信基沙溪集团股份有限公司
XINJI SHAXI GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3603)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of Xinji Shaxi Group Co., Ltd (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 (the "**Reporting Period**") together with the comparative figures for the six months ended 30 June 2019 (the "**2019 Period**"). These interim results of the Group have been reviewed by the Company's audit committee.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**138,905**	143,092
Profit for the period	**15,141**	46,287
Core net profit[(i)]	**49,756**	54,129
Core net profit margin[(ii)]	**36%**	38%
Earnings per share (expressed in RMB per share)	**0.01**	0.04

Notes:

(i) Core net profit for the six months ended 30 June 2020 and 2019 is a non-HKFRS measure, which is used for investors to evaluate the performance results of the underlying business of the Group, by excluding losses/gains from the changes in fair value of the investment properties and adding back the listing expenses and further adjusted for income tax effects for the aforementioned items.

(ii) Core net profit margin is arrived at by dividing core net profit by revenue of the Group for the respective periods.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June **2020** *RMB'000* **(Unaudited)**	2019 *RMB'000* (Unaudited)
Revenue	*7*	**138,905**	143,092
Cost of sales	*8*	**(10,955)**	(11,771)
Fair value (losses)/gains on investment properties	*14*	**(46,154)**	2,788
Selling and marketing expenses	*8*	**(11,009)**	(18,573)
Administrative expenses	*8*	**(21,259)**	(20,943)
Net impairment losses on financial assets and operating lease receivables		**(219)**	(156)
Other income		**2,003**	2,339
Other gains – net		**3,253**	735
Operating profit		**54,565**	97,511
Finance income	*9*	**1,478**	169
Finance expenses	*9*	**(27,272)**	(25,938)
Finance expenses – net	*9*	**(25,794)**	(25,769)
Profit before income tax		**28,771**	71,742
Income tax expenses	*10*	**(13,630)**	(25,455)
Profit for the period		**15,141**	46,287
Profit attributable to:			
– Owners of the Company		**16,188**	47,308
– Non-controlling interests		**(1,047)**	(1,021)
		15,141	46,287
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share)			
Basic and diluted earnings per share	*11*	**0.01**	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**15,141**	46,287
Other comprehensive income for the period net of tax	**–**	–
Total comprehensive income for the period	**15,141**	46,287
Attributable to:		
– Owners of the Company	**16,188**	47,308
– Non-controlling interests	**(1,047)**	(1,021)
	15,141	46,287

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June 2020	31 December 2019
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property and equipment	*13*	**1,185**	1,405
Investment properties	*14*	**2,953,300**	2,971,870
Intangible assets		**605**	817
Deferred income tax assets		**3,061**	4,304
		2,958,151	2,978,396
Current assets			
Inventories		**1,214**	1,450
Operating lease and trade receivables and other receivables	*15*	**44,210**	37,697
Amounts due from related parties		**28**	26
Cash and cash equivalents	*16*	**228,516**	272,400
		273,968	311,573
Total assets		**3,232,119**	3,289,969
EQUITY			
Share capital and premium	*17*	**304,494**	304,494
Other reserves		**232,422**	232,422
Retained earnings		**1,344,008**	1,347,140
		1,880,924	1,884,056
Non-controlling interests		**(3,334)**	(2,287)
Total equity		**1,877,590**	1,881,769

	Note	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*20*	**424,378**	466,220
Deferred revenue		**1,055**	2,637
Trade and other payables	*18*	**26,247**	29,454
Lease liabilities	*18*	**126,555**	131,006
Deferred income tax liabilities		**407,619**	414,945
		985,854	1,044,262
Current liabilities			
Borrowings	*20*	**187,286**	143,889
Trade and other payables	*18*	**72,599**	86,141
Lease liabilities	*18*	**26,226**	21,141
Advance from customers	*19*	**48,491**	65,159
Contract liabilities		**8,183**	7,516
Current income tax liabilities		**25,890**	40,092
		368,675	363,938
Total liabilities		**1,354,529**	1,408,200
Total equity and liabilities		**3,232,119**	3,289,969

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on July 27 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O.Box 3119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in operating and managing hospitality supplies and home furnishing shopping malls, providing exhibition management services and the sales of hospitality products through the online shopping mall in the People's Republic of China (the "**PRC**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 8 November 2019 (the "**Listing**").

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

This interim condensed consolidated financial information has been approved for issued by the Board on 28 August 2020.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the Reporting Period has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting". The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2019 and any public announcements made by the Company during the Reporting Period.

(i) Going concern

As at 30 June 2020 the Group's current liabilities exceeded its current assets by RMB94,707,000. In addition, as at 30 June 2020, the Group's total bank borrowings amounted to RMB611,664,000, of which RMB187,286,000 were repayable within the next twelve months from 30 June 2020 (Note 20). Such liquidity shortfall was mainly attributable to certain of the Group's non-current assets including investment properties being financed mainly by the Group's internal funding and borrowings.

In view of these circumstances, the Directors have given careful consideration to the future liquidity position and financial performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. A number of measures have been put in place by the Directors to further improve profitability, control operating costs and contain capital expenditures in order to improve the Group's operating performance and alleviate its liquidity risk:

(a) Current liabilities has included advance from customers of RMB48,491,000 and contract liabilities of RMB8,183,000 of which no future cash outflow is expected.

(b) As at 30 June 2020, the Group had unutilised financing facilities of RMB400,000,000 which can be used to cover any shortfall liquidity in the next twelve months.

(c) Management has become more cost conscious and is reducing unnecessary expenditures to improve its operating cash flows.

The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 30 June 2020. Based on these cash flow projections, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2020. Management's projections make key assumptions with regard to the anticipated cash flows from the Group's operations, capital expenditures and the continuous availability of the Group's financing facilities. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned improvement measures on profitability and liquidity, and the continuous availability of bank facilities from its banks. The Directors, after making due enquiries and considering the basis of management's projections described above and taking into account the operational performance and the availability of the financing facilities, believe that there will be sufficient financial resources to meet the Group's financial obligations as and when they fall due in the coming twelve months from 30 June 2020. Accordingly, the interim financial report has been prepared on a going concern basis.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2019, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

(i) Amended standards adopted by the Group

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2020 for the Group:

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKFRS 3 (Amendments)	Definition of a business
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest rate benchmark reform
HKFRS 16 (Amendments)	Leases- Covid-19 related rent concessions
Revised Conceptual Framework for Financial Reporting	

The adoption of the amended standards does not have significant impact on the interim condensed consolidated financial information.

(ii) New and amended standards not yet adopted

		Effective for annual periods beginning on or after
HKFRS 3 (Amendments)	Business combinations	1 January 2022
HKAS 16 (Amendments)	Property, plant and equipment	1 January 2022
HKAS 37 (Amendments)	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements to HKFRS 1	First-time adoption of IFRS	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
HKAS 1 (Amendments)	Presentation of financial statements' on classification of liabilities	1 January 2023
HKFRS 17	Insurance contract	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group operates mainly in the PRC with most of the transactions settled in RMB. As at 30 June 2020, the non-RMB assets of the Group are mainly cash and cash equivalents (Note 16) denominated in Hong Kong Dollars ("**HK$**"). The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

There have been no changes in the risk management policies since 31 December 2019.

5.1.1 Liquidity risk

Cash flow forecasts are prepared by management of the operating entities and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasts take into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets. The following table shows the remaining contractual maturities (or the earliest date a financial liability may become payable in the absence of a fixed maturity date) at the balance sheet date of the Group's financial liabilities and lease liabilities based on contractual undiscounted cash flows:

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
At 30 June 2020 (Unaudited)					
Borrowings (including interests)	219,689	119,577	221,869	163,160	724,295
Lease liabilities	26,961	19,892	55,552	104,233	206,638
Trade and other payables (excluding salary payables and other tax liabilities)	59,052	17,960	8,198	90	85,300
	305,702	157,429	285,619	267,483	1,016,233

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
At 31 December 2019 (Audited)					
Borrowings (including interests)	181,032	153,198	224,956	183,938	743,124
Lease liabilities	22,727	23,863	55,669	112,565	214,824
Trade and other payables (excluding salary payables and other tax liabilities)	69,864	10,321	19,043	90	99,318
	273,623	187,382	299,668	296,593	1,057,266

Interests are calculated on borrowings held as at 30 June 2020 (31 December 2019: same). Floating-rate interest is estimated using the current interest rate as at 30 June 2020 (31 December 2019: same).

5.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital represents total equity as shown in the consolidated balance sheet.

	As at	
	30 June 2020 ***RMB'000*** **(Unaudited)**	31 December 2019 *RMB'000* (Audited)
Borrowings *(Note 20)*	**611,664**	610,109
Less: cash and cash equivalents *(Note 16)*	**(228,516)**	(272,400)
Net debts	**383,148**	337,709
Equity	**1,877,590**	1,881,769
Gearing ratio	**20%**	18%

5.3 Fair value estimation

(a) Non-financial assets and liabilities

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

	Level 3	
	As at	
	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Investment properties *(Note 14)*	**2,953,300**	2,971,870

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Reporting Period (2019 Period: same).

(ii) Valuation techniques used to determine fair values

Fair values of completed investment properties are generally derived using the income capitalisation method and comparison method. The income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. The comparison method is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

As at 30 June 2020, all investment properties are included in level 3 fair value hierarchy (31 December 2019: same).

(iii) Valuation processes

The Group measures its investment properties at fair value. The investment properties were valued by an independent and professionally qualified valuer at 30 June 2020 and 31 December 2019. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management, the valuation team and valuer at least once every year.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

6 SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision-maker. Management has determined the operating segments based on the reports reviewed by the executive Directors, which are used to allocate resources and assess performance.

The Group is principally engaged in managing owned/leased portfolio shopping malls which derives revenue from leasing floor areas to the tenants and providing comprehensive and continuous operation and management support to them in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive Directors regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC during the Reporting Period.

As at 30 June 2020 and 31 December 2019, all of non-current assets of the Group were located in the PRC.

There was no revenue derived from a single external customer that accounted for 10% or more of the Group's revenue during the Reporting Period.

7 REVENUE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Rental income:		
– Properties lease income	**121,018**	123,764
Revenue from contracts with customers:		
– Sales of goods (a)	**6,503**	6,394
– Properties management service (b)&(c)	**11,384**	12,934
	17,887	19,328
	138,905	143,092

(a) Revenue generated from sales of goods is recognised at a point in time when the customer obtains control of the asset.

(b) Revenue generated from properties management service is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

(c) The following table shows unsatisfied performance obligations resulting from fixed-price long-term property management services contracts:

	As at	
	30 June	31 December
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Aggregate amount of the transaction price allocated to long-term property management services contracts that the performance obligations of which are partially or fully unsatisfied as at the dates indicated		
Expected to be recognised over one year	**18,469**	24,783
Expected to be recognised within one year	**19,016**	21,753
	37,485	46,536

The amount disclosed above does not include any variable consideration.

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses	**20,278**	14,559
Cost of sales of goods	**5,016**	4,644
Marketing and advertising costs	**4,027**	8,467
Legal and professional expenses	**4,753**	975
Tax and other levies	**2,247**	3,024
Property maintenance expenses	**1,853**	1,652
Electricity and water cost	**1,923**	2,290
Technical service charge	**571**	1,077
Depreciation	**260**	370
Office and travelling expenses	**226**	402
Amortisation	**212**	316
Entertainment expenses	**203**	432
Exhibition expenses	**165**	243
Donation	**16**	165
Listing expenses	**–**	10,253
Other expenses	**1,473**	2,418
Total cost of sales, selling and marketing expenses and administrative expenses	**43,223**	51,287

9 FINANCE EXPENSES – NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income from bank deposits	**(1,478)**	(169)
Finance expenses:		
– Leasing finance expenses	**3,775**	4,466
– Interest expenses	**23,497**	21,661
– Less: capitalised interest	**–**	(189)
	27,272	25,938
Finance expenses – net	**25,794**	25,769

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	**19,715**	20,909
Deferred income tax		
– PRC corporate income tax	**(6,085)**	4,546
Income tax expenses	**13,630**	25,455

(a) PRC corporate income tax

The Group's subsidiaries in the PRC are subject to corporate income tax at tax rate of 25% during the six months ended 30 June 2020 and 2019.

(b) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

(c) Cayman Islands income tax

The Company is incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(d) Hong Kong profits tax

Hong Kong profits tax has not been provided as the Group did not have any assessable profits during the six months ended 30 June 2020 and 2019.

11 EARNINGS PER SHARE

(a) Basic

In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2020 and 2019, the ordinary shares issued to the then shareholders of the Group under the capitalisation issue, were deemed to be issued on 1 January 2019 or since new shares have been issued to the Pre-IPO investor.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(RMB'000)*	**16,188**	47,308
Weighted average number of ordinary shares in issue *(thousands)*	**1,500,000**	1,190,385
Basic earnings per share *(RMB)*	**0.01**	0.04

(b) Diluted

The Company did not have any potential dilutive ordinary shares outstanding during the six months ended 30 June 2020 and 2019. Diluted earnings per share are the same as the basic earnings per share.

12 DIVIDEND

A final dividend of RMB0.013 per ordinary share for the year ended 31 December 2019, totalling RMB19,320,000 was approved by the shareholders at the annual general meeting of the Company held on 26 May 2020. The dividends in aggregate amount of RMB19,320,000 has been distributed out of the Company's retained earnings.

No interim dividends for the Reporting Period (2019 Period: nil) have been proposed by the board of directors of the Company.

13 PROPERTY AND EQUIPMENT

	Leased office buildings *RMB'000*	Vehicles *RMB'000*	Furniture, fittings and equipment *RMB'000*	Total *RMB'000*
At 31 December 2019 (Audited)				
Cost	1,028	5,249	3,955	10,232
Accumulated depreciation	(343)	(4,902)	(3,582)	(8,827)
Net book amount	685	347	373	1,405
Period ended 30 June 2020 (Unaudited)				
Opening net book amount	**685**	**347**	**373**	**1,405**
Additions	**–**	**–**	**40**	**40**
Depreciation charges	**(171)**	**(1)**	**(88)**	**(260)**
Closing net book amount	**514**	**346**	**325**	**1,185**
At 30 June 2020 (Unaudited)				
Cost	**1,028**	**5,011**	**3,678**	**9,717**
Accumulated depreciation	**(514)**	**(4,665)**	**(3,353)**	**(8,532)**
Net book amount	**514**	**346**	**325**	**1,185**

14 INVESTMENT PROPERTIES

	As at	
	30 June 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000* (Audited)
Opening net book amount	**2,971,870**	2,890,230
Lease modification	**2,510**	–
Additions	**25,074**	71,400
Capitalised interests	**–**	189
Fair value changes	**(46,154)**	10,051
Closing net book amount	**2,953,300**	2,971,870
Analysis of investment properties:		
– properties on land use right certificates owned by the Group	**1,467,270**	1,496,670
– properties on right of use assets	**1,486,030**	1,475,200
	2,953,300	2,971,870

15 OPERATING LEASE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at 30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Operating lease receivables	**28,025**	20,111
Less: allowance for impairment of operating lease receivables	**(2,020)**	(2,342)
Operating lease receivables – net	**26,005**	17,769
Trade receivables	**5,708**	6,125
Less: allowance for impairment of trade receivables	**(518)**	(629)
Trade receivables – net	**5,190**	5,496
Other receivables	**6,214**	7,993
Less: allowance for impairment of other receivables	**(55)**	(202)
Other receivables – net	**6,159**	7,791
Prepaid tax and other levies	**544**	738
Other prepayments	**2,822**	2,805
Input VAT available for future deduction	**3,490**	3,098
	44,210	37,697

The ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Less than 1 year	**5,708**	6,125

The maximum exposure to credit risk at 30 June 2020 is the credit losses of each class of receivables mentioned above.

16 CASH AND CASH EQUIVALENTS

	As at	
	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash on hand		
– RMB	**197**	1,503
– HK$	**45**	44
Cash at banks		
– RMB	**136,761**	82,176
– HK$	**91,513**	188,677
	228,516	272,400

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

17 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares *(thousands)*	Share capital *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
Ordinary shares issued and fully paid:				
As at 30 June 2020 (Unaudited)	1,500,000	13,410	291,084	304,494
As at 31 December 2019 (Audited)	1,500,000	13,410	291,084	304,494

18 TRADE AND OTHER PAYABLES AND LEASE LIABILITIES

(i) Trade and other payables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade payables	**3,387**	3,634
Construction contract payables	**31,623**	42,912
Salary payables	**12,348**	15,529
Other tax liabilities	**1,198**	748
Deposits from tenants	**44,174**	43,674
Other payables	**6,116**	9,098
	98,846	115,595
Less: non-current portion		
Deposits from tenants	**(26,247)**	(29,454)
Current portion	**72,599**	86,141

The ageing analysis of the trade and construction contract payables based on invoice date is as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Less than 1 year	**11,111**	15,644
Over 1 year	**23,899**	30,902
	35,010	46,546

Trade payables and construction contract payables were denominated in RMB and their fair values approximated their carrying amounts.

(ii) Lease liabilities

	As at 30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Balance at beginning of the year	**152,147**	160,502
Lease modification	**1,957**	–
Additions	**–**	1,028
Leasing finance expenses recognised	**3,775**	8,952
Settlement of lease liabilities	**(5,098)**	(18,335)
	152,781	152,147
Less: non-current portion	**(126,555)**	(131,006)
Current portion of lease liabilities	**26,226**	21,141

The Group mainly leases land use right and properties. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use assets are presented as investment properties (Note 14) and property and equipment (Note 13).

19 ADVANCE FROM CUSTOMERS

The Group recognised the following advance from customers related to operating lease business:

	As at 30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Advance from customers	**48,491**	65,159

The Group receives payments from leases based on billing schedules as established in the leasing contracts.

20 BORROWINGS

	As at 30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Bank borrowings – Secured	**581,617**	580,056
Less: current portion of non-current borrowings	**(157,239)**	(113,836)
	424,378	466,220
Borrowings included in current liabilities:		
Bank borrowings – Secured	**30,047**	30,053
Current portion of non-current borrowings	**157,239**	113,836
	187,286	143,889
Total borrowings	**611,664**	610,109

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue decreased by 2.9% to approximately RMB138.9 million for the Reporting Period compared with RMB143.1 million for the 2019 Period. Such decrease was driven by the decrease in revenue from our rental income and the properties management service.

The table below sets forth the breakdown of the Group's revenue by business segments as indicated:

	Six months ended 30 June			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Rental Income	**121,018**	**87**	123,764	87
Properties Management Service	**11,384**	**8**	12,934	9
Sales of Goods	**6,503**	**5**	6,394	4
Total	**138,905**	**100**	143,092	100

Rental Income

Rental income is revenue received by the Group from the tenants (the "**Tenants**") who signed lease contracts with us to run business at the Group's owned/leased portfolio shopping malls, accounting for 87.0% of our total revenue. During the Reporting Period, revenue from our rental income decreased by RMB2.8 million or 2.3% to RMB121.0 million (2019 Period: RMB123.8 million) due to the rental exemption and concession policies launched by the Group as a result of the outbreak of Coronavirus Disease 2019 ("**COVID-19**").

Properties Management Service

Revenue from our property management services is the management fee paid by the Tenants under the property management agreements. During the Reporting Period, income from property management services decreased by RMB1.5 million or 11.6% to RMB11.4 million (2019 Period: RMB12.9 million). The decrease in property management service income was mainly attributable to the decrease in areas under the management of the Group as affected by the outbreak of COVID-19.

Sales of Goods

Revenue from sales of goods is the revenue generated from sales of hospitality products of the Group through our online shopping mall. During the Reporting Period, revenue from sales of goods increased by RMB0.1 million or 1.6% to RMB6.5 million (2019 Period: RMB6.4 million). Such increase in revenue from sales of goods was mainly due to the increase in business-to-business ("**B2B**") operations of the Group.

Cost of Sales

Our cost of sales decreased by RMB0.8 million to RMB11.0 million for the Reporting Period (2019 Period: RMB11.8 million).

Selling and Marketing Expenses

Our selling and marketing expenses decreased by RMB7.6 million to RMB11.0 million for the Reporting Period (2019 Period: RMB18.6 million).

Administrative Expenses

Our administrative expenses increased by RMB0.3 million to RMB21.2 million for the Reporting Period (2019 Period: RMB20.9 million).

Fair Value Losses/Gains on Investment Properties

Our fair value changes on investment properties decreased substantially by RMB49.0 million to fair value losses of RMB46.2 million for the Reporting Period (2019 Period: gains of RMB2.8 million), which was mainly due to adjustment in the values of two shopping malls in Shenyang, the PRC in view of the general decrease in macro market demand caused by the outbreak of COVID-19.

Other Income

Our other income decreased by RMB0.3 million to RMB2.0 million for the Reporting Period (2019 Period: RMB2.3 million).

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit decreased by RMB42.9 million to RMB54.6 million for the Reporting Period (2019 Period: RMB97.5 million). The operating profit margin decreased from 68.2% for the 2019 Period to 39.3% for the Reporting Period, which was mainly due to the significant decrease in fair value gains on investment properties.

Finance Income

Our finance income increased by RMB1.3 million to RMB1.5 million for the Reporting Period (2019 Period: RMB0.2 million). This was primarily due to the interest income from the funds raised from the global offering of the Company on 8 November 2019.

Finance Expenses

Our finance expenses increased by RMB1.4 million to RMB27.3 million for the Reporting Period (2019 Period : RMB25.9 million). This was mainly due to the increase in relevant expenses of the banking facilities.

Net Finance Expenses

As a result of the foregoing, our net finance expenses for the Reporting Period were RMB25.8 million, remaining at the same level of that for the 2019 Period.

Profit and Net Profit Margin

As a result of the foregoing, profit for the Reporting Period decreased by RMB31.2 million to RMB15.1 million (2019 Period: RMB46.3 million). Our net profit margin decreased from 32.3% for the 2019 Period to 10.9% for the Reporting Period, which was mainly due to the significant decrease in fair value gains on investment properties.

Core Net Profit

Our management believes core net profit will be useful for investors in evaluating the performance results of our underlying business across accounting periods by eliminating the effects of certain non-recurring items including the fair value changes on investment properties which are considered not indicative for evaluation of the actual performance of our business.

Our core net profit for the Reporting Period decreased by RMB4.3 million or 7.9% to RMB49.8 million (2019 Period: RMB54.1 million), which was mainly due to the decrease of RMB4.2 million in the revenue of the Group as a result of the outbreak of COVID-19.

The following table sets forth the profit and the core net profit of the Group for the periods indicated:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Profit	**15,141**	46,287
Less:		
Fair value losses/(gains) on investment properties	**46,154**	(2,788)
Add:		
Listing expenses	**–**	10,253
Income tax expenses in relation to above reconciled items	**(11,539)**	377
Core net profit	**49,756**	54,129
– Owners of the Company	**50,803**	55,150
– Non-controlling interests	**(1,047)**	(1,021)

CHANGE IN USE OF NET PROCEEDS

During the Reporting Period, due to the continued outbreak of COVID-19, countries worldwide have imposed various lockdown measures to curb the spread of COVID-19, including travel restrictions, quarantine measures and/or compulsory suspension of work. As a result, the global hospitality and tourism industries have severely suffered, which has adversely affected the profitability of the Tenants, and thus has hampered the financial performance of the Group. In order to strengthen the Group's liquidity to cope with the impacts and challenges brought by the outbreak of COVID-19 and to enhance the efficiency and effectiveness of capital use of the Group, the use of net proceeds from the global offering of the Company (the "**Net Proceeds**") has been appropriately adjusted as disclosed in the announcement of the Company dated 6 July 2020 (the "**Announcement**") in relation to the change in the use of Net Proceeds (the "**Use of Net Proceeds**") and business update of the Group. For reasons set out in the Announcement, the Board has resolved to change the use of the unutilised Net Proceeds as follows:

(i) reallocating approximately 12.5% of the Net Proceeds in an amount of approximately RMB27.2 million, which were originally allocated for the project development of a new shopping mall located in each of Chengdu (the "**Chengdu Project**"), Zhengzhou (the "**Zhengzhou Project**") and Fuzhou (the "**Fuzhou Project**", together with the Chengdu Project and the Zhengzhou Project, the "**New Projects**"), the PRC, to supplement the general working capital of the Group; and

(ii) reallocating approximately 36.8% of the Net Proceeds in an amount of approximately RMB80.0 million, which were originally allocated for the New Projects, to develop a new shopping mall located in Guangzhou, the PRC (the "**Guangzhou Project**").

The table below sets forth the breakdown of the Use of Net Proceeds during the Reporting Period, the change in utilisation of the Net Proceeds as stated in the Announcement and the breakdown of use of the unutilised Net Proceeds after the reallocations:

	Original Intended Amount *(RMB million)*	Utilised Amount as of 30 June 2020 *(RMB million)*	Unutilised Amount as of 30 June 2020 *(RMB million)*	Unutilised Amount after reallocation *(RMB million)*	Timeframe for Fully Utilisation of the Reallocated Unutilised Amount
(i) Repayment of the Group's bank borrowings for the construction cost and sales and marketing cost of its shopping malls	56.7	25.5	31.2	31.2	till 2020
(ii) Development of new projects					
a) Chengdu Project	63.8	–	63.8	–	
b) Zhengzhou Project	40.8	–	40.8	22.5	till 2023
c) Fuzhou Project	55.9	–	55.9	30.8	till 2023
d) Guangzhou Project	–	–	–	80.0	till 2020
(iii) General working capital	–	–	–	27.2	till 2020
	217.2	25.5	191.7	191.7	

Note: Any discrepancies in the above table between totals and sums of amounts listed herein are due to rounding. Save for the aforesaid reallocations, there are no other changes in the Use of the Net Proceeds.

The Board is of the view that the change in the Use of the Net Proceeds is fair and reasonable, which allows the Group to meet its financial needs more efficiently and flexibly. The business development direction for the Guangzhou Project is still in line with the business strategies of the Group as disclosed in "Prospects" of the prospectus of the Company dated 25 October 2019 (the "**Prospectus**"). As such, the Board considers that (i) the reallocations are in the interests of the Company and the shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group; and (ii) the Guangzhou Project will further consolidate and strengthen the Group's leading position in the industry. The Directors will continuously assess the plans for the Use of the Net Proceeds and may revise or amend such plans where necessary, to diminish the impacts of the outbreak of COVID-19 and strive for better business performance of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and Cash Equivalents

As at 30 June 2020, the Group's cash and cash equivalents amounted to RMB228.5 million (31 December 2019: RMB272.4 million).

Borrowing and Charges on the Group's Assets

As at 30 June 2020, bank borrowings of RMB611.7 million (31 December 2019: RMB610.1 million) bore interest ranging from 6.30% to 7.36% per annum and were secured by investment properties of the Group. As at 30 June 2020, the value of investment properties pledged as collateral for the Group's borrowings was RMB1,438.9 million (31 December 2019: RMB1,468.3 million).

Future Plans for Material Investments or Capital Assets

Save for the business plan disclosed in the Prospectus or in this announcement, the Group had no other plan for material investments or capital assets as at 30 June 2020.

Acquisition and Disposal of Subsidiaries and Associated Companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

BUSINESS REVIEW

The Group is principally engaged in the operation and management of the shopping malls for hospitality supplies and home furnishings which generated rental revenue in the PRC. Our business operations comprise four main business segments: (i) our shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings; (ii) our managed shopping mall; (iii) our online shopping mall; and (iv) our exhibition management business.

The Group's revenue is derived mainly from the operating lease rental income of our Group's owned/leased portfolio shopping malls.

Business Segment Review

Shopping Malls

We have five shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings.

Shopping Malls for Hospitality Supplies

(1) Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城)
(2) Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城)
(3) Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城)

Shopping Malls for Home Furnishings

(4) Xinji Dashi Home Furnishings Center (信基大石傢俬城)
(5) Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心)

The table below sets out the total revenue generated by our shopping malls for the periods indicated:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城)	**75,684**	74,306
Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城)	**27,548**	32,826
Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城)	**8,047**	7,886
Xinji Dashi Home Furnishings Center (信基大石傢俬城)	**5,663**	5,916
Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心)	**15,460**	15,764

As a result of the outbreak of COVID-19 during the first half of 2020, some of the Tenants terminated their leases prior to expiration of such leases due to the negative impacts of COVID-19 on their businesses as mentioned above. As of 30 June 2020, the occupancy rate of the shopping malls of the Group in total has decreased by approximately 5% when compared to the figure as of 31 December 2019, in particular, the revenue of Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城) decreased by RMB5.3 million as a result of the relatively substantial decrease in its occupancy rate.

Managed Shopping Mall

In October 2018, we entered into a cooperation agreement with Hunan Hongyue Commercial Management Company Limited* (湖南省泓岳商業管理有限公司), an independent third party. Pursuant to the cooperation agreement, the Group agreed to act as the shopping mall manager of a planned hospitality supplies shopping mall located in Yuetang International Trade City (岳塘國際商貿城), a commercial complex developed by Hunan Hongyue Commercial Management Company Limited at No. 88 Hetang Section, Furong Avenue, Yuetang District, Xiangtan City, Hunan Province, the PRC. It is expected that this shopping mall would have a total operating area of approximately 120,000 sq.m. and could accommodate a maximum of 400 tenants.

As it is uncertain when and whether the COVID-19 epidemic could be contained, the Board encountered difficulty in estimating the time when such shopping mall could commence operation.

Online Shopping Mall

During the Reporting Period, our online shopping mall generated revenue of RMB6.5 million for the sales of goods (2019 Period: RMB6.4 million). The goods sold by the Group were entirely hospitality goods. The operating profit margin of online shopping mall improved slightly to -14% in the Reporting Period (2019 Period: -21%) as we have implemented additional controls on various costs.

Exhibition Management Business

We provide exhibition management services for the China Hospitality Expo (華南酒店業博覽會) ("**CHE**") (formerly known as China (Guangzhou) International Hospitality Supplies Fair (中國(廣州)國際酒店用品展覽會)), in the PRC annually. The major managed exhibition of the Group was the annual CHE. CHE provides an one-stop trade platform for global hospitality supplies providers and purchasers to broaden their sale and purchase channels. As CHE is held and the Group recognises revenue generated from CHE in the second half of each year, there was no exhibition revenue generated in both the Reporting Period and the 2019 Period.

Outlook

As the COVID-19 epidemic has not been under control fully, the Zhengzhou Project and the Fuzhou Project which were originally scheduled to commence in July 2021 have been postponed. The Group will continue to monitor the markets in Zhengzhou and Fuzhou and the operation of the shopping malls under the Zhengzhou Project and the Fuzhou Project. As Guangzhou is the most vital region in the production and distribution of hospitality supplies in the PRC, the Directors believe that the Guangzhou Project will consolidate the Group's position in Guangzhou, enhance its market share and brand recognition, and enable the Group to maintain its leading position in the industry.

Furthermore, as the COVID-19 epidemic continued to evolve overseas and the outbreak has recurred partially in the PRC, and majority of the exhibitors of CHE have adopted a wait-and-see attitude, only a few overseas exhibitors and purchasers were willing to confirm their participation in CHE this year. Therefore, the Group has decided to suspend the organisation of CHE in the second half of 2020.

As a result of the outbreak of the COVID-19, the overall occupancy rate of the shopping malls operated by the Group has dropped, which is expected to lead to a reduction of the Group's cash in 2020. In order to increase the occupancy rate of the Group's shopping malls and alleviate the burden of the Tenants during the epidemic, the Group will further implement various policies including but not limited to offering Tenants who renew their leases before 31 December 2020 and new Tenants: (i) a 20% discount on the one-off promotion fee; or (ii) an option to pay the promotion fee in four installments within one year.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Reporting Period, the Company has complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules other than code provision A.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Cheung Hong Chuen ("**Mr. Cheung**") is one of our founders, chairman of the Board and chief executive officer of the Company. Being the industry leader and industry development vane for China hospitality supplies industry, Mr. Cheung has extensive experience in hospitality supplies industry, Mr. Cheung is responsible for formulating strategic direction and overseeing the management and business operation of the Group. As Mr. Cheung is the key to the Group's development and he will not undermine the Group's interests in any way under any circumstances, the Board considers that vesting the roles of chairman and chief executive officer in the same person, Mr. Cheung, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Cheung, as both the chairman and chief executive officer of the Company. The Board currently comprises four executive Directors (including Mr. Cheung), three non-executive Directors and four independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Code of Conduct for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Group's senior management, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Share Option Scheme

A share option scheme was adopted by the written resolutions of the shareholders of the Company passed on 3 October 2019 (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. Since the date of adoption to the 30 June 2020, no share option was granted under the Share Option Scheme.

Events After Reporting Period

Outbreak of COVID-19

The outbreak of COVID-19 has significantly disrupted business operations across numerous sectors, causing the sharp slowdown of global economy. As at the date of this announcement, its comprehensive impact on our business can hardly be reasonably estimated. The Company will continue to observe and formulate appropriate strategies in response.

*Discloseable Transaction-Acquisition of 60% Equity Interest in Guangzhou Zhicheng Commercial Operation Limited (the "**Target Company**")*

On 24 July 2020, Guangzhou Shaxi International Hospitality Supplies City Company Limited, an indirect wholly-owned subsidiary of the Company ("**Guangzhou Shaxi**") and Guangzhou Chaoying Trade Limited ("**Guangzhou Chaoying**") entered into an equity transfer agreement, pursuant to which Guangzhou Shaxi agreed to acquire and Guangzhou Chaoying agreed to sell 60% of the equity interest in the Target Company, which holds the right of overall operation and management of the shopping mall under the Guangzhou Project, at the consideration of RMB78.0 million (the "**Acquisition**"). As at the date of this announcement, the Acquisition has not yet completed. Please refer to the announcement of the Company dated 24 July 2020 for details.

Save as the above, there is no other important event occurred subsequent to 30 June 2020 and up to the date of this announcement.

Audit Committee

The Company establishes an audit committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Dr. Liu Eping (劉娥平), Mr. Tan Michael Zhen Shan (譚鎮山) and Mr. Zheng Decheng (鄭德珵). Dr. Liu Eping is the chairman of the audit committee.

The audit committee has considered and reviewed the Group's interim results for the Reporting Period, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The audit committee considers that the interim results for the Reporting Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Publication of Interim Results and Interim Report

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.xjsx.net.cn. The 2020 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company in September 2020 and will be published on the above websites.

By order of the Board
Xinji Shaxi Group Co., Ltd
Cheung Hon Chuen
Chairman

Guangzhou, the PRC, 28 August 2020

As at the date of this announcement, the Board comprises Mr. Cheung Hon Chuen as chairman and executive Director; Mr. Mei Zuoting, Mr. Zhang Weixin and Ms. Jin Chunyan as executive Directors; Mr. Yu Xuecong, Mr. Wu Jianxun and Mr. Lin Lie as non-executive Directors; and Dr. Liu Eping, Mr. Chen Tusheng, Mr. Tan Michael Zhen Shan and Mr. Zheng Decheng as independent non-executive Directors.