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YIDA CHINA HOLDINGS LIMITED

億達中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3639)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2020:

1. Recognised revenue amounted to RMB1,714.98 million, representing a decrease of 26.5% as compared to the corresponding period in 2019;
2. The gross profit amounted to RMB509.62 million, the gross profit margin was 29.7%;
3. The net profit amounted to RMB284.88 million, representing an increase of 9.7% as compared to the corresponding period in 2019 and the net profit margin was 16.6%;
4. Basic earnings per share was RMB11.52 cents; and
5. The Board does not recommend any payment of interim dividend.

FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Yida China Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”) together with comparative figures for the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	1,714,980	2,332,659
Cost of sales	7	<u>(1,205,356)</u>	<u>(1,306,079)</u>
Gross profit		509,624	1,026,580
Other income	6	13,768	14,638
Gains arising from acquisition of subsidiaries	19	454,889	49,389
Fair value gains/(losses) on investment properties	13	66,821	(11,182)
Net reversal of impairment losses on financial and contract assets		1,210	5,751
Other losses – net	8	(206,151)	(42,001)
Selling and marketing expenses	7	(59,732)	(87,418)
Administrative expenses	7	(136,611)	(187,360)
Finance costs - net	9	(239,052)	(306,772)
Share of profits and losses of joint ventures and associates		<u>39,890</u>	<u>22,522</u>
Profit before income tax		444,656	484,147
Income tax expenses	10	<u>(159,780)</u>	<u>(224,466)</u>
Profit for the period		<u>284,876</u>	<u>259,681</u>
Attributable to:			
Owners of the Company		297,638	298,521
Non-controlling interests		<u>(12,762)</u>	<u>(38,840)</u>
		<u>284,876</u>	<u>259,681</u>
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted (RMB per share)	12	<u>11.52 cents</u>	<u>11.55 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	<i>Note</i>	Six months ended 30 June	
		2020	2019
		<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Profit for the period		284,876	259,681
Other comprehensive income which may be reclassified to profit or loss in subsequent periods		<u>—</u>	<u>—</u>
Total comprehensive income for the period		<u>284,876</u>	<u>259,681</u>
Attributable to:			
Owners of the Company		297,638	298,521
Non-controlling interests		<u>(12,762)</u>	<u>(38,840)</u>
		<u>284,876</u>	<u>259,681</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020	31 December 2019
	Note	RMB'000 (Unaudited)	RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		138,562	125,761
Investment properties	13	19,870,175	19,745,832
Investments in joint ventures		1,165,808	1,853,509
Investments in associates		14,265	14,174
Prepayments for acquisition of land		2,904,923	2,801,290
Prepayments and other receivables		821,233	792,413
Intangible assets		34,789	32,597
Deferred tax assets		245,205	253,446
Total non-current assets		25,194,960	25,619,022
Current assets			
Inventories		39,258	7,920
Land held for development for sale		768,008	768,008
Properties under development		10,961,070	6,494,611
Completed properties held for sale		5,143,682	4,791,514
Prepayments for acquisition of land		657,954	529,529
Contract assets		103,986	138,439
Trade receivables	14	710,779	912,416
Prepayments, deposits and other receivables		2,247,481	2,197,831
Prepaid corporate income tax		134,656	129,655
Prepaid land appreciation tax		249,463	244,995
Financial assets at fair value through profit or loss		1,260	—
Restricted cash	15	720,287	1,006,857
Cash and cash equivalents	15	568,404	1,032,666
Total current assets		22,306,288	18,254,441
Total assets		47,501,248	43,873,463

		30 June 2020	31 December 2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
Interest-bearing bank and other borrowings	17	3,077,660	1,146,666
Deferred tax liabilities		2,985,119	2,505,589
Other non-current liabilities		–	2,659
Lease liabilities		402,973	399,255
Total non-current liabilities		6,465,752	4,054,169
Current liabilities			
Contract liabilities		5,512,948	4,733,967
Trade payables	16	3,388,489	3,378,641
Other payables and accruals		2,445,137	2,917,219
Derivative financial instruments		916,103	769,496
Interest-bearing bank and other borrowings	17	14,358,719	13,869,059
Corporate income tax payable		640,437	678,807
Provision for land appreciation tax		872,640	875,513
Lease liabilities		68,626	61,071
Total current liabilities		28,203,099	27,283,773
Total liabilities		34,668,851	31,337,942
Equity			
Equity attributable to owners of the Company			
Issued capital		159,418	159,418
Reserves		11,995,218	11,697,580
		12,154,636	11,856,998
Non-controlling interests		677,761	678,523
Total equity		12,832,397	12,535,521
NET CURRENT LIABILITIES		(5,896,811)	(9,029,332)
TOTAL ASSETS LESS CURRENT LIABILITIES		19,298,149	16,589,690

NOTES TO INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. Corporate and Group information

Yida China Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2020, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Zhengzhou, Hefei, Xi’an, Suzhou, Hangzhou, Shenzhen, Changsha, Chongqing and Chengdu, the People’s Republic of China (the “**PRC**” or “**Mainland China**”).

In the opinion of the directors of the Company (the “**Directors**”), the holding company of the Company is Jiayou (International) Investment Limited (“**Jiayou**”), which is incorporated in the British Virgin Islands (the “**BVI**”), and the ultimate holding company of the Company is China Minsheng Investment Corp., Ltd. (“**China Minsheng**”).

2. Basis of Preparation

The interim results set out in this announcement do not constitute the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2020 but are extracted from those financial statements, which have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and investment properties which are measured at fair value, and in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

Going concern basis

As at 30 June 2020, the Group’s current liabilities exceeded its current assets by RMB5,896,811,000. At the same date, its current borrowings amounted to RMB14,358,719,000 while its cash and cash equivalents amounted to RMB568,404,000 only. Since 2018, the financial conditions of the Group’s controlling shareholder, China Minsheng changed in such a way that triggered certain terms specified in the Group’s loan agreements. This resulted in certain of the Group’s borrowings amounted to RMB8,182,642,000 in total as at 30 June 2020 becoming immediately repayable if requested by the lenders, of which RMB6,200,459,000 represented loans or corporate bond with scheduled repayment dates within one year, while RMB1,982,183,000 represented non-current loans with original maturity dates beyond 30 June 2021 that were reclassified as current liabilities. On 20 February 2020, the Company publicly announced the detention of Mr. Chen Donghui, a then executive director of the Company, by the relevant authorities in the PRC (“**Mr. Chen Detention Matter**”). Mr. Chen was subsequently removed as executive director of the Company with effect from 15 June 2020. Mr. Chen Detention Matter resulted in certain borrowings amounted to RMB4,617,062,000 as at 30 June 2020 becoming immediately repayable if requested by the lenders, which were all included in the above-mentioned borrowings of RMB8,182,642,000. In addition, the Group failed to repay USD52,854,000 of the senior notes due on 20 April 2020 and subsequently repaid in full on 24 April 2020 (“**Senior Notes Default**”). This event resulted in certain of the Group’s borrowings amounted to RMB9,030,042,000 in total as at 30 June 2020 becoming immediately repayable if requested by the lenders, out of which RMB8,132,642,000 was also included in the above-mentioned borrowings of RMB8,182,642,000. Collectively, borrowings amounted to RMB9,080,042,000 in total as at 30 June 2020 would

become immediately repayable if requested by the lender, triggered either by changes in the financial conditions of China Minsheng, Mr. Chen Detention Matter or Senior Notes Default, of which RMB7,097,859,000 represented loans or corporate bond with scheduled repayment dates within one year. While RMB1,982,183,000 represented non-current loans with original maturity dates beyond 30 June 2021 that were reclassified as current liabilities. Such conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) Although the lenders has not requested the Group to repay the relevant loans and corporate bond immediately, the Group has constantly maintained active communication with relevant banks and financial institutions to explain changes in the financial conditions of China Minsheng, Mr. Chen Detention Matter and Senior Notes Default. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the Group's immediate repayment of the bank loans and corporate bond prior to their scheduled contractual repayment dates.
- (ii) The Group is also actively negotiating with several existing financial institutions on the renewal of and extension for repayments of certain borrowings. Subsequent to 30 June 2020, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing. In this connection, the Group was able to renew or obtain new borrowings of RMB458 million from existing and new lenders, out of which RMB121 million of the borrowings are attributable to agreements that do not contain any restrictions relating to the financial conditions of China Minsheng or Mr. Chen Detention Matter or Senior Notes Default (although the loan agreements for the remaining new borrowings of RMB337 million contain terms that cause such borrowings to be subject to immediate repayment if requested by the lenders). The Directors believe that, given the Group's good credit history and the availability of the Group's properties as collateral for the borrowings, the Group will be able to renew existing borrowings and obtain new borrowings when necessary.
- (iii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.
- (iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2020. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) the successful maintenance of a continuing and normal business relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to exercise their contractual rights to demand immediate repayment of the relevant borrowings and corporate bond;
- (ii) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings;
- (iii) the successful obtaining of additional new sources of financing as and when needed; and
- (iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, to speed up the collection of outstanding sales proceeds and to other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited condensed consolidated financial statements.

3. Accounting Policies

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2019, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings, and the adoption of the new and amended standards of HKFRSs effective for the financial year ending 31 December 2020, which did not have any significant impact on the Group's financial statements and did not require retrospective adjustments.

There are no standards, amendments and interpretations to existing standards that are not effective and would be expected to result in any significant impact on the Group's financial positions and results of operations.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or capital appreciation;
- (c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other independent third parties;
- (d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects;
- (e) the property management segment engages in the provision of management services to properties; and
- (f) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measurement of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and certain corporate gains and expenses and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, prepaid other taxes, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax, other taxes payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the six months ended 30 June 2020, no single external customer's transaction generated revenue accounting for 10% or more of the Group's total revenue.

For the six months ended 30 June 2020 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Business park operation and management <i>RMB'000</i>	Construction, decoration and landscaping <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:							
Sales to external customers	1,043,891	265,666	28,400	107,022	270,001	–	1,714,980
Segment results	100,907	283,684	(6,970)	149	37,757	(47,934)	367,593
<i>Reconciliation:</i>							
Interest income							7,833
Dividend income and unallocated gains							454,889
Corporate and other unallocated expenses							(146,607)
Finance costs							(239,052)
Profit before income tax							444,656
Income tax expenses							(159,780)
Profit for the period							<u>284,876</u>

For the six months ended 30 June 2019 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Business park operation and management <i>RMB'000</i>	Construction, decoration and landscaping <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:							
Sales to external customers	1,704,057	266,698	30,467	109,419	222,018	–	2,332,659
Segment results	668,348	157,153	3,487	1,997	13,364	(38,785)	805,564
<i>Reconciliation:</i>							
Interest income							9,593
Dividend income and unallocated gains							32,760
Corporate and other unallocated expenses							(56,998)
Finance costs							(306,772)
Profit before income tax							484,147
Income tax expenses							(224,466)
Profit for the period							<u>259,681</u>

5. Revenue

Revenue represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties, property management income received and receivable, an appropriate proportion of contract revenue from construction, decoration and landscaping, and business park operation and management service income received and receivable from the provision of operation and management services to the business park projects, all net of value-added tax and surcharges, during the period.

An analysis of the Group's revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers recognised at a point in time		
Sale of properties	<u>1,043,891</u>	<u>1,704,057</u>
Revenue from contracts with customers recognised over time		
Business park operation and management service income	28,400	30,467
Construction, decoration and landscaping income	107,022	109,419
Property management income	<u>270,001</u>	<u>222,018</u>
	<u>405,423</u>	<u>361,904</u>
Revenue from contracts with customers	<u>1,449,314</u>	<u>2,065,961</u>
Revenue from other sources		
Rental income	<u>265,666</u>	<u>266,698</u>
	<u>1,714,980</u>	<u>2,332,659</u>

6. Other Income

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	7,833	9,593
Government subsidies	5,935	4,181
Others	<u>—</u>	<u>864</u>
	<u>13,768</u>	<u>14,638</u>

7. Expenses by Nature

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analyzed as follows:

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of properties sold	796,041	939,779
Cost of services provided	328,623	289,473
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	80,692	76,827
Employee benefit expenses	77,122	123,043
Short-term office lease expenses	9,116	8,725
Depreciation	23,791	16,543
Amortisation of intangible assets	6,026	5,492
Advertising	21,067	31,724
Other costs and expenses	59,221	89,251
Total cost of sales, selling and marketing expenses and administrative expenses	<u>1,401,699</u>	<u>1,580,857</u>

8. Other Losses – net

For the six months ended 30 June 2020, other losses – net mainly included fair value losses on derivative financial instruments of RMB146,607,000 (six months ended 30 June 2019: RMB34,105,000).

9. Finance Costs

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans and other loans	713,600	674,107
Interest on lease liabilities	17,343	15,798
Less: Interest capitalised	(463,187)	(351,116)
	<u>267,756</u>	<u>338,789</u>
Interest income	(28,704)	(32,017)
	<u>239,052</u>	<u>306,772</u>

10. Income Tax Expenses

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2020 and 2019. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the period.

An analysis of the income tax charges for the period is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current:		
PRC corporate income tax	41,372	85,266
PRC land appreciation tax ("LAT")	60,902	215,341
	102,274	300,607
Deferred:		
Current period	57,506	(76,141)
Total tax charge for the period	159,780	224,466

11. Interim Dividend

The Company resolved not to declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

12. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of RMB297,638,000 (six months ended 30 June 2019: RMB298,521,000), and the weighted average number of ordinary shares of 2,583,970,000 (six months ended 30 June 2019: 2,583,970,000) in issue during those periods.

Diluted earnings per share is same as basic earnings per share for the six months ended 30 June 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during those periods.

13. Investment Properties

	Right-of-use Assets RMB'000	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)				
At 1 January 2020	497,000	12,977,350	6,271,482	19,745,832
Additions	–	(1,221)	97,443	96,222
Transfer to completed investment properties	–	751,000	(751,000)	–
Transfer to properties under development	–	(38,700)	–	(38,700)
Net gains/(losses) from fair value adjustments	(5,000)	34,321	37,500	66,821
At 30 June 2020	<u>492,000</u>	<u>13,722,750</u>	<u>5,655,425</u>	<u>19,870,175</u>
	Right-of-use Assets RMB'000	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)				
At 1 January 2019	438,347	12,394,650	6,209,416	19,042,413
Additions	–	3,281	73,494	76,775
Net gains/(losses) from fair value adjustments	(17,918)	4,219	2,517	(11,182)
At 30 June 2019	<u>420,429</u>	<u>12,402,150</u>	<u>6,285,427</u>	<u>19,108,006</u>

As at 30 June 2020, certain of the Group's investment properties of RMB16,589,116,000 (31 December 2019: RMB14,547,558,000) were pledged to banks and financial institutions to secure the loans granted to the Group.

14. Trade Receivables

	30 June 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(Audited)
Trade receivables – gross amount	761,005	964,562
Less: Allowances for impairment of trade receivables	(50,226)	(52,146)
	<u>710,779</u>	<u>912,416</u>

Trade receivables mainly represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. Trade receivables are non-interest-bearing.

An aging analysis of the gross trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(Audited)
Within 1 year	585,167	717,970
1 to 2 years	60,924	157,412
Over 2 years	114,914	89,180
	<u>761,005</u>	<u>964,562</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2020, a provision of RMB50,226,000 (31 December 2019: RMB52,146,000) was made against the gross amount of trade receivables.

15. Cash and Cash Equivalents and Restricted Cash

	30 June 2020 <i>RMB'000</i> (unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Cash and bank balances (<i>notes</i>)	1,288,691	2,039,523
Less: Restricted cash	(720,287)	(1,006,857)
Cash and cash equivalents	<u>568,404</u>	<u>1,032,666</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,272,790,000 (31 December 2019: RMB1,999,742,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

notes:

- (a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. As at 30 June 2020, such guarantee deposits amounted to RMB195,431,000 (31 December 2019: RMB206,452,000).
- (b) As at 30 June 2020, the deposits of the Group amounted to RMB128,456,000 (31 December 2019: RMB105,405,000), were placed at designated bank accounts by certain subsidiaries of the Group for the payment of promissory notes, compensation of potential industrial accidents that would occur during construction work and the training of talents, in accordance with the relevant regulation implemented by contracts and local governments.
- (c) As at 30 June 2020, certain of the Group's time deposits of RMB396,400,000 (31 December 2019: RMB695,000,000) were pledged to banks to secure the bank loans and other loans granted to the Group.

16. Trade Payables

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Due within 1 year or on demand	2,033,093	2,038,170
Due within 1 to 2 years	1,355,396	1,340,471
	<u>3,388,489</u>	<u>3,378,641</u>

The trade payables are non-interest-bearing and unsecured.

17. Interest-Bearing Bank and Other Borrowings

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	4.35-9.50	2020-2021	7,157,733	4.35-9.50	2020	6,875,981
Other loans – secured	5.70-15.00	2020-2021	4,639,324	5.70-15.00	2020	4,705,286
Other loans – unsecured	1.20-15.00	2020-2021	2,561,662	1.20-15.00	2020	2,287,792
			<u>14,358,719</u>			<u>13,869,059</u>
Non-current						
Bank loans – secured	4.55	2021-2023	289,000	6.00	2021	362,880
Other loans – secured	13-13.50	2021-2023	2,788,660	10.00	2021	112,360
Other loans – unsecured	–	–	–	10.00	2021	671,426
			<u>3,077,660</u>			<u>1,146,666</u>
			<u>17,436,379</u>			<u>15,015,725</u>

30 June	31 December
2020	2019
RMB'000	RMB'000
(unaudited)	(Audited)

Analysed into:

Bank loans repayable:

Within one year or on demand	7,157,733	6,875,981
In the second year	35,000	362,880
In the third to fifth years, inclusive	254,000	—
	7,446,733	7,238,861

Other loans repayable:

Within one year or on demand	7,200,986	6,993,078
In the second year	187,660	783,786
In the third to fifth years, inclusive	2,601,000	—
	9,989,646	7,776,864
	17,436,379	15,015,725

As at 30 June 2020, included in bank loans of the Group is an amount of RMB2,645,790,000 (31 December 2019: RMB2,151,000,000) containing an on-demand clause, which has been classified as current liabilities. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

The current bank and other borrowings included borrowings with principal amounts of RMB1,982,183,000 (31 December 2019: RMB3,134,611,000) with original maturity dates beyond 30 June 2021, which have been reclassified as current liabilities as at 30 June 2020 as a result of the matters described in note 2.

- (a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB1,426,772,000 (31 December 2019: RMB1,426,772,000). The first tranche of RMB1,000,000,000 and the second tranche of RMB2,000,000,000 of the corporate bonds were issued by Yida Development Company Limited (“**Yida Development**”), an indirectly wholly-owned subsidiary of the Company, on 24 September 2015 and 8 March 2016, respectively. At the end of the third year, Yida Development shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to Yida Development. A principal amount of RMB198,252,000 of the first tranche has been redeemed during 2018 and the remaining principal amount of RMB801,748,000 of the first tranche was extended and recorded into current interest-bearing bank and other borrowings. Besides, a principal amount of RMB1,374,976,000 of the second tranche has been redeemed on 7 March 2019 as scheduled and the maturity date of the remaining principal amount of RMB625,024,000 of the second tranche has been extended to March 2021.

- (b) As at 31 December 2019, included in other loans of the Group were senior notes issued in April 2017 (“**2017 Senior Notes**”) with carrying amount of RMB2,112,149,000. 2017 Senior Notes were with principal amounts of USD300,000,000, unsecured, had a term of three years and bore interest at a rate of 6.95% per annum. The original maturity date was 19 April 2020.

On 27 March 2020, the exchange offer and consent solicitation for the 2017 Senior Notes was completed. USD247,146,000 of 2017 Senior Notes were validly tendered for exchange and accepted pursuant to the exchange offer and consent solicitation, the consideration of which settled on the same day was comprised of the issuance of USD224,899,000 of the new senior notes (“**2020 Senior Notes**”), USD22,243,140 as cash consideration, USD7,538,639.68 as accrued interests and USD3,860 in lieu of any fractional amount of 2020 Senior Notes. 2020 Senior Notes will mature in March 2022, while the Company shall, at the option of any 2020 Senior Notes holders, repurchase the outstanding 2020 Senior Notes in March 2021.

The remaining outstanding principal amount of 2017 Senior Notes of USD52,854,000 was repaid by the Group on 24 April 2020. The amount shall be due on 19 April 2020, and, as 19 April 2020 was a Sunday, such amount shall be paid on 20 April 2020, the next immediate business day.

As at 30 June 2020, the carrying amount of the 2020 Senior Notes was RMB1,616,338,000.

Both of 2017 Senior Notes and 2020 Senior Notes of the Company are guaranteed by certain subsidiaries of the Group.

- (c) Certain of the Group’s bank and other loans are secured or guaranteed by:
- (i) pledges of the Group’s properties under development with an aggregate carrying amount as at 30 June 2020 of approximately RMB8,219,684,000 (31 December 2019: RMB3,490,862,000);
 - (ii) pledges of the Group’s investment properties with an aggregate carrying amount as at 30 June 2020 of approximately RMB16,589,116,000 (31 December 2019: RMB14,547,558,000);
 - (iii) pledges of the Group’s land held for development for sale with an aggregate carrying amount as at 30 June 2020 of approximately RMB709,790,000 (31 December 2019: RMB464,607,000);
 - (iv) pledges of the Group’s completed properties held for sale with an aggregate carrying amount as at 30 June 2020 of approximately RMB3,612,095,000 (31 December 2019: RMB2,626,371,000);
 - (v) pledge of a building of the Group with a carrying amount as at 30 June 2020 of approximately RMB38,110,000 (31 December 2019: Nil);
 - (vi) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB12,192,637,000 as at 30 June 2020 (31 December 2019: RMB8,794,814,000);
 - (vii) pledges of certain equity interests of the subsidiaries of the Company as at the end of the reporting period;
 - (viii) pledges of certain of the Group’s time deposits with an aggregate carrying amount of approximately RMB396,400,000 as at 30 June 2020 (31 December 2019: RMB695,000,000);
 - (ix) pledge of other receivables of the Group with a carrying amount as at 30 June 2020 of approximately RMB521,906,000 (31 December 2019: Nil); and
 - (x) pledges of certain of the Group’s guarantee deposits with an aggregate carrying amount as at 31 December 2019 of approximately RMB52,100,000 which was released in May 2020.

- (d) Other than certain other borrowings with a carrying amount of RMB1,616,338,000 (31 December 2019: RMB2,112,149,000) denominated in USD as at 30 June 2020 and RMB567,703,000 denominated in HKD as at 30 June 2020 (31 December 2019: RMB496,349,000), the remaining bank borrowings and other borrowings of the Group are denominated in RMB as at 30 June 2020 and 31 December 2019.
- (e) As at 30 June 2020, included in other loans of the Group were loans from a related party (Shanghai Jiayu Medical Investment Management Co., Ltd.) controlled by the same ultimate holding company of the Company with principal amounts of RMB499,214,000 (31 December 2019: RMB58,500,000), among which RMB268,500,000 were unsecured, borne interest at 15% per annum and were repayable within one year, while the remaining RMB230,714,000 were secured, borne interest at 8% per annum and were repayable within one year.

18. Financial Guarantees

The Group had the following financial guarantees as at the end of the reporting period:

- (a) As at 30 June 2020, the maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB474,590,000 (31 December 2019: RMB275,193,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the unaudited condensed consolidated financial statements.

19. Business Combinations

As at 31 December 2019, the Group indirectly held 25% equity interests and 50% equity interests in Dalian Qingyun Sky Realty and Development Company Limited (“**Qingyun Sky**”) and Dalian Qingyun Sky Property Service Company Limited (the “**Service Company**”) (collectively, the “**Targets**”), respectively, which were recognised as joint ventures to the Group.

On 16 May 2020, the Group entered into a series of agreements to acquire the remaining equity interests in the Targets. The Group and a third-party financial institution established a limited partnership, in which the Group contributed its 25% equity interests in Qingyun Sky and RMB430 million by way of cash, while the third-party financial institution contributed RMB2,601 million by way of cash. At the same date, the limited partnership acquired the remaining 75% equity interests in Qingyun Sky from the other shareholder of Qingyun Sky. According to the agreements, the Group could possess the power to direct the relevant activities over Qingyun Sky after the acquisition, and the cash contribution of RMB2,601 million by the third-party financial institution in the limited partnership is in substance a borrowing, which borne interest at 13% per annum and were repayable within three years. As a result, Qingyun Sky was accounted for as a wholly-owned subsidiary of the Group since 12 June 2020, the date of completion of the change of business registration.

On 12 June 2020, the Group completed the acquisition of the remaining 50% equity interests in the Service Company, and the Service Company became a wholly-owned subsidiary of the Group.

The consideration for the acquisitions of 75% equity interests in Qingyun Sky and 50% equity interests in the Service Company was RMB3,033 million. During the six months ended 30 June 2020, the Group recorded a gain of approximately RMB455 million for the acquisitions of the entity interests in the Targets, including the gains of approximately RMB325 million on remeasurement of the fair value of pre-existing interests in the Targets as at the date of obtaining control and gains of approximately RMB130 million on bargain purchase, which were disclosed as gains arising from acquisition of subsidiaries in the condensed consolidated statement of profit or loss.

Consideration in cash	3,033,481
Fair value of interests in joint ventures held before business combination	1,057,254
	<u>4,090,735</u>

Fair value of identifiable assets and liabilities acquired on the acquisition date:

Property, plant and equipment	468
Intangible assets	1,029
Properties under development	4,238,000
Completed properties held for sale	201,000
Trade receivables	516
Other receivables	18,518
Prepaid land appreciation tax	2,643
Restricted cash	9,338
Financial asset at fair value through profit or loss	1,260
Cash and cash equivalents	472,668
Trade payables	(79,435)
Other payables and accruals	(17,573)
Receipts in advance	(173,767)
Tax payable	(13)
Provision for land appreciation tax	(23,516)
Deferred tax liabilities	(430,265)
	<u>4,220,871</u>

Net identifiable assets acquired

4,220,871

Gains on bargain purchase

130,136

The recognition of gains on bargain purchase was due to the fact that the consideration for equity interests in the Targets was lower than the fair value of identifiable assets and liabilities acquired, primarily due to increase in fair value of the underlying properties. The consideration is determined after arm's length negotiations between the parties.

The gains on remeasurement of pre-existing interests in the Targets to the fair value as of the acquisition date amounting to RMB324,754,000 upon obtaining control of the Targets was included in "gains arising from acquisition of subsidiaries" in the condensed consolidated statement of profit or loss.

CHAIRMAN'S STATEMENT

During the Period, the Group recorded revenue of RMB1,715 million, of which sales income from residential properties within and outside business parks, office properties and standalone residential properties was RMB1,044 million. Rental income from business parks was RMB266 million; business park operation and management income was RMB28.40 million; construction, decoration and landscaping income was RMB107 million; and property management income was RMB270 million, with a gross profit margin of 29.7%. Net profit attributable to shareholders of the Company was RMB298 million.

REVIEW OF THE FIRST HALF OF 2020

The outbreak of the COVID-19 pandemic has become a major global systemic crisis during the Period, creating unprecedented challenges to economies, societies, and lifestyles around the world. The Chinese government responded with timely measures which brought the pandemic quickly under control. However, the suspension of construction sites, overall decline in property prices, overall slowdown in sales, significant decline in land transactions and rising inventory cycle brought great challenges to the national real estate market. Dalian and Wuhan, where the Group has been deeply involved in development, have suffered from multiple new outbreaks and repeated occurrence of the epidemic.

At the same time, the epidemic has provided a historic opportunity for economic transformation and upgrading in China. In order to fully release the population's consumption potential, the coordinated development of regional economies and new urbanisation strategies will be further strengthened. High-quality, large-scale business parks have pronounced advantages in supporting high-tech industrial clusters, incubating advantageous industries and driving regional economic recovery. The operation of business parks will play an important role in improving the business environment and leading China's economic growth.

As a leading business park operator and city-industry integration project developer with more than 20 years of experience, the Group has developed a unique business model as well as certain industrial advantages for further establishing its leading position in the industry.

1. Cooperation with enterprises within business parks to resume work and production, revitalising the regional economy

Following the guidance of local municipal governments and medical experts, the Group took quick actions with careful planning for thorough disinfection of the business parks to maintain the usual life pattern and ensure adequate supplies within the park and the community. The Group devised *Guidelines for Enterprise Resumption of Work and Production during the Epidemic Prevention and Control* based on the conditions in each park to ensure a safe and efficient resumption of work among enterprises within the parks, and provide enterprises with targeted and detailed resumption application services to solve operational difficulties encountered during the process.

2. Optimising business park operation and management systems, realising digitally driven intelligent parks

Through years of practice and accumulation of experience, the Group has formed a full-spectrum digitalised operational solution for business parks, resulting in an intelligent structure of “one body, two wings, three eco-systems and four cloud systems”. This will achieve an online comprehensive resources platform, empower the industry-targeted tenant recruitment function and facilitate the application of operational data and data-based decision making, so as to realise our operational goals of standardised operation, collaboration in tenant recruitment, integration of IoT construction, ecological approach to business service, and digitalised decision-making and innovation process, for the building of our core competitiveness in the new digital era.

3. Replenishing high-quality land resources, brand reputation well recognised by the market

During the Period, the Group successfully acquired Glory of the City (青雲天下) residential project, a project in Zhongshan District, Dalian. After the completion of acquisition in June, the project became wholly-owned and operated by the Group, which will effectively replenish the Group’s resources of properties for sale and help improve its mid- to long-term performance. Located in the core area of Dalian, the Glory of the City (青雲天下) project covers an area of approximately 96,000 sq. m. with a total GFA of approximately 501,000 sq. m.. In May 2020, the Group also successfully acquired a land parcel of the phase two Changsha Intelligent Manufacturing Industrial Village project in Changsha Wangcheng Economic and Technological Development Zone, with a total area of approximately 82,000 sq. m., and a capacity building area of approximately 192,000 sq. m., of which residential building area is about 110,000 sq. m.. The Group continued to deepen its “city-industry integration” development pattern to realise its core competitiveness in business park development.

OUTLOOK FOR THE SECOND HALF OF 2020

With the successful implementation of the 13th Five-Year Plan, the transformation and upgrade of China’s economy have made positive progress, and its economic development has entered a new norm of “a more advanced form of growth, improved division of labour, and a more rational structure”. In the second half of the year, the Group will continue to adhere to the corporate operating principle of “market-oriented, customer-centric, and profit-based”, fully utilise its core competitiveness of city-industry integration development and operation of business parks; face and overcome difficulties with a positive attitude so as to ensure the steady development of the Company’s various businesses during the year.

1. Adhering to the development strategy of city-industry integration, enhancing the national expansion, and creating the new momentum for development

Under the guidance of the development strategy of “developing asset-light and asset-heavy businesses simultaneously”, the Group puts forward a new project expansion blueprint of “Put the

arrow on the string and draw the bow”. The “bow” refers to the three major metropolitan coastal areas, namely Beijing-Tianjin-Hebei, Yangtze River Delta and the Greater Bay Area which are all economically highly developed, and the “arrow” refers to the Yangtze River Economic Region. The Group has established city-industry integration projects in key cities in the Yangtze River Economic Belt such as Chengdu, Chongqing, Changsha and Wuhan; the arrow has been placed on the bow. In addition to its planning for the core first and second tier cities, the Group will focus primarily on five national-level city clusters and nine regional city clusters to identify those for central cities and sub-central cities with special attention for development. At the same time, the Group will look for expansion opportunities in the surrounding satellite cities, and make early entrance into key non-capitals and surrounding cities if appropriate.

2. Integrating business resources, building a digitalised full-spectrum platform, and improving the quality and efficiency of tenant-related services

Through the construction of digitalised platform for intelligent parks, the Group has adapted to the “multi-city, multi-park, multi-business, multi-model and multi-organisation” business characteristics under the “developing asset-light and asset-heavy businesses simultaneously” model. Through the construction of a big data platform, comprehensive and reliable information can be provided for decision-making for running an innovative business model, and an industrial operation ecosystem combining digital, technology, finance and service will be ultimately formed, so as to provide better service for regional business development, improve the overall service efficiency and loyalty of corporate clients, all for the realisation of our vision of “creating industry-wise synergy effect and building intelligent new cities”.

3. Improving the management efficiency of assets, building a dynamic management system and strengthening cash flow management

The Group will comprehensively review its assets and build an all-process management system for “reservation, construction, supply, sale and storage”. The Group sets a clear regime for asset management and actively monitors the asset turnover. Through dynamic value management and land resource management, the Company will be able to accelerate the asset turnover and cash collections with better categorization of assets based on different inventory ages.

On behalf of the Board, I would like to express our heartfelt thanks to all shareholders, investors, business partners and customers for their support to the Group, and to the management and employees for their unremitting efforts and contributions.

Jiang Xiuwen
Yida China Holdings Limited
Chairman and Chief Executive Officer

14 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. Operation of Business Parks Owned by the Group

During the Period, the Group's wholly-owned business parks included Dalian Software Park, Dalian BEST City, Dalian Tiandi and Yida Information Software Park; the Group's partially owned business parks included Wuhan First City (50% stake) and Dalian Ascendas IT Park (50% stake). The total completed gross floor area in the above parks was approximately 2,011 thousand square metres, and the area available for leasing was approximately 1,944 thousand square metres. During the Period, the Group recorded a rental income of approximately RMB265.67 million, remaining substantially at the same level as that of the corresponding period of last year.

The following table shows the business parks owned by the Group (unit: '000 sq.m.):

Business Parks	Equity Interests Held by the Group	Completed Gross Floor Area	Leasable Area				Occupancy Rate
			Office Buildings	Apartments	Shops	Parking Spaces	
Dalian Software Park	100%	637	391	180	33	42	95%
Dalian BEST City	100%	147	99	–	7	41	79%
Yida Information Software Park	100%	155	131	–	4	20	95%
Dalian Tiandi	100%	451	329	37	41	44	79%
Wuhan First City	50%	272	109	40	22	101	37%
Dalian Ascendas IT Park ¹	50%	349	206	–	3	64	85%
Total		2,011	1,944				

Note:

1. The financial statements of Dalian Ascendas IT Park are not consolidated, therefore the rental income of the Group excludes the rental income from such park.

Under the challenge of the serious pandemic, other commercial properties across the country experienced the situation of uncollectable rents or significant increase in vacancy rate mainly related to lessees of small and medium enterprises in retail, food and beverage and entertainment sectors. This was not only reflected in the revenue of commercial properties but also seriously affected the overall balance of commercial sectors. On the contrary, although the business parks of the Group are all located in Wuhan which had the most severe outbreak, and Dalian which experienced resurgences of infections, the collection of rents was not affected significantly and the business parks had been operated as normal. This is an overall indication of the leading business model of the Group which enables its business parks to attract enterprises of large scale, with great strength and high resistance to systematic risk as well as departments with strong irreplaceability.

Since resumption of work has been officially approved on 25 March 2020, tenants of the Wuhan First City gradually resumed full operation and production. During the post-epidemic stage, as thousands of employees and hundreds of enterprises operate in our business parks, the resumption of operation and production had to be arranged by phases and to proceed in an orderly manner, taking into consideration of the development of the pandemic, government policies, needs of the enterprises and measures to be taken by the business parks. Based on the practice of pandemic control in its business parks, the Group worked with Yida Yuntu's digital solutions to generate valuable information resources and knowledge services through multi-source fusion and analysis of relevant data which was in huge quantity, with complex structure and a variety of categories. Such effort has promoted the full visualization of park properties, efficient and reliable operation and decision-making and sustainable development of the park economy. The Group promptly launched five major intelligent management systems for smart-park pandemic prevention and control, in an effort to provide tenants with a safe and confident environment for resumption of work.

II. Sale of Properties

During the Period, the Group achieved contracted sales of RMB2,556 million, representing a decrease of 42.7% over the corresponding period last year, mainly due to the outbreak of the COVID-19 pandemic, Dalian and Wuhan sales have been seriously affected. The average contracted sales price was RMB10,076 per square metre, representing an increase of 10.2% over the corresponding period last year, mainly due to the increase in the proportion of residential property sales and the price of office property sales. The majority of projects sold were located in Dalian (59.9% of total contracted sales), Wuhan (15.9% of total contracted sales) and Changsha (15.2% of total contracted sales), of which residential property sales accounted for approximately 66.0% of total contracted sales.

During the Period, the segment recorded revenue of RMB1,043.89 million, representing a decrease of 38.7% over the corresponding period last year. The average sales price was RMB11,603 per square metre, representing a year-on-year decrease of 30.6%. These are mainly due to a decrease in projects delivered and the decrease in the average price over the corresponding period last year as a result of different product structures. The projects carried forward during the Period were mainly ordinary residential properties. Revenue-recognised projects were mainly located in Dalian (95.0% of revenue) and Changsha (3.9% of revenue).

While consolidating its business in Dalian and focusing on the strategic target of “developing asset-light and asset-heavy businesses simultaneously”, the Group implemented city-industry integration projects in Changsha and Zhengzhou and developed landmark projects including Changsha Yida Intelligent Manufacturing Industrial Village, Changsha Yida & CSCEC Intelligent Technology Centre and Zhengzhou Yida Creation City.

Dalian

During the Period, Dalian was severely affected by multiple outbreaks and repeated occurrence of the epidemic and its property market experienced unprecedented difficulty. Overall slowdown of sales was seen in the whole city and the inventory cycle increased in the short-term. The land supply in central urban area slowed down significantly. Although the number of property transactions decreased in the short term due to the pandemic, the general trend of lagged price and volume increase remained steady in the property market of Dalian. After the pandemic, there is an unprecedented increase in the preference and confidence of general consumers in residential projects with high-quality property management services and developed by branded and local-region focused property enterprises. With the widespread implementation of nucleic acid testing in Dalian, the pandemic is under control and the resumption of work and production of large enterprises progress well, the transaction volume is likely to catch up in the second half of the year.

In June 2020, the Group completed the acquisition of equity interests in the Glory of the City (青雲天下) project which is located in the mature financial and economic core area of Dalian and the supply of such property in the urban area has been rare for years. As the Group has a complete control of the project, it has leveraged on its strength in design, development, construction, property services and brand as well as its reputable brand to create a new landmark of the district.

Changsha

In the first half of 2020, the impact of the pandemic on the city was limited and the economy recovered rapidly. The Group’s Changsha Yida Intelligent Manufacturing Industrial Village is an important platform to help build a “National Intelligent Manufacturing Centre” of Changsha in the Wangcheng Economic Development Zone. Upon completion, it will become the first town in Central China with the unique feature of city-industry integration which is suitable for businesses, living and tourism. The project will target software and information service sectors, new generation semi-conductors, precision manufacturing and electronic information. After a four to five-year construction period, it will attract more tenants of domestic and foreign renowned enterprises and Fortune Global 500 enterprises which will create an industrial clustering effect in line with the vision of “Made in China 2025”. The project will seize a new round of development opportunities and contribute to the formation of a smart manufacturing cluster in Changsha.

The Group's Changsha Yida & CSCEC Intelligent Technology Centre at Meixihu International New City (Phase II) focuses on the medical and health, information technology, cultural creativity and artificial intelligence industries, which aims to create a “business highland of Central China and engine of intelligent industry”, and integrates related industries such as scientific R&D to build a whole industry chain, low-carbon green ecosystem, and a dynamic and diverse full life-cycle service system. It is planned to develop a range of properties such as independent courtyard style enterprise headquarters, low density multi-storey office building, mid- to high-rise smart business office building, waterfront international style shopping street and mini condos.

Zhengzhou

In the first half of 2020, in order to mitigate the impact of the pandemic in the first quarter, Zhengzhou implemented the policies of increasing talent subsidies and contract tax subsidies, promoting development of hi-tech industries and attracting investment. After being listed as key construction project, Zhengzhou Yida Creation City was furthered listed as one of the provincial and municipal key projects which Zhengzhou will ensure their commencement of construction. Zhengzhou Yida Creation City will take software and information service industries as its core and extend upstream and downstream of such industries to create a multiple of clusters comprising IOT, big data, intelligent manufacturing, AI, internet, etc. It will develop into a base of companies or regional headquarters, a centre of administration and R&D and a base of innovation, entrepreneurship and incubation for enterprises in the IT industry, as well as a base for intelligent manufacturing and achievement transformation, to help realise the vision of building the high-tech zone into a RMB100 billion level world class high-tech park by 2025.

	Contracted Sales Floor Area	Contracted Sales Amount	Average Sales Price	Percentage of Total Contracted Sales
	<i>(sq.m.)</i>	<i>(RMB ten thousand)</i>	<i>(RMB/sq.m.)</i>	
Dalian	116,977	153,102	13,088	59.9%
Wuhan	57,934	40,524	6,995	15.9%
Changsha	53,261	38,996	7,322	15.2%
Chongqing	13,584	11,398	8,391	4.5%
Zhengzhou	10,496	11,050	10,528	4.3%
Chengdu	1,046	176	1,683	0.1%
Shenyang	384	365	9,505	0.1%
Total	<u>253,682</u>	<u>255,611</u>	<u>10,076</u>	<u>100.0%</u>

	Contracted Sales Floor Area (sq.m.)	Contracted Sales Amount (RMB ten thousand)	Average Sales Price (RMB/sq.m.)	Percentage of Total Contracted Sales
Dalian Tiandi	48,644	73,356	15,080	28.7%
Residential Properties Outside Business Parks	37,128	47,946	12,914	18.7%
Wuhan First City	57,934	40,524	6,995	15.9%
Changsha Yida Intelligent Manufacturing Industrial Village	45,380	28,706	6,326	11.2%
Yida Information Software Park	22,805	22,386	9,816	8.8%
Chongqing Yida Innovation Plaza	13,584	11,398	8,391	4.5%
Zhengzhou Yida Creation City	10,496	11,050	10,528	4.3%
Changsha Yida & CSCEC Intelligent Technology Centre	7,881	10,290	13,056	4.0%
Dalian Software Park	4,861	5,066	10,421	2.0%
Dalian BEST City	4,969	4,889	9,840	1.9%
Total	<u>253,682</u>	<u>255,611</u>	<u>10,076</u>	<u>100.0%</u>

III. Business Park Operation and Management

At the end of the Period, the Group's business parks had a total of 27 operation and management projects, and the total area of entrusted operations and management was approximately 3,300 thousand square metres. During the Period, five new business park operation and management projects were added. Revenue amounted to RMB28.40 million, representing a slight decrease from the corresponding period of last year.

During the first half of the year, the Group successfully recruited 16 major tenants, including Fortune Global 500 companies, unicorn enterprises, top 100 companies in various industries and listed companies. As of the end of the Period, there were accumulatively over 800 tenants in the Group's business parks. The Group strived to replicate and innovate successful business models in more cities, provide full life-cycle digital service for its clients, create business and city ecologies "led by technology and innovation, with agglomeration of high-end industries, demonstrative green ecology and humanistic interaction and symbiosis", empower enterprises, promote innovation and development of smart industries in the 5G era, and create value and revenue for the Group in the course of servicing and creating value for clients.

Under the impact of the pandemic, the business park operation and management faced great challenges and the digital park model has been welcomed by the market. The matured application of technologies such as cloud computing, big data and AI has laid the technological foundation for the digital operation of the parks. The Group actively promoted digitalization of its parks and achieved significant progress. The “Easy Asset Management (易资管)” APP has been undergoing comprehensive trial run and an online tenant recruitment mini-application was launched. A number of online platform applications, such as online client product information input platform, play an important role in such efforts. Through big data precise tenant recruitment, energy management and pooling third party services online, the Group built new core competitiveness of the digital era.

The following table shows the Group’s entrusted operation and management projects:

	Status	City	Project Name	Contracted Area (‘000 sq.m.)	Operation Mode
1		Shanghai	Yida North Hongqiao Entrepreneur Park	48.0	Tenant recruitment and operation
2		Suzhou	Suzhou High-Speed Rail New City	255.5	Tenant recruitment and operation and incubator
3		Shenzhen	Haikexing Sinovac Strategic Emerging Industrial Park	70.6	Tenant recruitment and operation
4		Hefei	Hefei City Luyang Big Data Industry Park	242.6	Tenant recruitment and operation
5		Mianyang	Phase One of China (Mianyang) Technology City Software Industry Park	62.6	Tenant recruitment and operation
6		Harbin	Harbin-Israel International High & New Technology Incubator Complex Industrial Park	89.0	Tenant recruitment and operation
7		Beijing	Yida Lize Centre	41.0	Charter
8		Shanghai	Yida Waigaoqiao Business Park	13.9	Charter
9		Xi’an	Collaborative Innovation Port of Feng Dong New Town	200.0	Tenant recruitment and operation
10		Changsha	Meixihu Innovation Centre	42.0	Tenant recruitment and operation
11	Stock in 2019	Beijing	Zhongguancun No. 1	497.8	Tenant recruitment and operation
12		Suzhou	Taicang Port Gangcheng Square	164.2	Tenant recruitment and operation
13		Chuzhou	Chuzhou Innovative Science and Technology City	211.6	Consultation services and operation
14		Zhuzhou	Zhuzhou Geckor China Power Valley	245.8	Sale agent, tenant recruitment and operation
15		Yibin	HIT (Yibin) Technology Park	150.0	Consultation services, tenant recruitment and operation
16		Chongqing	Chongqing Gangcheng Industrial Park	200.0	Tenant recruitment and operation
17		Dongying	JD Cloud (Dongying) Digital Economy Industrial Park	2.3	Tenant recruitment and operation
18		Qingdao	Pingdu Industrial Park of Shift in Driving Forces	132.0	Tenant recruitment and operation
19		Yingkou	Huahai International Building	30.0	Tenant recruitment and operation
20		Zhongshan	Guangzhou Raycome Health Technology Co., Ltd.	33.9	Tenant recruitment and operation
21		Xuchang	Xuchang Yida Industrial Technology City	175.0	Sale agent, tenant recruitment and operation
22		Chengdu	Guanghua Innovation Centre	10.5	Tenant recruitment and operation

	Status	City	Project Name	Contracted Area (‘000 sq.m.)	Operation Mode
23		Qingdao	Tencent Shuangchuang Town	131.7	Sales agent, tenant recruitment and operation
24	Newly added in 2020	Nanchang	Yida Airport Zone Technology Valley	129.5	Tenant recruitment and operation
25		Nanchang	Jiangxi Yungang Logistics Headquater Park	30.0	Tenant recruitment and operation
26		Chongqing	Intelligence Valley (Chongqing) of China	10.0	Tenant recruitment and operation
27		Guiyang	Shu’anhui Big Data Safety Technology Park	80.0	Tenant recruitment and operation
		Total		3,299.5	

IV. Construction, Decoration and Landscaping

During the Period, the revenue of construction, decoration and landscaping businesses amounted to RMB107.02 million, remaining substantially at the same level as that of the corresponding period of last year. The Group continued to strengthen its capabilities in construction, decoration and landscaping, focused on advancing process standardization, adopted dynamic management to control cost planning and review, enhanced construction quality and secured profit margin of projects. Meanwhile, the Group continued to enhance the strategy for upholding quality and gradually establish presence across the country. In face of the coronavirus impact, the Group implemented resumption of work with disease control in a scientific manner, actively meeting the construction schedules and grasping critical moments in order to realise timely project delivery while securing building and construction quality and safety.

The Group has always pursued vertical integration of development, design, construction, operation and services. Leveraging on its positioning advantages of being a professional city-industry integration developer, the extensive project management experience of its core team and a mature project management and control system, the Group expands project resources, expands revenue streams, optimises internal resources, explores external markets, enhances the technical accuracy of its business and market suitability and develops a multi-dimensional business model.

During the Period, due to its long-term effective cooperation with business partners and outstanding construction quality, the Group mainly undertook regional landmark and well-known projects such as Dalian Poly Hefu, Qingdao Longfor project and Jilin China Overseas Boyue Residence. The Group will continue to track subsequent projects of its partners in various regions and proactively secure projects through direct negotiations, seek opportunities of cooperation with large property developers, government and municipal entities and expand business coverage to obtain sustaining, steady and recurring cash flow.

V. Property Management

During the Period, the Group's property management business recorded revenue of RMB270.00 million, representing an increase of 21.6% from the corresponding period of last year, mainly due to increase in management projects and supporting service income during the Period. The Group upholds the development ideas of “improving service level, increasing performance, and expanding business”, and through establishing platforms of informatisation and digitalisation, the Group's property development model gradually transforms to intelligent servicing. During the Period, the Group's property management business was awarded with a number of honours including, Top 20 in “2020 Top100 Property Management Companies in China”, “2020 Outstanding Property Management Enterprise of Business Parks in China”, “2020 Top10 Operating Performance of Property Service Enterprises in China” and “2020 Leading Property Service Enterprise with Chinese Special Characteristics – City Supporting Logistics Service Operator”.

Residential Property Management

During the Period, the Group operated two new residential property projects with an operation area of approximately 0.500 million sq. m., making its total residential property projects under operation to 78 projects with a total area of approximately 11.880 million sq. m., covering multiple community service projects such as new retail, food and beverage, leasing and sales, education, elderly care as well as household service.

In face of the sudden coronavirus outbreak, the property service team of the Group rapidly engaged in the anti-pandemic frontline. The Group's property service team overcame difficulties, held its positions firmly and safeguarded the property owners' well-being with its actions. Since the outbreak began, an anti-epidemic emergency command team has been established and measures for securing protective supplies were immediately commenced. Uniform epidemic prevention standards were soon established at the headquarters level to achieve standardised operation in projects across the country. Supplies such as masks, protective clothing, thermometers and disinfectant were purchased in advance and sent to the frontlines in Wuhan and elsewhere in China to ensure protection of employees. Meanwhile, the Group actively responded to government's call and cooperated with relevant authorities to promote infection protection to property owners.

As personnel in the frontline, the Group's property service team was frequently exposed to the risk of infection for a prolonged period, including members working in Wuhan, which was hardest hit by the epidemic, and Dalian, which suffered multiple outbreak and resurgence of infection. The team kept fighting, operated steadily and delivered protection with no incident, receiving unanimous commendation from property owners, local governments and medical and health departments.

Office Property Management

During the Period, the Group added six new office property management projects with an area under management of 0.665 million sq. m., making its total GFA under operation reach 4.756 million sq. m.. The Group strengthened its presence in cities like Dalian, Shenyang, Hangzhou, Changsha, Wuhan, Zhengzhou, Chengdu and Mianyang, making steady progress towards its objective of business coverage across the country. At the same time, the Group will continue leveraging on its successful experience in serving high profit margin sectors such as business parks, office buildings, government authorities, public service facilities and tertiary institutions to enhance its profitability continuously.

The property management team strictly implemented relevant national requirements with high standard and achieved outstanding anti-epidemic results. After the pandemic became under control, the team carried out disinfection of all office premises and facilities, secured the supply of protective materials and implemented prevention measures to facilitate the full resumption of work and production. The team performed personnel entry and exit management for resumption of work, avoided prolonged gathering of people, restricted entry of outsiders and set up temperature checking and disinfection area at all entrances. It also proactively coordinated difficult issues such as the flow of people, meal and transport arrangement for returning workers to ensure orderly and safe resumption of work of the projects.

Leveraging on its over 20 years of experience in developing and operating business parks and serving Fortune Global 500 enterprises, the Group focused on operating business parks, providing smart services and empowering urban public services, in an effort to redefine quality services across the country. During the Period, Yida Property won the bids of a number of major projects such as Huawei Smart Terminal HUB storage in Changsha, Shenyang Institute of Technology, Zhongshan Branch of Dalian Public Security Bureau. The Group will provide quality services for its clients with leading service standard in China and first class management and operation, and create a more comfortable working and studying environment.

VI. Land Reserves

As at 30 June 2020, total GFA of the Group's land reserves was approximately 9.942 million square metres. The GFA of the land reserves attributable to the Group was approximately 8.646 million square metres. The land reserve in Dalian further decreased and accounted for 65.4%, a 2.4 percentage points decrease compared with that of the end of the previous year.

The Group continued to consolidate its business in Dalian and gradually realised business coverage of city-industry integration projects in major cities across the country. In May, the Group successfully acquired a land parcel of the phase two Changsha Intelligent Manufacturing Industrial Village project in Changsha Wangcheng Economic and Technological Development Zone, with a total area of approximately 82,000 square metres, and a capacity building area of approximately 192,000 square metres. Changsha Yida Intelligent Manufacturing Industrial Village is an important part of the RMB100 billion level Changsha Intelligent Terminal Business Park and a key supporting platform of the Wangcheng Economic and Development Zone in enabling Changsha to become a “National Intelligent Manufacturing Centre”. Upon completion, it will become the first village in Central China with the unique feature of intelligent manufacturing and suitable for businesses, living and tourism. The Group strived to build a community of intelligent manufacturing industries and contribute to the creation of an intelligent manufacturing cluster in Changsha. Currently, enterprises such as DevCloud, Blue River International R&D Centre, 58 Zhongchuang Group have moved in.

In June, the Group successfully acquired Glory of the City (青雲天下) residential project, a project in Zhongshan District, Dalian, and the project became wholly-owned and operated by the Group. This will effectively replenish the Group’s high quality resources of properties for sale. Located in the financial and economic core area of Dalian, the Glory of the City (青雲天下) project covers an area of approximately 96,000 sq. m. with a total GFA of approximately 501,000 sq. m.. Leveraging on its strength in design, development and construction as well as its reputable brand, the Group will create another flagship project in the region with the Glory of the City (青雲天下), following its successes in the Qingyun Yingshan (青雲映山) and Qingyun Linhai (青雲林海).

The Group will also seize merger and acquisition opportunities brought by the overall trend of the real estate market, obtain suitable asset-heavy projects at proper time, including but not limited to business parks, standalone office properties, standalone residential properties and urban complex projects.

The following table sets forth a breakdown of the Group’s land reserves as at 30 June 2020:

By City	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Dalian	6,497,979	65.4%	6,275,997	72.6%
Wuhan	879,967	8.9%	439,983	5.1%
Chengdu	118,472	1.2%	80,636	0.9%
Changsha	1,432,339	14.4%	937,813	10.8%
Zhengzhou	621,367	6.3%	621,367	7.2%
Chongqing	103,241	1.0%	103,241	1.2%
Hefei	288,191	2.9%	187,324	2.2%
Total	<u>9,941,555</u>	<u>100.0%</u>	<u>8,646,361</u>	<u>100.0%</u>

By Location	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Within Business Parks	8,104,231	81.5%	6,909,914	79.9%
Outside Business Parks	<u>1,837,324</u>	<u>18.5%</u>	<u>1,736,447</u>	<u>20.1%</u>
Total	<u>9,941,555</u>	<u>100.0%</u>	<u>8,646,361</u>	<u>100.0%</u>

By Project	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Business Parks				
Dalian Software Park				
Office	100%	594,938	—	—
Residential	<u>100%</u>	<u>116,731</u>	<u>—</u>	<u>—</u>
Subtotal	<u>100%</u>	<u>711,669</u>	<u>—</u>	<u>—</u>
Dalian BEST City				
Office	100%	222,464	73,820	515,172
Residential	<u>100%</u>	<u>242,901</u>	<u>7,900</u>	<u>—</u>
Subtotal	<u>100%</u>	<u>465,365</u>	<u>81,720</u>	<u>515,172</u>

By Project	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Wuhan First City				
Office	50%	319,614	129,190	412,209
Residential	50%	18,954	—	—
Subtotal	50%	338,568	129,190	412,209
Yida Information Software Park				
Office	100%	152,139	—	118,798
Residential	100%	213,123	125,897	—
Subtotal	100%	365,262	125,897	118,798
Dalian Ascendas IT Park				
Office	50%	279,000	61,292	103,652
Subtotal	50%	279,000	61,292	103,652
Dalian Tiandi				
Office	100%	413,737	212,405	1,148,943
Residential	100%	95,777	274,037	—
Subtotal	100%	509,514	486,442	1,148,943
Chengdu Tianfu Intelligent Transportation Science and Technology City				
Office	60%	42,389	52,203	—
Subtotal	60%	42,389	52,203	—
Changsha Yida & CSCEC Intelligent Technology Centre				
Office	51%	—	229,832	111,350
Subtotal	51%	—	229,832	111,350

By Project	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Changsha Yida Intelligent Manufacturing Industrial Village				
Office	70%	–	176,650	304,924
Residential	70%	–	372,650	236,933
Subtotal	70%	–	549,300	541,857
Zhengzhou Yida New Technology City				
Office	100%	–	338,361	283,006
Subtotal	100%	–	338,361	283,006
Chongqing Yida Intelligent Plaza				
Office	100%	–	103,241	–
Subtotal	100%	–	103,241	–
Projects Within Business Parks Subtotal		2,711,767	2,157,477	3,234,987
Projects Outside Business Parks				
Dalian	53%-100%	428,070	501,873	595,309
Chengdu	100%	23,881	–	–
Hefei	65%	–	–	288,191
Projects Outside Business Parks Subtotal		451,951	501,873	883,500
Total		3,163,718	2,659,350	4,118,487

FINANCIAL REVIEW

Revenue

The sources of revenue of the Group primarily include (1) revenue from sales of properties; (2) rental income; (3) income from providing business park operation and management services; (4) income from providing construction, decoration and landscaping services; and (5) income from property management services.

During the Period, the revenue of the Group was RMB1,714.98 million, representing a decrease of 26.5% from the corresponding period of last year.

The following table sets forth a breakdown of the revenue for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	Amount	% of total	Amount	% of total
	RMB'000	amount	RMB'000	amount
Revenue from sales of properties	1,043,891	60.9%	1,704,057	73.1%
Rental income	265,666	15.5%	266,698	11.4%
Business park operation and management services income	28,400	1.7%	30,467	1.3%
Construction, decoration and landscaping income	107,022	6.2%	109,419	4.7%
Property management income	270,001	15.7%	222,018	9.5%
Total	<u>1,714,980</u>	<u>100.0%</u>	<u>2,332,659</u>	<u>100.0%</u>

(1) Revenue from sales of properties

The Group's revenue arising from sales of residential properties within and outside business parks, office properties and standalone residential properties for the Period was RMB1,043.89 million, representing a decrease of 38.7% from the corresponding period of last year, which was mainly attributable to the decrease in projects delivered during the Period.

(2) Rental income

The Group's rental income derived from operation of business parks owned by the Group for the Period amounted to RMB265.67 million, remaining substantially at the same level as that of the corresponding period of last year..

(3) Business park operation and management services income

During the Period, the income arising from business park operation and management services provided by the Group amounted to RMB28.40 million, representing a slight decrease from the corresponding period of last year.

(4) Construction, decoration and landscaping income

During the Period, the income derived from construction, decoration and landscaping services provided by the Group amounted to RMB107.02 million, remaining substantially at the same level as that of the corresponding period of last year.

(5) Property management income

During the Period, the income derived from property management service provided by the Group amounted to RMB270 million, representing an increase of 21.6% from the corresponding period of last year, mainly due to the increase in property management projects and supporting service income.

Cost of Sales

The cost of sales of the Group during the Period amounted to RMB1,205.36 million, representing a decrease of 7.7% from the corresponding period of last year, which was mainly attributable to the decrease in projects delivered during the Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group during the Period amounted to RMB509.62 million, representing a decrease of 50.4% from the corresponding period of last year; the gross profit margin decreased from 44.0% for the corresponding period of 2019 to 29.7% during the Period, which was mainly attributable to the decrease in the average price over the corresponding period last year as a result of different product structures.

Selling and Marketing Expenses

The selling and marketing expenses of the Group decreased by 31.7% to RMB59.73 million from RMB87.42 million in the corresponding period of last year, which was mainly attributable to the decrease in advertising expenses and sales staff costs during the Period.

Administrative Expenses

The administrative expenses of the Group for the Period is RMB136.61 million, representing a decrease of 27.1% from the corresponding period of 2019, which was mainly due to the Company's active measures to control office costs during the Period.

Gains arising from acquisition of subsidiaries

The gains arising from acquisition of subsidiaries for the Period is RMB454.89 million, which was mainly due to the acquisition of equity interest in Dalian Qingyun Sky Realty and Development Company Limited and Dalian Qingyun Sky Property Service Company Limited.

Other losses – net

The net other losses of the Group recorded for the Period are mainly attributable to the fair value losses on derivative financial instruments of RMB146.61 million.

Fair Value Gains/(Losses) on Investment Properties

The fair value gains/(losses) on investment properties of the Group increased from the losses of RMB11.18 million in the corresponding period of 2019 to the gains of RMB66.82 million during the Period, which was mainly due to the addition of completed investment properties during the Period.

Finance Costs

The finance costs of the Group decreased by 22.1% to RMB239.05 million during the Period from RMB306.77 million in the corresponding period of 2019, which was primarily attributable to the increase in amount capitalised of finance costs.

Share of Profits and Losses of Joint Ventures and Associates

During the Period, the Group's share of profits and losses of joint ventures and associates was a net gain of RMB39.89 million, representing an increase of approximately RMB17.37 million as compared with the corresponding period of last year, which was mainly attributable to the increase in equity investment income from Dalian Software Park Ascendas Development Company Limited during the Period.

Income Tax Expenses

The income tax expenses of the Group include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group decreased by 28.8% to RMB159.78 million during the Period from RMB224.47 million in the corresponding period of 2019, which was mainly attributable to decrease in LAT of the recognised projects during the Period.

Profit for the Period

As a result of the foregoing, the profit before tax of the Group decreased by 8.2% to RMB444.66 million during the Period from RMB484.15 million for the corresponding period of 2019. The net profit of the Group increased by 9.7% to RMB284.88 million during the Period from RMB259.68 million for the corresponding period of 2019.

The net profit attributable to equity owners was RMB297.64 million, remaining substantially at the same level as that of the corresponding period of 2019.

The core net profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) decreased to RMB247.52 million during the Period from RMB306.90 million for the corresponding period of 2019.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2020, the Group had cash and bank balances of approximately RMB1,288.69 million (including restricted cash of approximately RMB720.29 million) (31 December 2019: cash and bank balances of approximately RMB2,039.52 million, including restricted cash of approximately RMB1,006.86 million).

Debts

As at 30 June 2020, the Group had bank and other borrowings of approximately RMB17,436.38 million (31 December 2019: approximately RMB15,015.73 million), of which:

(1) By Loan Type

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Secured bank loans	7,446,733	7,238,861
Secured other borrowings	7,427,984	4,817,646
Unsecured other borrowings	2,561,662	2,959,218
	<u>17,436,379</u>	<u>15,015,725</u>

(2) By Maturity Date

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year or on demand	14,358,719	13,869,059
In the second year	222,660	1,146,666
In the third to fifth year	2,855,000	—
	<u>17,436,379</u>	<u>15,015,725</u>

Debt Ratio

The net gearing ratio (net debt, including interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash, divided by the total equity) of the Group was approximately 125.8% as at 30 June 2020, which increased by 22.3 percentage points as compared to 103.5% as at 31 December 2019.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 30 June 2020, the Group had cash and bank balances (including restricted cash) of approximately RMB8.21 million and approximately RMB7.69 million denominated in Hong Kong dollars and USD, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) registration of mortgage interest to the bank, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 30 June 2020, the Group provided guarantees of approximately RMB474.59 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (31 December 2019: approximately RMB275.19 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 1,889 full-time employees. The Group remunerates its staff based on the performances, work experiences of the employees and the current market salary level.

The Group regularly reviews the remuneration policy and plan and will make necessary adjustments to make it in line with the industry salary standards.

INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). During the Period, except for the deviation from CG Code A.2.1 which provides that the roles of chairman and chief executive officer should be separate and not be performed by the same individual, the Company has complied with all the code provisions set out in the CG Code.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Jiang Xiuwen serves as the chairman and chief executive officer of the Company and is responsible for overseeing the operations of the Group. The Board has considered the merits of separating the roles of the chairman and chief executive officer but is of the view that it is in the best interests of the Company to vest the two roles in Mr. Jiang Xiuwen. The Board will nevertheless review the relevant structure from time to time in light of the prevailing circumstances.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. The Company has made specific enquiry with each of the Directors and all Directors have confirmed that they complied with the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 17 April 2017, the Company issued senior notes in an aggregate principal amount of US\$300,000,000, which would be due in 2020. On 26 February 2020, the Company commenced the offer exchange in accordance with the terms of the offer exchange and consent solicitation memorandum. On 27 March 2020, the exchange offer and consent solicitation were completed. The senior notes of US\$247,146,000 which were effectively submitted and accepted in accordance with the exchange offer and consent solicitation, have been cancelled and converted into the 2020 Senior Notes in an aggregate principal amount of US\$224,899,000. The 2020 Senior Notes bear interest at 10% per annum for the first six-month period and 14% per annum for the remaining term, and will mature on 27 March 2022. The 2020 Senior Notes are listed on the Singapore Exchange Securities Trading Limited. Upon relevant cancellation, the remaining principal amount of the senior notes was US\$52,854,000 which was due on 20 April 2020 and the Company had repaid in full on 24 April 2020.

Save as disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 16 May 2020, the Group entered into a framework agreement with Sumitomo Realty & Development Co.,Ltd. (住友不動産株式会社) (“**Sumitomo R&D**”) to acquire 75% equity interest in Dalian Qingyun Sky Realty and Development Company Limited (大連青雲天下房地產開發有限公司) (“**Joint Venture**”) held by Sumitomo R&D through a series of transactions or arrangements for a consideration of RMB3,030 million. The Joint Venture provided financing of RMB430 million for the Group, and China Orient Asset Management Co., Ltd (中國東方資產管理股份有限公司) (“**Dongfang**”) provided financing of RMB2.6 billion for the Group. The Group simultaneously entered into an acquisition framework agreement with Sumitomo R&D to acquire the 50% equity interest in the Dalian Qingyun Sky Property Service Company Limited (“**Service Company**”) at a consideration of RMB2,550,000.

Jiayou (International) Investment Limited owns 1,581,485,750 Shares which represent approximately 61.20% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, Jiayou (International) Investment Limited has issued a written shareholder’s approval certificate on 17 May 2020 to approve the above transactions.

The first part of the transactions under the abovementioned agreements was completed on 12 June 2020, the Joint Venture and the Service Company have been accounted for as wholly-owned subsidiaries by the Group and their financial results have been consolidated in the Group’s consolidated financial

statements. For details, please refer to the announcement dated 17 May 2020 and 12 June 2020 and the circular on 30 June 2020.

Save as disclosed above, the Group had no other material acquisition and disposal of subsidiaries or associated companies during the Period.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2014. During the Period, no share options have been granted under the share option scheme.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 1 June 2014 with written terms of reference, which was amended on 10 December 2015 and 28 December 2018, in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of four independent non-executive Directors, namely Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng, with Mr. Yip Wai Ming acting as the chairman of the Audit Committee. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee has appropriate professional qualifications.

REVIEW OF THE INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2020 have been reviewed and approved by the Audit Committee.

DISCLOSURE PURSUANT TO RULE 13.19 AND RULE 13.21 OF THE LISTING RULES

Reference is made to the announcements of the Company dated 10 April 2019, 22 April 2019, 10 June 2019, 23 February 2020 and 23 April 2020 and the interim report of the Company for the six months ended 30 June 2019 and the annual report of the Company for the year ended 31 December 2019.

An asset freeze order was imposed on the Company’s controlling shareholder, China Minsheng Investment Corp., Ltd. (“**China Minsheng**”), who indirectly held as to approximately 61.20% interests in the Company as at 30 June 2020, in relation to its equity interests in China Minsheng Jiaye Investment Co., Ltd. (中民嘉業投資有限公司) (“**Minsheng Jiaye**”) for the period of three years (the “**Assets Freeze**”). It had technically resulted in the occurrence of certain triggering events (the “**Triggering Events**”) under certain loan agreements entered into by the Group (the “**Liquidity Difficulties of China Minsheng**”). As a result of such Triggering Events, the respective lenders have the right to demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding.

The Company was further notified by Minsheng Jiaye in relation to the financial difficulties faced by China Minsheng (“**Liquidity Difficulties of China Minsheng**”). As a result of the latest Liquidity Difficulties of China Minsheng, it has technically further resulted in the occurrence of certain triggering events under certain loan agreements entered into by the Group. The amount of the loans of which the respective lenders have the right to demand immediate repayment had further increased.

In February 2020, Mr. Chen Donghui, a then executive director of the Company (the director was removed at the annual general meeting of the Company held on 15 June 2020), was detained by the authorities of the PRC for suspected embezzlement. It has further resulted in the occurrence of certain triggering events under certain loan agreements, the respective lenders have the right to demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding.

On 17 April 2017, the Company issued senior notes in an aggregate principal amount of US\$300,000,000. On 27 March 2020, the Company completed the offer exchange. The remaining principal amount of the senior notes was USD52,854,000 which was due on 20 April 2020 and the Company had repaid in full on 24 April 2020, which also constituted an event of default. The respective lenders may demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding.

As at 30 June 2020, the respective lenders may demand immediate repayment of the outstanding loans in the amount of RMB9,080,042,000 in accordance with the above matters. As at the date of this announcement, no relevant lender had demand for immediate repayment of the loans. The operation of the Group, including its pre-sale and receivables collection, remains normal. The Company and relevant banks and financial institutions continue to negotiate on the future financing arrangements with the Company, and at the same time is also exploring alternative sources of financing as and when needed.

Where the circumstances giving rise to the obligations under Rule 13.19 of the Listing Rules continue to exist, the Company will include relevant disclosures in subsequent interim and annual reports in accordance with Rule 13.21 of the Listing Rules, and will disclose further developments on this matter by way of further announcement(s) in a timely manner in accordance with requirements under the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yidachina.com.

The interim report of the Company for the six months ended 30 June 2020 will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
Yida China Holdings Limited
Jiang Xiuwen
Chairman and chief executive officer

Hong Kong, 14 August 2020

As at the date of this announcement, the executive directors of the Company are Mr. Jiang Xiuwen, Mr. Yu Shiping and Ms. Zheng Xiaohua, the non-executive directors of the Company are Mr. Wang Gang and Mr. Zhou Yaogen and the independent non-executive directors of the Company are Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng.