:

- (i) On 28 August 2018, the Company issued a HK\$ denominated promissory note ("**2018 Promissory Note**") of principal amount of HK\$303,000,000 (equivalent to approximately RMB262,677,000) to a related company, controlled by Mr. Chau, as part of the consideration for the acquisition of the entire equity interest of Star Admiral Limited ("**Star Admiral**") and shareholder's loan owed by Star Admiral.

The 2018 Promissory Note is unsecured, interest bearing at 2% per annum and repayable after two years from the date of issuance and therefore is classified as current liabilities.

The fair value of the 2018 Promissory Note is approximately HK\$253,291,000 (equivalent to approximately RMB219,583,000) on the date of issuance, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the 2018 Promissory Note. The prevailing market rate of 2018 Promissory Note is 11.67% per annum.

During the year ended 31 December 2020, the Company and the related company entered into a supplemental deed to extend the maturity of the 2018 Promissory Note from 28 August 2020 to 28 August 2022. Save for the extension of the maturity date, all other terms of the 2018 Promissory Note shall remain unchanged.

Due to the extension of the maturity date, the carrying amount of the 2018 Promissory Note has been reduced from approximately HK\$303,000,000 (equivalent to approximately RMB269,338,000) to approximately HK\$189,258,000 (equivalent to approximately RMB168,232,000) on 28 August 2020 (i.e. date of extension) based on the present value of the principal amount. The change in fair value of approximately HK\$113,742,000 (equivalent to approximately RMB101,106,000) is credited to capital reserve as deemed capital contribution to the Company. The prevailing market rate of the 2018 Promissory Note is 29.40% per annum after extension.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(a) Amounts due to related companies (Cont'd)

Notes: (Cont'd)

(i) (Cont'd)

Movement of the 2018 Promissory Note during the period is as follows:

	RMB'000
At 1 January 2020 (Audited)	256,023
Imputed interest expense (Note 7)	11,828
Exchange difference	5,113
At 30 June 2020 (Unaudited)	272,964
At 1 January 2021 (Audited)	173,578
Imputed interest expense (Note 7)	20,489
Exchange difference	(1,997)
At 30 June 2021 (Unaudited)	192,070

(ii) The amount due to a related company of approximately RMB1,530,000 as at 31 December 2020 was in trade nature, unsecured, interest-free and repayable within 30 days.

(b) Amount due from a related company

The amount due from a related company of approximately RMB2,150,000 at 30 June 2021 (31 December 2020: Nil) is in trade nature, unsecured, interest-free and recoverable within 30 days.

The amount due from a related company and an aging analysis of such balance presented based on the invoice dates at the end of each reporting period, which approximated the respective revenue recognition dates are as follows:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	2,150	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(b) Amount due from a related company (Cont'd)

The amount due from a related company is within the credit period as at 30 June 2021.

The Group does not hold any collateral over this balance. The average age of the amount due from a related company is 30 days as at 30 June 2021.

The Group has not provided any allowance for credit loss of the amount due from a related company for the six months ended 30 June 2021.

(c) Amount due to a director

The amount due to a director of approximately RMB4,647,000 (31 December 2020: RMB4,700,000) as at 30 June 2021 represents the HK\$ denominated promissory note (“**2016 Promissory Note**”) of principal amount of approximately HK\$5,584,000 (equivalent to approximately RMB4,676,000 as at 31 August 2016) which is non-interest bearing and repayable after two years from 31 August 2016 (date of issuance).

On 8 May 2018, the Company and the director entered into an amendment letter to extend the maturity date of the 2016 Promissory Note from 31 August 2018 to 31 August 2020. On 31 August 2020, the Company and the director entered into an amendment letter to further extend the maturity of the 2016 Promissory Note from 31 August 2020 to 31 August 2022. Save for the extension of the maturity date, all other terms of the 2016 Promissory Note shall remain unchanged.

Movement of the amount due to a director during the period is as follows:

	RMB'000
At 1 January 2020 (Audited)	5,002
Exchange difference	99
At 30 June 2020 (Unaudited)	5,101
At 1 January 2021 (Audited)	4,700
Exchange difference	(53)
At 30 June 2021 (Unaudited)	4,647

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(c) Amount due to a director (Cont'd)

Amount represented as:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current	4,647	4,700

(d) Loans from non-controlling shareholders of a subsidiary/amounts due to non-controlling shareholders of a subsidiary

- (i) As at 30 June 2021, the loans from non-controlling shareholders of a subsidiary amounting to approximately RMB77,263,000 (31 December 2020: RMB83,614,000) are secured by parcels of freehold land, interest bearing at 2.4% per annum and repayable on 21 July 2021.

As at 30 June 2021, the amounts due to non-controlling shareholders of a subsidiary amounting to approximately RMB3,383,000 (31 December 2020: RMB2,666,000) are in non-trade nature, interest-free, unsecured and repayable on 21 July 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(d) Loans from non-controlling shareholders of a subsidiary/amounts due to non-controlling shareholders of a subsidiary (Cont'd)

- (ii) Upon completion of the acquisition of Summit Ascent Group, Summit Ascent Group owed outstanding loans with carrying amount of approximately RMB148,258,000 to the shareholders of Oriental Regent Limited ("**Oriental Regent**"), a non-wholly owned subsidiary of Summit Ascent, with a total principal amount of US\$30,276,400 (equivalent to approximately RMB206,654,000) (the "**ORL Convertible Loans**"). The ORL Convertible Loans are non-interest bearing, unsecured and due on 15 July 2023 and shall automatically renew for another term of three years. No repayment at all time shall be made by Oriental Regent unless there are sufficient free cash flows generated from its operations to make the repayment. The ORL Convertible Loans can only be converted into new shares of Oriental Regent at the option of Oriental Regent at such conversion price(s) and ratio(s) as Oriental Regent shall agree with the shareholders of Oriental Regent at the relevant time. The conversion period is from the date on which the payment for the entire principal amount of the ORL Convertible Loans was made by the shareholders of Oriental Regent to the day immediately prior to the repayment date. The ORL Convertible Loans are discounted at an effective interest rate calculated at 5.76% per annum at inception.

On 16 November 2020, Summit Ascent Group acquired 7.5% of the ORL Convertible Loans with a total principal amount of US\$5,676,825 (approximately equivalent to RMB37,606,000) from the non-controlling shareholders of Oriental Regent under the equity transactions with non-controlling interests.

As at 30 June 2021, the carrying amount of the ORL Convertible Loans was approximately RMB118,753,000 (31 December 2020: RMB116,576,000).

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For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(e) Loans from a related company

(i) 2021 Loan

During the six months ended 30 June 2021, the Group entered into a new loan agreement dated 8 January 2021 with Star Hope Limited ("**Star Hope**", a related company wholly owned by Mr. Chau) with total loan facility of HK\$164,000,000 (equivalent to approximately RMB138,022,000) (the "**2021 Loan**"). The loan facility of the 2021 Loan was drawn down in full by the Group during the six months ended 30 June 2021. The amount was unsecured, interest bearing at 3.5% per annum and repayable after 12 months from the first drawdown date of the facility.

As the amount represents loan from a related company which is controlled by Mr. Chau to finance the operations of the Group and the interest rate charged on the 2021 Loan is below prevailing market interest rate, imputed interest of such loan upon initial recognition of RMB7,876,000 based on the difference between the prevailing market interest rate and the coupon interest rate has been charged to capital reserve as deemed contribution from a shareholder for the six months ended 30 June 2021. The prevailing market interest rate of the 2021 Loan is 21.53% per annum.

(ii) 2020 Loan 1

During the six months ended 30 June 2020, the Group entered into a new loan agreement dated 6 March 2020 with Star Hope with total loan facility of HK\$320,000,000 (equivalent to approximately RMB292,229,000) (the "**2020 Loan 1**"). HK\$182,775,500 (equivalent to approximately RMB166,419,000 at the drawdown date) was drawn down by the Group as at 30 June 2020. The amount was unsecured, interest bearing at 3.5% per annum and repayable after 60 months from the first drawdown date of the facility, and therefore the amount was classified as non-current liabilities as at 30 June 2020.

As the amount represented loan from a related company which was controlled by Mr. Chau to finance the operations of the Group and the interest rate charged on the 2020 Loan 1 was below prevailing market interest rate, imputed interest of such loan upon initial recognition of RMB102,243,000 based on the difference between the prevailing market interest rate and the coupon interest rate had been charged to capital reserve as deemed contribution from a shareholder for the six months ended 30 June 2020. The prevailing market interest rate of the 2020 Loan 1 was 24.90% per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(e) Loans from a related company (Cont'd)

(iii) 2020 Loan 2

During the six months ended 30 June 2020, the Group entered into a new loan agreement dated 21 May 2020 with Star Hope with total loan facility of HK\$1,650,000,000 (equivalent to approximately RMB1,515,637,000) (the “**2020 Loan 2**”). The loan facility of the 2020 Loan 2 was drawn down in full by the Group as at 30 June 2020. The amount was unsecured, interest bearing at 3.5% per annum and repayable after 60 months from the first drawdown date of the facility, and therefore the amount was classified as non-current liabilities as at 30 June 2020.

As the amount represented loan from a related company which was controlled by Mr. Chau to finance the operations of the Group and the interest rate charged on the 2020 Loan 2 was below prevailing market interest rate, imputed interest of such loan upon initial recognition of RMB906,686,000 based on the difference between the prevailing market interest rate and the coupon interest rate had been charged to capital reserve as deemed contribution from a shareholder for the six months ended 30 June 2020. The prevailing market interest rate of the 2020 Loan 2 was 23.94% per annum.

(iv) 2019 Loan 1

During the year ended 31 December 2019, the Group entered into a loan agreement dated 8 April 2019 with Star Hope with total loan facility of HK\$1,500,000,000 (equivalent to approximately RMB1,343,700,000) (the “**2019 Loan 1**”). HK\$978,000,000 (equivalent to approximately RMB846,457,000 at the drawdown date) had been drawn down by the Group as at 31 December 2019. During the six months ended 30 June 2020, HK\$12,652,938 (equivalent to approximately RMB11,304,000 at the drawdown date) has been further drawn down by the Group. The amount was unsecured, interest bearing at 3.5% per annum and repayable after 60 months from the first drawdown date of the facility, and therefore the amount was classified as non-current liabilities as at 30 June 2020.

As the amount represented loan from a related company which was controlled by Mr. Chau to finance the operations of the Group and the interest rate charged on the 2019 Loan 1 was below prevailing market interest rate, imputed interest of the drawdowns of loans upon initial recognition were RMB5,380,000 calculated at difference between the prevailing market interest rate and the coupon interest rate had been charged to capital reserve as deemed contribution from a shareholder for the six months ended 30 June 2020. The prevailing market interest rate of the 2019 Loan 1 was 20.29% per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(e) Loans from a related company (Cont'd)

(v) 2019 Loan 2

During the year ended 31 December 2019, the Group entered into a loan agreement dated 30 October 2019 with Star Hope with total loan facility of HK\$1,750,000,000 (equivalent to approximately RMB1,567,650,000) (the “**2019 Loan 2**”). HK\$170,000,000 (equivalent to approximately RMB152,796,000 at the drawdown date) had been drawn down by the Group as at 31 December 2019. During the six months ended 30 June 2020, HK\$400,000,000 (equivalent to approximately RMB357,344,000 at the drawdown date) has been further drawn down by the Group. The amount was unsecured, interest bearing at 3.5% per annum and repayable after 60 months from the first drawdown date of the facility, and therefore the amount was classified as non-current liabilities as at 30 June 2020.

As the amount represented loan from a related company which was controlled by Mr. Chau to finance the operations of the Group and the interest rate charged on the 2019 Loan 2 was below prevailing market interest rate, imputed interest of two drawdowns of loans upon initial recognition were RMB214,749,000 calculated at difference between the prevailing market interest rate and the coupon interest rate had been charged to capital reserve as deemed contribution from a shareholder for the six months ended 30 June 2020. The prevailing market interest rate of the 2019 Loan 2 was 23.97% per annum.

(vi) 2018 Loan

During the year ended 31 December 2018, the Group entered into a loan agreement dated 27 July 2018 with Star Hope with total loan facility of HK\$400,000,000 (equivalent to approximately RMB358,320,000) (the “**2018 Loan**”). HK\$280,000,000 (equivalent to approximately RMB244,597,000) had been drawn down by the Group as at 31 December 2019. During the six months ended 30 June 2020, HK\$120,000,000 (equivalent to approximately RMB107,203,000 at the drawdown date) has been further drawn down by the Group. The amount was unsecured, interest bearing at 3.5% per annum and repayable after 60 months from the first drawdown date of the facility, and therefore the amount was classified as non-current liabilities as at 30 June 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. AMOUNTS DUE FROM (TO)/LOANS FROM DIRECTORS/RELATED COMPANIES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

(e) Loans from a related company (Cont'd)

(vi) 2018 Loan (Cont'd)

As the amount represented loan from a related company which was controlled by Mr. Chau to finance the operations of the Group and the interest rate charged on the 2018 Loan was below prevailing market interest rate, imputed interest of three drawdowns of loans upon initial recognition were RMB29,639,000 calculated at difference between the prevailing market interest rate and the coupon interest rate had been charged to capital reserve as deemed contribution from a shareholder for the six months ended 30 June 2020. The prevailing market interest rate of the 2018 Loan was 13.21% per annum.

On 30 June 2021, the 2021 Loan was fully settled by cash. On 18 August 2020, the 2020 Loan 1, 2020 Loan 2, 2019 Loan 1, 2019 Loan 2 and 2018 Loan were fully settled by the issuance of the First Tranche Perpetual Securities (as defined in Note 24) to Star Hope.

Movement of the loans from a related company during the period is as follows:

	2021 Loan RMB'000	2020 Loan 1 RMB'000	2020 Loan 2 RMB'000	2019 Loan 1 RMB'000	2019 Loan 2 RMB'000	2018 Loan RMB'000	Total RMB'000
At 1 January 2020 (Audited)	-	-	-	476,420	68,398	184,771	729,589
Advance during the period	-	166,419	1,515,637	11,304	357,344	107,203	2,157,907
Deemed contribution from a shareholder	-	(102,243)	(906,686)	(5,380)	(214,749)	(29,639)	(1,258,697)
Imputed interest expense (Note 7)	-	2,218	8,878	31,794	15,865	10,675	69,430
Exchange difference	-	220	(3,363)	9,717	4,655	5,445	16,674
At 30 June 2020 (Unaudited)	-	66,614	614,466	523,855	231,513	278,455	1,714,903
At 1 January 2021 (Audited)	-	-	-	-	-	-	-
Advance during the period	138,022	-	-	-	-	-	138,022
Deemed contribution from a shareholder	(7,876)	-	-	-	-	-	(7,876)
Imputed interest expense (Note 7)	8,002	-	-	-	-	-	8,002
Settlement	(136,217)	-	-	-	-	-	(136,217)
Exchange difference	(1,931)	-	-	-	-	-	(1,931)
At 30 June 2021 (Unaudited)	-	-	-	-	-	-	-

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. TRADE AND OTHER PAYABLES

An analysis of trade and other payables, including the aging analysis of trade payables, based on invoices date, is as follows:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables (Note)	47,073	57,156
Interest payables	49,915	60,151
Payable in respect of transfer of connection right to local electricity supply network	9,089	8,993
Liabilities of VAT arrangements	7,832	7,749
Retention payables	25,301	–
Other tax payables	11,987	7,571
Provision for indemnity (Note 26(b))	22,537	–
Other payables and accruals	176,404	158,396
	350,138	300,016
Amounts presented as:		
– Current	311,226	272,191
– Non-current	38,912	27,825
	350,138	300,016

Note:

The following is an aging analysis of trade payables at the end of each reporting period based on invoice dates:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0 – 90 days	2,276	4,922
Over 90 days	44,797	52,234
	47,073	57,156

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. BANK AND OTHER BORROWINGS

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Bank borrowings		
– Secured	38,236	376,507
Other borrowings		
– Secured	124,815	242,416
– Unsecured	802,208	693,725
	927,023	936,141
	965,259	1,312,648

(a) Bank borrowings

The maturity profile of bank borrowings is as follows:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	38,236	77,996
More than one year but not exceeding two years	–	38,208
More than two years but not exceeding five years	–	114,846
Over five years	–	145,457
	38,236	376,507
Less: Repayable on demand due to breach of loan covenants	–	(40,000)
Amounts due for settlement within one year (shown under current liabilities)	(38,236)	(37,996)
	(38,236)	(77,996)
Amounts due for settlement after one year	–	298,511

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. BANK AND OTHER BORROWINGS (Cont'd)

(b) Other borrowings

The maturity profile of other borrowings is as follows:

	As at	
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	601,985	196,500
More than one year but not exceeding two years	325,038	739,641
	927,023	936,141
Less: Amounts due for settlement within one year	(601,985)	(196,500)
Amounts due for settlement after one year	325,038	739,641

- (c) During the six months ended 30 June 2021, there were new other borrowings of RMB216,815,000 (six months ended 30 June 2020: RMB374,000,000) raised from three (six months ended 30 June 2020: four) non-financial institutions. One new other borrowing of RMB124,815,000 is secured and guaranteed by Mr. Chau, the chairman and a director of the Company, with interest bearing at 18.29% per annum and repayable within 4 months. Two new other borrowings in the aggregate amount of RMB92,000,000 are unsecured and guaranteed by the Company, with interest bearing at 12% per annum and repayable within 3 months.

As at 31 December 2020, bank borrowing of approximately RMB51,507,000 was guaranteed by Mr. Chau and such bank borrowing was repaid during the six months ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. BANK AND OTHER BORROWINGS (Cont'd)

- (d) As at 30 June 2021, the Group's assets pledged as securities for the Group's bank borrowings are as follows:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Investment properties	–	1,185,600
Pledged bank deposits	41,610	6
Property, operating right and equipment (Note (a))	65,547	70,027
	107,157	1,255,633

Note:

- (a) As at 30 June 2021, (i) certain property, operating right and equipment of RMB65,547,000 and (ii) the entire equity interest of a subsidiary of the Group have been pledged as securities for a bank borrowing of which has been fully repaid, and such securities have been released on 11 August 2021.
- (e) As at 30 June 2021, the Group's assets pledged as securities for the Group's other borrowings are as follows:

On 31 May 2021, the Company entered into a loan agreement with an independent third party for a loan of HK\$150,000,000 (equivalent to RMB124,815,000) (the "**Facility**"). The Facility was secured by a debenture (the "**Debenture**") incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group with carrying value of RMB5,276.8 million as at 30 June 2021. Subsequent to the end of the reporting period, the Company has fully settled the Facility on 26 July 2021 and the securities under the Debenture have been released in July 2021.

As at 31 December 2020, inventories of RMB172,139,000 and the entire equity interest of a subsidiary of the Group were pledged as securities of the Group's other borrowings of RMB242,416,000.

Notes to the Condensed Consolidated Financial Statements

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22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds

2016 Convertible Bond

On 8 December 2016, the Company issued a convertible bond ("**2016 Convertible Bond**") with a principal amount of HK\$570,000,000 (equivalent to RMB505,077,000 at the issuance date) to Fame Select, the major shareholder of the Company to set off the balance of the loan from immediate holding company and the related accrued interest due to Fame Select on a dollar-for-dollar basis against the total subscription price payable by Fame Select in respect of the subscription of the 2016 Convertible Bond.

The original maturity date of the 2016 Convertible Bond is 7 December 2018 ("**2016 CB Maturity Date**") which is 2 years from the date of issue of the 2016 Convertible Bond. The 2016 Convertible Bond is not interest bearing and matures on 2016 CB Maturity Date at the principal amount. The 2016 Convertible Bond is convertible into shares of the Company at any time after the issuance up to the close of business on the 2016 CB Maturity Date at the conversion price of HK\$0.26 per share, subject to anti-dilutive adjustments ("**2016 CB Conversion Option**"). The initial number of ordinary shares of the Company issuable upon conversion is 2,192,307,692 shares, which represent 59.34% of the total number of ordinary shares of the Company issued and outstanding as at the issue date of the 2016 Convertible Bond as enlarged by the conversion of the entire 2016 Convertible Bond.

The Company is entitled to an option to early redeem at any time before the 2016 CB Maturity Date the whole or part of the principal outstanding amount of the 2016 Convertible Bond at the corresponding principal amount.

The 2016 Convertible Bond contains a debt component and derivative component. The 2016 CB Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments on the basis that the 2016 Convertible Bond is denominated in HK\$, a foreign currency of the Company.

The fair value of the 2016 Convertible Bond was approximately HK\$568,761,000 (equivalent to approximately RMB503,979,000) on the initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the 2016 Convertible Bond. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 14.64% per annum. The derivative component is measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(a) Convertible bonds (Cont'd)

2016 Convertible Bond (Cont'd)

On 8 May 2018, the Company and Fame Select entered into an amendment agreement (the “**Amendment Agreement**”) to extend the 2016 CB Maturity Date to 7 December 2020 (the “**Extended 2016 CB Maturity Date**”). The Amendment Agreement was passed by the ordinary resolution at the extraordinary general meeting of the Company held on 28 September 2018. The effective interest rate of the debt component was 8.01% per annum after the extension of the 2016 CB Maturity Date.

On 8 November 2018, the Company received the conversion notice from Fame Select in respect of the exercise in part of the subscription rights attached to the 2016 Convertible Bond to convert an aggregate of HK\$168,000,000 of the principal amount of the 2016 Convertible Bond (the “**Partial 2016 Convertible Bond Conversion**”) into 646,153,846 ordinary shares at the conversion price of HK\$0.26 per share.

Due to the Partial 2016 Convertible Bond Conversion, the carrying amount of the debt component had been reduced from approximately HK\$502,867,000 (equivalent to approximately RMB444,204,000) to approximately HK\$334,867,000 (equivalent to approximately RMB295,803,000) and the carrying amount of the derivative financial instruments had been reduced from approximately HK\$1,558,596,000 (equivalent to approximately RMB1,376,770,000) to approximately HK\$1,099,220,000 (equivalent to approximately RMB970,985,000) on 8 November 2018 (i.e. date of Partial 2016 Convertible Bond Conversion) based on the present value of the principal amount plus accrued coupon interest over the expected life of the remaining 2016 Convertible Bond after the Partial 2016 Convertible Bond Conversion. The change in carrying amount of the debt component of HK\$168,000,000 (equivalent to approximately RMB148,401,000) and of the derivative financial instruments of approximately HK\$459,376,000 (equivalent to approximately RMB405,785,000) were transferred to the equity.

On 15 October 2020, the Company and Fame Select entered into a supplemental deed to further extend the Extended 2016 CB Maturity Date to 7 December 2022. The supplemental deed became effective on 7 December 2020, the date on which all the conditions precedent of the supplemental deed had been fulfilled.

Due to the extension of the Extended 2016 CB Maturity Date, the carrying amount of the debt component had been reduced from approximately HK\$402,000,000 (equivalent to approximately RMB359,319,000) to approximately HK\$268,499,000 (equivalent to approximately RMB226,426,000) on 7 December 2020 (i.e. date of extension) based on the present value of the principal amount. The effective interest rate of the debt component is 22.36% per annum after the extension of the Extended 2016 CB Maturity Date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(a) Convertible bonds (Cont'd)

2016 Convertible Bond (Cont'd)

The fair values of the derivative financial instruments of 2016 Convertible Bond as at 31 December 2019, 30 June 2020, 7 December 2020, 31 December 2020 and 30 June 2021 are determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Option Pricing Model (the “**Binomial Model**”).

2018 Convertible Bond

On 28 August 2018, the Company issued a convertible bond (“**2018 Convertible Bond**”) with a principal amount of HK\$297,000,000 (equivalent to approximately RMB257,475,000 at the issuance date) to Star Hope, a related company wholly-owned by Mr. Chau and Better Linkage Limited (“**Better Linkage**”), a related company wholly owned by Mr. Lo Kai Bong, a director of the Company) for the acquisition of the entire equity interest of Star Admiral Limited (“**Star Admiral**”) and shareholder’s loan owed by Star Admiral.

The maturity date of the 2018 Convertible Bond is 28 August 2020 (“**2018 CB Maturity Date**”) which is 2 years from the date of issue of the 2018 Convertible Bond. The 2018 Convertible Bond is not interest bearing and matures on 2018 CB Maturity Date at the principal amount. The 2018 Convertible Bond is convertible into shares of the Company at any time after the issuance up to the close of business on the 2018 CB Maturity Date at the conversion price of HK\$0.90 per share, subject to anti-dilutive adjustments (“**2018 CB Conversion Option**”). The initial number of ordinary shares of the Company issuable upon conversion is 329,999,999 shares, which represent 5.20% of the total number of ordinary shares of the Company issued and outstanding as at the issue date of the 2018 Convertible Bond as enlarged by the conversion of the entire 2018 Convertible Bond.

The Company is entitled to an option to early redeem at any time before the 2018 CB Maturity Date the whole or part of the principal outstanding amount of the 2018 Convertible Bond at the corresponding principal amount.

The 2018 Convertible Bond contains a debt component and derivative component. The 2018 CB Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for fixed number of the Company’s own equity instruments on the basis that the 2018 Convertible Bond is denominated in HK\$, a foreign currency of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(a) Convertible bonds (Cont'd)

2018 Convertible Bond (Cont'd)

The fair value of the 2018 Convertible Bond was approximately HK\$471,123,000 (equivalent to approximately RMB408,426,000) on the initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the 2018 Convertible Bond. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 9.86% per annum. The derivative component is measured at fair values at the issuance date and in subsequent periods with changes in fair value recognised in profit or loss.

On 3 July 2020, the Company, Star Hope and Better Linkage entered into a supplemental deed to extend the 2018 CB Maturity Date to 28 August 2022. The supplemental deed became effective on 24 August 2020, the date on which all the conditions precedent of the supplemental deed have been fulfilled.

Due to the extension of the 2018 CB Maturity Date, the carrying amount of the debt component had been reduced from approximately HK\$297,000,000 (equivalent to approximately RMB265,984,000) to approximately HK\$184,018,000 (equivalent to approximately RMB164,289,000) on 24 August 2020 (i.e. date of extension) based on the present value of the principal amount. The effective interest rate of the debt component is 26.87% per annum after extension.

The fair values of the derivative financial instruments of 2018 Convertible Bond as at 31 December 2019, 30 June 2020, 24 August 2020, 31 December 2020 and 30 June 2021 are determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(a) Convertible bonds (Cont'd)

The significant inputs used for the calculations of fair values of the derivative financial instruments are as follows:

	30 June 2021	31 December 2020
2016 Convertible Bond		
Share price	HK\$0.39	HK\$0.69
Conversion price	HK\$0.26	HK\$0.26
Expected volatility (Note (a))	56.37%	61.50%
Expected option life	1.44 years	1.94 years
Expected dividend yield (Note (b))	Zero	Zero
Risk-free rate (Note (c))	0.23%	0.31%
2018 Convertible Bond		
Share price	HK\$0.39	HK\$0.69
Conversion price	HK\$0.90	HK\$0.90
Expected volatility (Note (a))	55.03%	62.58%
Expected option life	1.16 years	1.66 years
Expected dividend yield (Note (b))	Zero	Zero
Risk-free rate (Note (c))	0.21%	0.32%

Notes:

- (a) The expected volatility was determined by using the historical volatility of the Company's share price over a period commensurate with the remaining term.
- (b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the next two years of the Company.
- (c) Risk-free rate is estimated based on the yield of Hong Kong Dollar Swap Curve with a similar remaining tenure.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(a) Convertible bonds (Cont'd)

The movements of the debt component of convertible bonds and derivative financial instruments are shown respectively as follows:

	Debt component RMB'000	Derivative financial instruments RMB'000	Total RMB'000
2016 Convertible Bond			
At 1 January 2020 (Audited)	333,008	1,907,282	2,240,290
Credit to profit or loss	–	(468,170)	(468,170)
Exchange difference	6,644	34,171	40,815
Imputed interest expense (Note 7)	14,563	–	14,563
At 30 June 2020 (Unaudited)	354,215	1,473,283	1,827,498
At 1 January 2021 (Audited)	229,303	666,228	895,531
Credit to profit or loss	–	(413,716)	(413,716)
Exchange difference	(2,633)	(6,956)	(9,589)
Imputed interest expense (Note 7)	24,809	–	24,809
At 30 June 2021 (Unaudited)	251,479	245,556	497,035
2018 Convertible Bond			
At 1 January 2020 (Audited)	248,723	238,933	487,656
Credit to profit or loss	–	(119,094)	(119,094)
Exchange difference	4,981	3,852	8,833
Imputed interest expense (Note 7)	13,249	–	13,249
At 30 June 2020 (Unaudited)	266,953	123,691	390,644
At 1 January 2021 (Audited)	169,583	37,989	207,572
Credit to profit or loss	–	(35,158)	(35,158)
Exchange difference	(1,952)	(380)	(2,332)
Imputed interest expense (Note 7)	20,432	–	20,432
At 30 June 2021 (Unaudited)	188,063	2,451	190,514
Total			
At 30 June 2021 (Unaudited)	439,542	248,007	687,549
At 31 December 2020 (Audited)	398,886	704,217	1,103,103

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(b) Convertible bonds issued by Summit Ascent (“Summit Ascent CB”)

During the year ended 31 December 2020, a non-wholly owned subsidiary of the Company, Summit Ascent, issued convertible bonds denominated in United States dollars (“US\$”) for the acquisition of additional interests in its subsidiary from a non-controlling shareholder in an aggregate principal amount of US\$3,000,000 with an initial conversion price of HK\$3.50 (to be translated to US\$ at a fixed rate of HK\$7.75 to US\$1.00) per share with adjustments clauses, which will mature on the fifth anniversary of the respective issue dates. The Summit Ascent CB carries no interest.

The Summit Ascent CB contains two components, a debt component and a derivative financial instrument. The derivative financial instrument represented the conversion option given to the holders the right at any time to convert the Summit Ascent CB into ordinary shares of Summit Ascent (“**Summit Ascent Shares**”). However, since the conversion option would be settled other than by the exchange of a fixed amount of the Summit Ascent’s own equity instruments, the conversion option was accounted for as derivative financial instrument.

At initial recognition, the derivative financial instrument in the Summit Ascent CB is measured at fair value and is separately presented. Any excess of the fair values of the Summit Ascent CB over the amounts initially recognised as derivative financial instrument in Summit Ascent CB is recognised as debt component in the Summit Ascent CB.

At the end of the reporting period, the fair value of the derivative financial instrument in the Summit Ascent CB is remeasured and the gain or loss on remeasurement to the fair value is recognised in profit or loss.

The debt component in the Summit Ascent CB is subsequently carried at amortised cost with interest expenses calculated using the effective interest method recognised in profit or loss. The effective interest rate of the debt component in the Summit Ascent CB is 7.37% per annum.

When the Summit Ascent CB is converted, the Summit Ascent Shares to be issued are measured at fair value and any difference between the fair value of Summit Ascent Shares to be issued and the carrying amounts of the derivative financial instrument and debt component in the Summit Ascent CB is recognised in profit or loss.

The fair value of the derivative financial instrument of the Summit Ascent CB as at 30 June 2021 had been determined by Valplus Consulting Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(b) Convertible bonds issued by Summit Ascent ("Summit Ascent CB") (Cont'd)

The movements of the debt component and derivative financial instrument of the Summit Ascent CB are shown as follows:

	Debt component	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2021 (Audited)	13,844	703	14,547
Credit to profit or loss	–	(292)	(292)
Exchange difference	(139)	(6)	(145)
Imputed interest expense (Note 7)	497	–	497
At 30 June 2021 (Unaudited)	14,202	405	14,607

The significant inputs used for the calculation of fair value of the derivative financial instrument are as follows:

	30 June 2021	31 December 2020
Summit Ascent CB		
Share price of Summit Ascent	HK\$0.68	HK\$0.75
Expected volatility (Note (a))	57.04%	60.45%
Expected remaining life	4.38 Years	4.88 Years
Expected dividend yield (Note (b))	Zero	Zero
Risk-free rate (Note (c))	0.76%	0.41%

Notes:

- (a) The expected volatility was determined by using the historical volatility of Summit Ascent's share price over a period commensurate with the remaining term.
- (b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the remaining term of Summit Ascent.
- (c) Risk-free rate is estimated with reference to the US Treasury Yield Curve of similar remaining tenure.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(c) Put option

On 28 October 2019, the Group has entered into an agreement with Westside City Resorts World Inc. (“**Westside**”) and Travellers International Hotel Group Inc. (“**Travellers**”), related companies of a non-controlling shareholder of SunTrust. Pursuant to the agreement, the Group is entitled, at its sole discretion, to exercise a put option in relation to its equity interest in SunTrust with a consideration of approximately RMB151,548,000 plus interest of 3.5% per annum to Westside and Travellers upon occurrence of events stated in the agreement.

The fair values of the derivative financial instrument of the put option as at 30 June 2021 and 31 December 2020 were approximately RMB2,890,000 and RMB2,701,000 respectively, which are determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

The significant inputs used for the calculation of fair values of the derivative financial instrument of the put option are as follows:

	30 June 2021	31 December 2020
Put option		
Share price	PHP1.720	PHP1.670
Expected volatility (Note (a))	66.71%	58.80%
Expected option life (Note (b))	2.5 Years	3.00 Years
Expected dividend yield (Note (c))	Zero	Zero
Risk-free rate (Note (d))	2.19%	2.18%

Notes:

- (a) The expected volatility was determined by using the historical volatility of SunTrust’s share price over a period commensurate with the remaining term.
- (b) The option period is assumed to be expiring on 31 December 2023, being the date of expected commencement of operation of the Main Hotel Casino. The expected option life used in the model is based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.
- (c) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment during the expected option life of SunTrust.
- (d) Risk-free rate is estimated based on the yield-to-maturity in continuous compounding of the Philippines peso swap rates with a similar remaining tenure.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

(c) Put option (Cont'd)

The movements of the fair value of derivative financial instrument of the put option is shown as follows:

	RMB'000
At 1 January 2020 (Audited)	2,619
Credit to profit or loss	895
Exchange difference	102
At 30 June 2020 (Unaudited)	3,616
At 1 January 2021 (Audited)	2,701
Credit to profit or loss	241
Exchange difference	(52)
At 30 June 2021 (Unaudited)	2,890

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

23. SHARE CAPITAL

	Number of shares	Share capital value HK\$'000
Authorised:		
At 1 January 2020 (Audited), 30 June 2020 (Unaudited), 1 January 2021 (Audited) and 30 June 2021 (Unaudited)	50,000,000,000	5,000,000
Issued and fully paid:		
At 1 January 2020 (Audited), 30 June 2020 (Unaudited) and 1 January 2021 (Audited)	6,666,972,746	666,697
Exercise of share options (Note)	1,000,000	100
At 30 June 2021 (Unaudited)	6,667,972,746	666,797
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
RMB equivalent	582,894	582,811

Note: In January 2021, 1,000,000 ordinary shares of the Company were issued and allotted in relation to the exercise of share options pursuant to the share option scheme of the Company at the exercise price of HK\$0.455 per share for a total cash consideration of HK\$455,000 (equivalent to approximately RMB379,000) of which HK\$100,000 (equivalent to approximately RMB83,000) was credited to share capital and the balance of HK\$355,000 (equivalent to approximately RMB296,000) was credited to share premium account. In addition to an amount of approximately RMB184,000 previously recognised in share option reserve and transferred to share premium account during the exercise of relevant share options, the share premium account increased by RMB480,000, in aggregate, during the six months ended 30 June 2021. The new shares rank pari passu in all respects with the existing shares of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

24. PERPETUAL SECURITIES

	RMB'000
Principal	
Initial recognition on issuance of the First Tranche Perpetual Securities on 18 August 2020 (Note (a))	3,476,844
Subsequent issuances during the year (Note (b))	1,292,126
At 31 December 2020 (Audited) and 30 June 2021 (Unaudited)	4,768,970
Distribution	
Provision for the year (Note (c))	76,599
At 31 December 2020 (Audited)	76,599
Provision for the period (Note (d))	110,992
At 30 June 2021 (Unaudited)	187,591
Total	
At 30 June 2021 (Unaudited)	4,956,561
At 31 December 2020 (Audited)	4,845,569

On 18 August 2020, the Company and Star Hope entered into the subscription agreement, pursuant to which the Company agreed to issue, and the Star Hope agreed to subscribe for, the HK\$6,000 million 5.00% perpetual securities of the Company (the “**Perpetual Securities**”).

The Perpetual Securities confer on their holder a right to receive distribution of 5% per annum on the principal amount and has no fixed redemption date. The Company may elect to cancel or defer (in whole or in part) any distribution accrued on the Perpetual Securities at its sole and absolute discretion. The Company may elect to redeem (in whole or in part) the Perpetual Securities at 100% of the outstanding principal amount, together with any distribution accrued thereon, on the date falling 10 years after the date of issue of the Perpetual Securities or upon change of control of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

24. PERPETUAL SECURITIES (Cont'd)

Notes:

- (a) The first tranche Perpetual Securities was issued on the date of the subscription agreement to effect repayment of a pro tanto amount of the existing amount due to Star Hope of approximately HK\$3,887 million (equivalent to approximately RMB3,476.85 million) on 18 August 2020 (the “**First Tranche Perpetual Securities**”).

The carrying amounts of the loans from Star Hope of approximately HK\$1,910,962,000 (equivalent to approximately RMB1,709,355,000), together with the amount due to Star Hope (i.e. interest payable) of approximately HK\$93,572,000 (equivalent to approximately RMB83,700,000), being the aggregate amount of approximately HK\$2,004.53 million (equivalent to approximately RMB1,793.06 million) has been used to settle the above consideration payable. The capital contribution previously recognised through the loans from the related company provided by Star Hope amounting to approximately HK\$1,882.47 million (equivalent to approximately RMB1,683.79 million) was derecognised from capital reserve and transferred to the Perpetual Securities. The Perpetual Securities are classified as an equity instrument of the Company.

- (b) After the issuance of the First Tranche Perpetual Securities, the Company issued further tranches of Perpetual Securities with an aggregate principal amount of HK\$1,485 million (equivalent to approximately RMB1,292.12 million) during the year ended 31 December 2020.
- (c) During the year ended 31 December 2020, distribution provision in relation to Perpetual Securities issued was approximately HK\$89.0 million (equivalent to approximately RMB76.6 million).
- (d) During the six months ended 30 June 2021, distribution provision in relation to Perpetual Securities issued is approximately HK\$133.2 million (equivalent to approximately RMB111.0 million).

25. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS

On 21 February 2021, the Company entered into the S&P Agreement with the Purchaser. Pursuant to the S&P Agreement, the Company agreed to sell and the Purchaser agreed to purchase the entire equity interest in Access Achievement, a direct wholly-owned subsidiary of the Company, at a consideration of RMB155,290,000. Control and ownership of Access Achievement passed to the Purchaser upon the completion of the Disposal on 30 June 2021.

Access Achievement is principally an investment holding company. Access Achievement owns entire equity interest in Sun Century Property Group Company Limited (太陽世紀地產集團有限公司), which is principally engaged in property development and property investment in Shenzhen, the PRC. Its principal assets are (1) Hong Long Plaza; and (2) the entire equity interest in Shenzhen Zirui. Shenzhen Zirui is principally engaged in property development and its principal assets are the remaining unsold units in Le Paysage.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

25. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (Cont'd)

(a) The net liabilities at the date of the disposal of subsidiaries were as follows:

	RMB'000
Net liabilities disposed of	
Property, operating right and equipment	288
Investment properties	1,175,610
Right-of-use assets	2,253
Deferred tax assets	66
Inventories	334,253
Trade and other receivables and prepayments	15,501
Pledged bank deposits	306
Restricted bank deposits	2,502
Bank balances and cash	81
Trade and other payables	(106,385)
Amounts due from the Group	1,474,159
Amounts due to the Group	(2,793,395)
Contract liabilities	(126,197)
Receipt in advance	(886)
Rent and other deposits	(6,023)
Provision for potential claims	(22,564)
Bank and other borrowings	(567,000)
Lease liabilities	(2,342)
Current tax liabilities	(5,409)
Deferred tax liabilities	(235,003)
Net liabilities disposed	(860,185)
Cash consideration received	155,290
Net liabilities disposed	860,185
Waiver of amounts due to the Group	(799,987)
Other costs directly attributable to the Disposal	(1,087)
Fair value loss on initial recognition of a loan receivable	(24,000)
Loss on indemnification arising from the Disposal	(22,537)
Gain on disposal of subsidiaries	167,864

Analysis of net cash inflow in respect of the Disposal is as follows:

	RMB'000
Cash consideration received	155,290
Bank balances and cash disposed of	(81)
Total net cash inflow from disposal	155,209

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

25. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (Cont'd)

(b) Results of the discontinued operations have been included in the condensed consolidated statement of profit or loss and other comprehensive income:

The disposal of Access Achievement was completed on 30 June 2021 and was reported in the condensed consolidated financial statements for the six months ended 30 June 2021 as discontinued operations. Financial information relating to the discontinued operations for the period to the completion date of the Disposal is set below.

The financial performance and cash flow information presented reflects the discontinued operations for the six months ended 30 June 2021.

	For the six months ended	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
– Contracts with customers	2,643	2,820
– Leases	16,411	16,307
Total revenue	19,054	19,127
Cost of sales	(5,660)	(1,746)
Gross profit	13,394	17,381
Other income, gains and losses	508	311
Selling and distribution expenses	(701)	(836)
Administrative expenses	(8,377)	(11,983)
Other operating expenses	(6,478)	(4,204)
Change in fair value of investment properties	(9,990)	(333,200)
Reversal of provision for litigation	17,800	–
Finance costs	(27,312)	(26,496)
Loss before taxation	(21,156)	(359,027)
Income tax credit	389	81,252
Loss for the period from discontinued operations	(20,767)	(277,775)
Gain on disposal of subsidiaries (Note 25(a))	167,864	–
Profit (loss) and total comprehensive income (expense) for the period from discontinued operations	147,097	(277,775)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

25. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (Cont'd)

- (b) **Results of the discontinued operations have been included in the condensed consolidated statement of profit or loss and other comprehensive income: (Cont'd)**

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net cash flows used in operating activities	(5,749)	(329,909)
Net cash flows used in investing activities	(358)	(1,002)
Net cash flows (used in) from financing activities	(296)	331,433
Net (decrease) increase in cash and cash equivalents of the Disposal Group	(6,403)	522
Basic earnings (loss) per share from discontinued operations attributable to shareholders of the Company (RMB cents)	2.21	(4.17)
Diluted earnings (loss) per share from discontinued operations attributable to shareholders of the Company (RMB cents)	2.21	(4.17)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

25. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (Cont'd)

(c) Loss for the period from discontinued operations

Loss for the period from discontinued operations is stated after charging (crediting) the following:

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, operating right and equipment	60	61
Depreciation of right-of-use assets	743	–
Total depreciation and amortisation	803	61
Directors' remuneration	–	–
Staff costs, excluding Directors		
– salaries and wages	4,468	4,496
– retirements benefits scheme contributions	778	143
Total staff costs, excluding Directors	5,246	4,639
Impairment loss recognised in respect of other receivables	–	2,504
Short-term and variable lease payments	4	532
Cost of sales		
– cost of services rendered	5,660	1,746
Gross rental income from investment properties	(16,411)	(16,307)
Less: Direct operating expenses incurred for investment properties included in cost of sales	3,939	983
	(12,472)	(15,324)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

26. CONTINGENT LIABILITIES

- (a) As at 30 June 2021 and 31 December 2020, the Group was involved in several litigations in relation to the construction of the Group's properties under development in the PRC with several contractors and suppliers, who are independent third parties to the Company. In connection with one of the litigations, a court judgement was received and the Group is obliged to pay the compensation to a plaintiff of approximately RMB4.6 million. The judgement is being enforced for execution and the Group had recorded full amount as trade and other payables as at 30 June 2021 and 31 December 2020. Save for the above, based on the fact that the legal proceedings of the remaining litigations were still in progress and with reference to the legal opinion obtained from the Company's PRC lawyer, management considers that the likelihood for further outflow of resources of the Group was remote.
- (b) On 30 June 2021, pursuant to the S&P Agreement in relation to the Disposal and a deed of indemnity (the "**Deed of Indemnity**") entered into by the Company, the Purchaser and Access Achievement, the Company will indemnify the Purchaser against certain tax, litigation and contingent liabilities which, except for litigation liabilities, in aggregate cannot exceed the sum of (i) the consideration of the Disposal amounting to RMB155,290,000; and (ii) the principal amount of the Shenzhen Sky Alliance Loan amounting to RMB519,249,000, in the aggregate amount of RMB674,539,000. In this regard, approximately RMB22,537,000 was recorded as provision for indemnity included in "other payables" in the condensed consolidated financial statements as at 30 June 2021.
- (c) As at 31 December 2020, the Group provided guarantees to certain banks in respect of mortgage facilities granted in connection with the mortgage loans entered into by buyers of the Group's properties as follows:

	As at	
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Guarantees given by the Group to banks for mortgage facilities granted to buyers	–	623

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

26. CONTINGENT LIABILITIES (Cont'd)

(c) (Cont'd)

Pursuant to the terms of the guarantees contract, if there are any defaults on the mortgages, the Group is liable to the repayment of the outstanding mortgage principals together with the accrued interest and penalty payable by the defaulting buyers to banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees shall be released upon the issue of the relevant buyer's property ownership certificate and in the custody of the banks.

The fair value of the guarantees at date of inception is not significant and is not recognised in the consolidated financial statements. The directors of the Company consider that no provision should be recognised at 31 December 2020 as the potential cash outflow related to the guarantee is not probable.

(d) As at 31 December 2020, bank balances of approximately RMB299,000 were pledged with banks as guarantee deposits for the mortgage loan facilities granted by the banks to buyers of the Group's properties.

On 30 June 2021, the Disposal Group was disposed by the Company as set out in Note 25. Upon the completion of the Disposal, the Group no longer has the contingent liabilities in relation to (c) and (d) above.

27. CAPITAL COMMITMENTS

The Group has the following material commitments in respect of property, operating right and equipment which are not provided for in the condensed consolidated financial statements as follows:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted but not provided for	3,439,362	4,008,835

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used) as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- * Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- * Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- * Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Financial assets/ financial liabilities	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
Derivative financial liabilities classified as FVTPL – convertible bonds	248,412	704,920	Level 3	Binomial Model – in this approach, certain parameters (Notes 22(a) and (b)) determined by management are input into the Binomial Model to derive the valuation of the derivative financial instruments Certain parameters include: – Share price – Expected volatility – Expected option life – Expected dividend yield – Risk-free rate	Estimation of share price volatility, determined by reference to the average historical volatility of the Company and Summit Ascent
Derivative financial asset classified as FVTPL – put option	2,890	2,701	Level 3	Binomial Model – in this approach, certain parameters (Note 22(c)) determined by management are input into the Binomial Model to derive the valuation of the derivative financial instrument Certain parameters include: – Share price – Expected volatility – Expected option life – Expected dividend yield – Risk-free rate	Estimation of share price volatility, determined by reference to the average historical volatility of SunTrust

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Sensitivity analysis

If the volatility of the Company's share price had been 5% higher/lower while all other variables were held constant, the Group's post-tax profit for the six months ended 30 June 2021 would have decreased/increased by RMB378,000 (year ended 31 December 2020: Post-tax profit would have decreased/increased by approximately RMB789,000) (as a result of changes in fair value of derivative financial instruments).

If the volatility of the Summit Ascent's share price had been 5% higher/lower while all other variables were held constant, the Group's post-tax profit for the six months ended 30 June 2021 would have decreased/increased by RMB65,000 (year ended 31 December 2020: Post-tax profit would have decreased/increased by approximately RMB84,000) (as a result of changes in fair value of derivative financial instrument).

If the volatility of the SunTrust's share price had been 5% higher/lower while all other variables were held constant, the Group's post-tax profit for the six months ended 30 June 2021 would have increased/decreased by approximately RMB227,000 (year ended 31 December 2020: Post-tax profit would have increased/decreased by approximately RMB219,000) (as a result of changes in fair value of derivative financial instruments).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Fair value hierarchy as at 30 June 2021				
Financial asset				
Derivative financial instrument	-	-	2,890	2,890
Financial liabilities				
Derivative financial instruments	-	-	248,412	248,412
Fair value hierarchy as at 31 December 2020				
Financial asset				
Derivative financial instrument	-	-	2,701	2,701
Financial liabilities				
Derivative financial instruments	-	-	704,920	704,920

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Reconciliation of Level 3 fair value measurements of financial instruments

	Derivative financial instruments RMB'000
At 1 January 2020 (Audited)	2,143,596
Total gains in profit or loss for the period	(588,159)
Exchange difference	37,921
At 30 June 2020 (Unaudited)	1,593,358
At 1 January 2021 (Audited)	702,219
Total gains in profit or loss for the period	(449,407)
Exchange difference	(7,290)
At 30 June 2021 (Unaudited)	245,522

Total gains/losses in profit or loss are included in “change in fair value of derivative financial instruments” in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of other financial assets and other financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

There is no transfer among Level 1, Level 2 and Level 3 during the six months ended 30 June 2021 and year ended 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

29. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2021, the Group entered into the following major non-cash transactions:

- (a) The Group waived amounts due from the Disposal Group to the Group of approximately RMB799,987,000 upon the Disposal on 30 June 2021. Details of the Disposal are set out in Note 25(a) to the condensed consolidated financial statements.
- (b) The Group capitalised certain depreciation of right-of-use assets of approximately RMB51,740,000 (six months ended 30 June 2020: Nil) as part of the additions to the construction in progress included in property, operating right and equipment during the six months ended 30 June 2021.
- (c) The proposed distribution for Perpetual Securities of approximately RMB110,992,000 (six months ended 30 June 2020: Nil) during the six months ended 30 June 2021 has remain unpaid as at 30 June 2021.

30. RELATED PARTY DISCLOSURES

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties during the six months ended 30 June 2021 and 2020:

(a) Key management personnel compensation

The key management personnel of the Group comprises all directors of the Company, details of their emoluments were disclosed as follows:

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' remuneration	9,756	12,296

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

30. RELATED PARTY DISCLOSURES (Cont'd)

(b) Transactions with related parties

Name of related parties	Notes	Nature of transactions	For the six months ended	
			2021	2020
			RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Fame Select	(i)	Imputed interest expense on 2016 Convertible Bond	24,809	14,563
Sun City Gaming Promotion Company Limited	(ii)	Purchase of hotel accommodation products	25,272	61,394
		Sales of travel related products	-	55
		Management service expenses	1,215	1,327
Star Hope	(ii)	Imputed interest expense on 2018 Convertible bond	12,177	7,896
		Imputed interest expense on 2018 Promissory Note	20,489	11,828
		Imputed interest expense on 2018 Loan	-	10,675
		Imputed interest expense on 2019 Loan 1	-	31,794
		Imputed interest expense on 2019 Loan 2	-	15,865
		Imputed interest expense on 2020 Loan 1	-	2,218
		Imputed interest expense on 2020 Loan 2	-	8,878
		Imputed interest expense on 2021 Loan	8,002	-
		Interest expense on 2018 Promissory Note	2,504	2,733
		Interest expense on loans	1,903	36,511
		Proposed distribution for Perpetual Securities	110,992	-

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

30. RELATED PARTY DISCLOSURES (Cont'd)

(b) Transactions with related parties (Cont'd)

Name of related parties	Notes	Nature of transactions	For the six months ended	
			30 June	
			2021	2020
			RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Gold Yield Enterprises Limited	(iii)	Interest income on loans to a joint venture	15,297	1,186
		Imputed interest income on loans to a joint venture	20,846	5,721
Hoi An South Development Ltd	(iv)	Hotel and integrated resort general consultancy services income	1,309	5,705
Better Linkage	(vii)	Imputed interest expense on 2018 Convertible Bond	8,255	5,353
Mr. Chau and Ms. Chan Wai Leng	(vi)	Sales of travel related products	62	46
		Travel agency services income	128	217
Mr. Lo Kai Bong	(v)	Sales of travel related products	2	59
		Travel agency services income	18	–
Non-controlling shareholders of Orient Regent		Imputed interest expense on ORL Convertible Loans	3,340	–
Westside and/or Travellers	(viii)	Interest on lease liabilities	15,290	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

30. RELATED PARTY DISCLOSURES (Cont'd)

(b) Transactions with related parties (Cont'd)

Notes:

- (i) Fame Select is the immediate holding company of the Company.
- (ii) Sun City Gaming Promotion Company Limited and Star Hope are wholly owned by Mr. Chau, the major shareholder, executive director and chairman of the Company.
- (iii) Gold Yield Enterprises Limited is a joint venture of the Company. The Company indirectly interested in 50% equity interest in Gold Yield Enterprises Limited.
- (iv) Hoi An South Development Ltd is an indirect non-wholly owned subsidiary of Gold Yield Enterprises Limited which is a joint venture of the Company. The Company indirectly interested in approximately 34% equity interest in Hoi An South Development Ltd.
- (v) Mr. Lo Kai Bong, an executive director of the Company.
- (vi) Ms. Chan Wai Leng is the spouse of Mr. Chau.
- (vii) Better Linkage is wholly owned by Mr. Lo Kai Bong.
- (viii) Westside and Travellers are fellow subsidiaries of a non-controlling shareholder of SunTrust.

Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Part XV of the SFO or Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

(i) Long position in the shares and/or underlying shares of the Company

Name of Directors	Capacity/ Nature of Interest	Number of shares held	Number of underlying shares held under equity derivatives	Total	Percentage of aggregate interest shares to total number of shares in issue*
Mr. Chau Cheek Wa (“Mr. Chau”)	Interest of controlled corporation	4,991,643,335 ¹	1,742,820,512 ²	6,734,463,847	100.99%
Mr. Lo Kai Bong (“Mr. Lo”)	Interest of controlled corporation	5,770,000 ³	133,333,333 ⁴	139,103,333	2.08%
	Beneficial owner	1,230,000	40,000,000 ⁵	41,230,000	0.61%
Mr. Au Chung On John (“Mr. Au”)	Beneficial owner	–	40,000,000 ⁶	40,000,000	0.59%
	Interest of spouse	400,000	–	400,000	0.01%
Mr. Manuel Assis Da Silva	Beneficial owner	290,000	3,000,000 ⁷	3,290,000	0.04%
	Interest of spouse	520,000	–	520,000	0.01%

Other Information

Notes:

1. This represents interests held by Mr. Chau through Fame Select Limited, which holds 4,991,643,335 shares. Mr. Chau has 50% interests in Fame Select Limited and is therefore deemed to be interested in 4,991,643,335 shares.
2. Out of 1,742,820,512 underlying shares, 1,546,153,846 underlying shares and 196,666,666 underlying shares were held by Fame Select Limited and Star Hope Limited respectively.

The 1,546,153,846 underlying shares held by Fame Select Limited represents the maximum of 1,546,153,846 conversion shares to be issued upon the full conversion of the convertible bonds issued by the Company to Fame Select Limited at the initial conversion price of HK\$0.26 (subject to adjustments). Mr. Chau has 50% interests in Fame Select Limited and is therefore deemed to be interested in 1,546,153,846 underlying shares.

The 196,666,666 underlying shares held by Star Hope Limited represents the maximum of 196,666,666 conversion shares to be issued upon the full conversion of another convertible bonds issued by the Company to Star Hope Limited at the initial conversion price of HK\$0.90 (subject to adjustments). Mr. Chau has 100% interests in Star Hope Limited and is therefore deemed to be interested in 196,666,666 underlying shares.

3. This represents interests held by Mr. Lo through Better Linkage Limited and Ever Smart Capital Limited (companies wholly and beneficially owned by Mr. Lo).
 4. This represents the maximum of 133,333,333 conversion shares to be issued upon the full conversion of another convertible bonds issued by the Company to Better Linkage Limited, at the initial conversion price of HK\$0.90 (subject to adjustments). Mr. Lo has 100% interests in Better Linkage Limited and is therefore deemed to be interested in 133,333,333 underlying shares.
 5. Mr. Lo is interested in 40,000,000 share options at an exercise price of HK\$0.455 per share to subscribe for shares.
 6. Mr. Au is interested in 40,000,000 share options at an exercise price of HK\$0.90 per share to subscribe for shares.
 7. Mr. Manuel Assis Da Silva is interested in 3,000,000 share options at an exercise price of HK\$0.455 per share to subscribe for shares.
- * The percentage has been calculated based on the total number of shares of the Company in issue as at 30 June 2021 (i.e. 6,667,972,746 shares).

Other Information

(ii) Long positions in the shares and/or underlying shares of the Company's associated corporation

Name of Associated Corporation	Name of Director	Capacity/ Nature of Interest	Number of shares held	Approximate percentage of number of shares in issue*
Summit Ascent	Mr. Chau	Interest of controlled corporation ¹	3,141,561,811 ¹	69.66%

Note:

1. These 3,141,561,811 shares represent 123,255,000 shares of Summit Ascent beneficially owned by the Company and 3,018,306,811 shares of Summit Ascent beneficially held by Victor Sky Holdings Limited ("**Victor Sky**"). As at 30 June 2021, (a) Victor Sky was wholly-owned by the Company; and (b) the Company was 74.85% owned by Fame Select Limited, which was owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. By virtue of the SFO, Mr. Chau is deemed to be interested in the shares of Summit Ascent in which the Company is interested, including those in which Victor Sky is interested.

* The percentage has been calculated based on the total number of shares of Summit Ascent in issue as at 30 June 2021 (i.e. 4,509,444,590 shares).

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in the shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in Note 22 to the condensed consolidated financial statements headed "Convertible Bonds/Derivative Financial Instruments" and the share option schemes described below, at no time during the period was the Company, its holding company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other Information

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the interests of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the shares and/or underlying shares of the Company

Name	Capacity/ Nature of Interest	Number of shares held	Number of underlying shares held under equity derivatives	Total	Percentage of aggregate interest shares to total number of shares in issue*
Fame Select Limited	Beneficial owner	4,991,643,335 ¹	1,546,153,846 ²	6,537,797,181	98.04%
Mr. Cheng Ting Kong ("Mr. Cheng")	Interest of controlled corporation	4,991,643,335 ¹	1,546,153,846 ²	6,537,797,181	98.04%
Mr. Chau	Interest of controlled corporation	4,991,643,335 ¹	1,742,820,512 ³	6,734,463,847	100.99%

Notes:

- Fame Select Limited is owned as to 50% by Mr. Chau and 50% by Mr. Cheng. As such, Mr. Chau and Mr. Cheng are deemed to be interested in 4,991,643,335 shares held by Fame Select Limited.
- This represents the maximum of 1,546,153,846 conversion shares upon the full conversion of the convertible bonds previously issued by the Company to Fame Select Limited at the initial conversion price of HK\$0.26 (subject to adjustments). Fame Select Limited is owned as to 50% by Mr. Chau and 50% by Mr. Cheng. As such, Mr. Cheng is therefore deemed to be interested in the 1,546,153,846 underlying shares.
- Out of 1,742,820,512 underlying shares, 1,546,153,846 underlying shares and 196,666,666 underlying shares were held by Fame Select Limited and Star Hope Limited respectively.

The 1,546,153,846 underlying shares held by Fame Select Limited represents the maximum of 1,546,153,846 conversion shares to be issued upon the full conversion of the convertible bonds previously issued by the Company to Fame Select Limited at the initial conversion price of HK\$0.26 (subject to adjustments). Fame Select Limited is owned as to 50% by Mr. Chau and 50% by Mr. Cheng. The 196,666,666 underlying shares held by Star Hope Limited represents the maximum of 196,666,666 conversion shares to be issued upon full conversion of another convertible bonds, issued by the Company to Star Hope Limited at the initial conversion price of HK\$0.90 (subject to adjustments). Mr. Chau has 100% interests in Star Hope Limited. Therefore, Mr. Chau is deemed to be interested in an aggregate of 1,742,820,512 underlying shares.

* The percentage has been adjusted based on the total number of shares of the Company in issue as at 30 June 2021 (i.e. 6,667,972,746 shares).

Other Information

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than the Directors and the chief executive of the Company) who had interests and short positions in the shares or underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION

(1) The Company

On 31 January 2007, in recognition of the contributions made by employees of the Group towards its growth and success, a share option scheme (the “**Share Option Scheme**”) was adopted by the shareholder’s written resolution of the Company. On 2 June 2016, a resolution has been passed in the 2016 annual general meeting of the Company to terminate the Share Option Scheme and adopt a new share option scheme (the “**New Share Option Scheme**”). Following the termination of the Share Option Scheme, no further options will be granted under such scheme, but in all other respects the provisions of the Share Option Scheme will remain in full force and effect and options granted prior to such termination will continue to be valid and exercisable in accordance with the rules of the Share Option Scheme.

The Listing Committee of Stock Exchange has granted the listing of, and permission to deal in the shares of the Company which may fall to be issued pursuant to the exercise of the options which granted and/or may be granted under the Share Option Scheme, and/or the New Share Option Scheme, subsequently.

As at 30 June 2021, a total of 355,200,187 share options were outstanding which comprised 92,400,187 share options and 262,800,000 share options granted under the Share Option Scheme and the New Share Option Scheme respectively.

The following is a summary of the principal terms of the Share Option Scheme and the New Share Option Scheme.

(A) *Share Option Scheme*

Purpose

Recognise and acknowledge the contributions that the grantees had made or may make to the Group.

Participants

Eligible participants include:

- (a) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“**Affiliate**”);

Other Information

- (b) the trustee of any trust the beneficiary of which or an discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or
- (c) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

Exercise price

Determined by the Board and shall not be less than the higher of:

- (a) the nominal value of the share of the Company;
- (b) the closing price of the share of the Company on the Stock Exchange at the offer date, which must be a trading day; and
- (c) the average closing price of the share of the Company on the Stock Exchange for the five business days immediately preceding the offer date.

Total number of shares available for issue and the percentage of the issued share capital that it represented as at the date of this interim report

No further options will be granted under the scheme as the scheme had been terminated on 2 June 2016.

The total number of shares of the Company available for issue upon exercise of the outstanding share option under the Share Option Scheme was 92,400,187 shares, being approximately 1.38% of the issued shares of the Company.

Maximum entitlement of each participant

Not exceed 1% of the shares of the Company in issue in any 12-month period.

Period within which the securities must be taken up under the option

Subject to the discretion by the Board and, in the absence of which, from the date of acceptance to the earlier of the date on which such option lapses and 10 years from the date of offer.

Minimum period for which an option must be held before it can be exercised

Subject to the discretion by the Board.

Amount payable on acceptance

HK\$10 payable upon acceptance of the offer.

Other Information

Period within which calls/loans must be made/repaid

Not applicable.

Remaining life of the scheme

The scheme has been terminated on 2 June 2016 but the provisions of the scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of the scheme and remain unexercised immediately prior to the date of termination shall continue to be exercisable in accordance with their terms of grant, notwithstanding the termination of the scheme.

(B) *New Share Option Scheme*

Purpose

Recognise and acknowledge the contributions that the grantees had made or may make to the Group.

Participants

Eligible participants include:

- (a) full time or part time employees, executives, officers, or directors (whether executive or non-executive and whether independent or not) of the Group;
- (b) and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group.

Exercise price

Determined by the Board and shall not be less than the higher of:

- (a) the nominal value of the share of the Company;
- (b) the closing price of the share of the Company on the Stock Exchange at the offer date, which must be a trading day; and
- (c) the average closing price of the share of the Company on the Stock Exchange for the five business days immediately preceding the offer date.

Other Information

Total number of shares available for issue upon exercise of the outstanding share options of the Company under the New Share Option Scheme and the percentage of the issued shares capital that it represented as at the date of this interim report

The total number of shares of the Company available for issue upon exercise of the outstanding share options under the New Share Option Scheme was 262,800,000 shares, being approximately 3.94% of the issued shares of the Company.

The total number of shares of the Company available for issue upon exercise of all outstanding share options under the Share Option Scheme and the New Share Option Scheme was 355,200,187 shares, approximately 5.32% of the issued shares of the Company as at the date of this interim report.

Maximum entitlement of each participant

Not exceed 1% of the shares in issue in any 12-month period.

Period within which the securities must be taken up under the option

Subject to the discretion by the Board and, in the absence of which, from the date of acceptance to the earlier of the date on which such option lapses and 10 years from the date of offer.

Minimum period for which an option must be held before it can be exercised

Subject to the discretion by the Board.

Amount payable on acceptance

HK\$1 payable upon acceptance of the offer.

Period within which calls/loans must be made/repaid

Not applicable.

Remaining life of the scheme

The scheme will be valid and effective until 2 June 2026, after which no further options will be granted but the provisions of the scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of the scheme and remain unexercised immediately prior to 2 June 2026 shall continue to be exercisable in accordance with their terms of grant, notwithstanding the expiry of the scheme.

Other Information

(C) Movements of the Share Option Scheme

Movements of the share options, which were granted under the Share Option Scheme, during the period ended 30 June 2021 are listed below in accordance with rule 17.07 of the Listing Rules:

Category	Date of grant	As at 1.1.2021	During the period				As at 30.6.2021	Adjusted exercise price HK\$	Closing Price immediately before date of grant HK\$	Exercisable period
			Granted	Exercised	Cancelled	Lapsed				
Continuous Contract Employees	12.12.2013	462,559	-	-	-	-	462,559	0.344 ¹	0.355 ³	13.12.2013-12.12.2023
Sub-total:		462,559	-	-	-	-	462,559			
Consultants	12.12.2013	91,937,628	-	-	-	-	91,937,628	0.344 ¹	0.355 ³	13.12.2013-12.12.2023
Sub-total:		91,937,628	-	-	-	-	91,937,628			
Total:		92,400,187	-	-	-	-	92,400,187			

Notes:

1. The original exercise price of the share option granted on 12 December 2013 was HK\$0.398, which was subsequently adjusted to HK\$0.344. The exercise price of the share options is subject to the adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.
2. When the share options are lapsed or cancelled, the amount previously recognised in share option reserve will be transferred to accumulated losses.
3. The original closing price of the shares of the Company immediately before the date of grant on 11 December 2013 was HK\$0.410, which was subsequently adjusted to HK\$0.355 due to the rights or bonus issues, or other similar changes in the Company's share capital.

Other Information

(D) Movements of the New Share Option Scheme

Movements of the share options, which were granted under the New Share Option Scheme, during the period ended 30 June 2021 are listed below in accordance with rule 17.07 of the Listing Rules:

Category	Date of grant	As at 1.1.2021	During the period				As at 30.6.2021	Exercise price HK\$	Closing Price immediately before date of grant HK\$	Exercisable period
			Granted	Exercised	Cancelled	Lapsed				
Consultants	11.01.2017	120,000,000	-	-	-	-	120,000,000	0.202	0.199	11.01.2017- 10.01.2027
	19.04.2017	16,500,000	-	-	-	-	16,500,000	0.700	0.600	19.04.2017- 18.04.2027
	19.04.2017	3,600,000	-	-	-	(200,000)	3,400,000	0.700	0.600	19.04.2017- 18.04.2027
	19.04.2017	5,400,000	-	-	-	(300,000)	5,100,000	0.700	0.600	19.04.2018- 18.04.2027
	19.04.2017	9,000,000	-	-	-	(500,000)	8,500,000	0.700	0.600	19.04.2019- 18.04.2027
	04.09.2017	1,400,000	-	-	-	(200,000)	1,200,000	0.455	0.460	04.09.2017- 03.09.2027
	04.09.2017	2,100,000	-	-	-	(300,000)	1,800,000	0.455	0.460	04.09.2018- 03.09.2027
	04.09.2017	3,500,000	-	-	-	(500,000)	3,000,000	0.455	0.460	04.09.2019- 03.09.2027
	22.09.2020	2,880,000	-	-	-	(1,440,000)	1,440,000	0.900	0.760	22.09.2020- 21.09.2030
	22.09.2020	2,880,000	-	-	-	(1,440,000)	1,440,000	0.900	0.760	22.09.2021- 21.09.2030
	22.09.2020	3,840,000	-	-	-	(1,920,000)	1,920,000	0.900	0.760	22.09.2022- 21.09.2030
Sub-total:		171,100,000	-	-	-	(6,800,000)	164,300,000			

Other Information

Category	Date of grant	As at 1.1.2021	During the period				As at 30.6.2021	Exercise price HK\$	Closing Price immediately before date of grant HK\$	Exercisable period
			Granted	Exercised	Cancelled	Lapsed				
Directors										
Mr. Lo	04.09.2017	8,000,000	-	-	-	-	8,000,000	0.455	0.460	04.09.2017-03.09.2027
	04.09.2017	12,000,000	-	-	-	-	12,000,000	0.455	0.460	04.09.2018-03.09.2027
	04.09.2017	20,000,000	-	-	-	-	20,000,000	0.455	0.460	04.09.2019-03.09.2027
Manuel Assis Da Silva	04.09.2017	600,000	-	-	-	-	600,000	0.455	0.460	04.09.2017-03.09.2027
	04.09.2017	900,000	-	-	-	-	900,000	0.455	0.460	04.09.2018-03.09.2027
	04.09.2017	1,500,000	-	-	-	-	1,500,000	0.455	0.460	04.09.2019-03.09.2027
Mr. Au	22.09.2020	12,000,000	-	-	-	-	12,000,000	0.900	0.760	22.09.2020-21.09.2030
	22.09.2020	12,000,000	-	-	-	-	12,000,000	0.900	0.760	22.09.2021-21.09.2030
	22.09.2020	16,000,000	-	-	-	-	16,000,000	0.900	0.760	22.09.2022-21.09.2030
Sub-total:		83,000,000	-	-	-	-	83,000,000			
Continuous Contract Employees	04.09.2017	2,100,000	-	(200,000) ⁴	-	-	1,900,000	0.455	0.460	04.09.2017-03.09.2027
	04.09.2017	3,150,000	-	(300,000) ⁴	-	-	2,850,000	0.455	0.460	04.09.2018-03.09.2027
	04.09.2017	5,250,000	-	(500,000) ⁴	-	-	4,750,000	0.455	0.460	04.09.2019-03.09.2027
	22.09.2020	2,340,000	-	-	-	(540,000) ³	1,800,000	0.900	0.760	22.09.2020-21.09.2030
	22.09.2020	2,340,000	-	-	-	(540,000) ³	1,800,000	0.900	0.760	22.09.2021-21.09.2030
	22.09.2020	3,120,000	-	-	-	(720,000) ³	2,400,000	0.900	0.760	22.09.2022-21.09.2030
	Sub-total:		18,300,000	-	(1,000,000)	-	(1,800,000)	15,500,000		
Total:		272,400,000	-	(1,000,000)	-	(8,600,000)	262,800,000			

Other Information

Notes:

1. The exercise price of the share options is subject to the adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.
2. When the share options are lapsed or cancelled, the amount previously recognised in share option reserve will be transferred to accumulated losses.
3. 8,600,000 share options were lapsed under the New Share Option Scheme upon the resignation of employees and consultants of the Company during the six months ended 30 June 2021.
4. In December 2020, the Company received a notice for exercise of 1,000,000 share options, where 1,000,000 new shares of the Company were issued in January 2021 upon the exercise of the relevant share options.

(2) Summit Ascent

Share Option Scheme of Summit Ascent (the "Summit Ascent Scheme")

Movements of share options granted under the Summit Ascent Scheme during the period from 1 January 2021 to 30 June 2021 are set out below:

Category of Participants	Date of grant	Number of share options				As at 30 June 2021	Exercise price (HK\$)	Exercise period (Notes)
		As at 1 January 2021	Granted	Lapsed	Cancelled			
Independent non-executive directors of Summit Ascent								
Mr. Lau Yau Cheung	13.12.2018	937,500	-	-	-	937,500	1.05	3
Mr. Li Chak Hung	13.12.2018	937,500	-	-	-	937,500	1.05	3
Employees								
	01.09.2016	1,211,250	-	-	-	1,211,250	2.12	2
	13.12.2018	10,621,875	-	-	-	10,621,875	1.05	3
	02.11.2020	1,000,000	-	-	-	1,000,000	0.912	4
Consultants								
	01.09.2016	5,448,750	-	-	-	5,448,750	2.12	2
Total		20,156,875	-	-	-	20,156,875		

Other Information

Notes:

1. Each option gives the holder the right to subscribe for one share of Summit Ascent and the vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The share options granted on 1 September 2016 are divided into 2 tranches, 50% of which is exercisable from 1 September 2016 and the remaining 50% is exercisable from 1 September 2017 respectively to 31 August 2021.
3. The share options granted on 13 December 2018 are exercisable from 13 December 2018 to 12 December 2023.
4. The share options granted on 2 November 2020 are divided into 3 tranches, 30% of which is exercisable from 2 November 2020, 30% of which is exercisable from 2 November 2021 and the remaining 40% is exercisable from 2 November 2022 respectively to 1 November 2025. The closing price of the Summit Ascent's shares on the Stock Exchange immediately preceding the date of grant was HK\$0.89.
5. During the six months ended 30 June 2021, no share options were exercised or cancelled under the Summit Ascent Scheme.

CHANGES IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of the information of the Directors is as follows:

With effect from 4 May 2021, Mr. Lo was appointed as a director of Suntrust Home Developers, Inc., an indirect non-wholly owned subsidiary of the Company, of which the shares are listed on The Philippine Stock Exchange, Inc..

Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2020 and up to the date of this report.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2021, Star Admiral, an indirect wholly owned subsidiary of the Company has made advances to Gold Yield Enterprises Limited ("**GYE**"), a 50% owned joint venture of the Group, in the aggregate amount of approximately US\$64,955,799 (equivalent to approximately RMB444,309,000) (the "**Advances A**"). Such Advances A have been provided by the Group to GYE to support the development of the Project. The Advances A have been provided on a pro-rata basis by reference to the percentage of shareholdings held by the Group in GYE. The Advances A are provided in the form of shareholder's loans by Star Admiral which are interest-free, unsecured and no fixed repayment term.

In addition, Star Admiral as lender entered into the two loan agreements with GYE on 7 January 2020 and 6 March 2020 respectively, pursuant to which Star Admiral has advanced loans in the aggregate principal amount of US\$34,045,000 (equivalent to approximately RMB239,719,000 at the drawdown date) to GYE (the "**Advances B**"). The loans are interest bearing at 1.5% per annum, unsecured and repayable after 5 years from the first drawdown date of the facilities.

Other Information

On 6 July 2020, Star Admiral as lender entered into the a loan agreement with GYE, pursuant to which Star Admiral has advanced loans in the aggregate principal amount of US\$30,000,000 (equivalent to approximately RMB212,385,000 at the drawdown date) to GYE (the “**Advance C**”). The loan is interest bearing at 14% per annum, unsecured and repayable after 12 months from the first drawdown date of the facility and the maturity date may be extended up to 28 February 2022.

Such Advances A, Advances B and Advance C to GYE in aggregate exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. Pursuant to Rule 13.22 of the Listing Rules, a statement of financial position of the Company’s affiliated company (as defined in the Listing Rules) with financial assistance from the Group and the Group’s attributable interest in the affiliated company as at 30 June 2021 are presented as follows:

	Statement of financial position RMB’000	The Group’s attributable interest RMB’000
Non-current assets	7,159,111	2,567,642
Current assets	740,336	252,047
Current liabilities	(3,518,864)	(1,412,396)
Non-current liabilities	(4,610,898)	(1,527,202)
Non-controlling interests	(9,503)	–
Net liabilities	(239,818)	(119,909)

CORPORATE GOVERNANCE

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the six months ended 30 June 2021 except the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. Following the resignation of Ms. Yeung So Lai as an executive Director and the chief executive officer of the Company (the “**Chief Executive Officer**”) on 31 March 2017, the Company has not appointed an individual to take up the vacancy of the Chief Executive Officer, and the roles and functions of the Chief Executive Officer have been performed by all the executive Directors collectively.

Under code provision E.1.2 of the Code, the chairman of the Board should attend the annual general meeting of the Company and invite the chairman of the committees to attend. However, due to his other business commitment, Mr. Chau, the chairman of the Board, did not attend the annual general meeting held on 8 June 2021.

Other Information

Under code provision D.1.4 of the CG Code, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Chau, Mr. Lo, Mr. Au and Mr. Manuel Assis Da Silva, executive Directors of the Company. However, Mr. Chau, Mr. Lo, Mr. Au and Mr. Manuel Assis Da Silva are subject to retirement by rotation at least once in every three years in accordance with the Company's articles of association.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") with written terms of reference to set out its authority and duties. The Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2021.

REMUNERATION COMMITTEE

The Company has established a remuneration committee ("**Remuneration Committee**") with written terms of reference to set out its authority and duties. The Remuneration Committee comprises three independent non-executive Directors.

NOMINATION COMMITTEE

The Company has established a nomination committee ("**Nomination Committee**") with terms of reference to set out its authority and duties. The Nomination Committee comprises three independent non-executive Directors of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "**Securities Code**") no less exacting than the required standard as set out in the Model Code set out in Appendix 10 to the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2021.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with the Securities Code.

APPROVAL OF INTERIM REPORT

The unaudited condensed consolidated financial statements in this interim report have been reviewed by the Audit Committee, and this interim report was approved and authorised for issue by the Board on 31 August 2021.

On behalf of the Board

Chau Cheek Wa
Chairman