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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 2021**

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2021:

1. Recognised revenue amounted to RMB1,819.31 million, representing an increase of 6.1% as compared to the corresponding period in 2020;
2. The gross profit amounted to RMB470.28 million, the gross profit margin was 25.8%;
3. The net profit amounted to RMB285.15 million, remaining substantially at the same level as that of the corresponding period in 2020 and the net profit margin was 15.7%;
4. Basic earnings per share was RMB10.50 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 2021 (the “**Period**”) together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	1,819,311	1,714,980
Cost of sales	7	(1,349,028)	(1,205,356)
Gross profit		470,283	509,624
Other income	6	16,632	13,768
Gains arising from acquisition of subsidiaries		–	454,889
Fair value (losses)/gains on investment properties	13	(12,930)	66,821
(Provision for)/reversal of impairment losses on financial and contract assets		(2,472)	1,210
Other gains/(losses) – net	8	748,062	(206,151)
Selling and marketing expenses	7	(68,953)	(59,732)
Administrative expenses	7	(145,978)	(136,611)
Finance costs – net	9	(427,833)	(239,052)
Share of profits and losses of joint ventures and associates		33,087	39,890
Profit before income tax		609,898	444,656
Income tax expenses	10	(324,752)	(159,780)
Profit for the period		285,146	284,876
Attributable to:			
Owners of the Company		271,442	297,638
Non-controlling interests		13,704	(12,762)
		285,146	284,876
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted (RMB per share)	12	10.50 cents	11.52 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2021*

	Six months ended 30 June	
	2021	2020
	<i>Note</i> <i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Profit for the period	285,146	284,876
Other comprehensive income	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u>285,146</u>	<u>284,876</u>
Attributable to:		
Owners of the Company	271,442	297,638
Non-controlling interests	<u>13,704</u>	<u>(12,762)</u>
	<u>285,146</u>	<u>284,876</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
	Note	RMB'000 (Unaudited)	RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		96,215	114,831
Investment properties	13	18,971,640	18,982,717
Investments in joint ventures		704,244	1,644,408
Investments in associates		4,884	4,927
Prepayments for acquisition of land		3,095,094	3,036,113
Prepayments and other receivables		580,360	836,973
Intangible assets		23,544	36,727
Derivative financial assets		437,694	—
Deferred tax assets		333,980	264,543
Total non-current assets		24,247,655	24,921,239
Current assets			
Inventories		33,360	20,262
Land held for development for sale		798,390	784,753
Properties under development		10,328,912	10,289,518
Completed properties held for sale		4,971,506	4,938,899
Prepayments for acquisition of land		483,586	751,252
Contract assets		120,130	93,872
Trade receivables	14	470,459	590,435
Prepayments, deposits and other receivables		1,629,507	1,118,185
Prepaid corporate income tax		106,786	117,537
Prepaid land appreciation tax		275,999	259,485
Financial assets at fair value through profit or loss		—	6,260
Restricted cash	15	770,252	1,002,551
Cash and cash equivalents	15	375,271	572,237
Total current assets		20,364,158	20,545,246
Total assets		44,611,813	45,466,485

		30 June 2021	31 December 2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
Interest-bearing bank and other borrowings	17	2,042,600	3,410,200
Deferred tax liabilities		3,018,371	2,935,334
Other non-current liabilities		26,473	24,598
Lease liabilities		41,292	11,673
		<hr/>	<hr/>
Total non-current liabilities		5,128,736	6,381,805
		<hr/>	<hr/>
Current liabilities			
Contract liabilities		6,720,348	5,841,962
Trade payables	16	3,052,876	3,724,570
Other payables and accruals		3,708,256	3,755,401
Interest-bearing bank and other borrowings	17	11,724,931	11,869,159
Corporate income tax payable		753,517	624,311
Provision for land appreciation tax		908,893	893,613
Lease liabilities		19,359	63,882
		<hr/>	<hr/>
Total current liabilities		26,888,180	26,772,898
		<hr/>	<hr/>
Total liabilities		32,016,916	33,154,703
		<hr/>	<hr/>
Equity			
Equity attributable to owners of the Company			
Issued capital		159,418	159,418
Reserves		12,141,598	11,870,156
		<hr/>	<hr/>
		12,301,016	12,029,574
		<hr/>	<hr/>
Non-controlling interests		293,881	282,208
		<hr/>	<hr/>
Total equity		12,594,897	12,311,782
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(6,524,022)	(6,227,652)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,723,633	18,693,587
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

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 2021, 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, Chongqing, Zhengzhou, Hefei, Xi’an, Suzhou, Hangzhou, Shenzhen, Changsha 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**”).

The unaudited condensed consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated and were approved and authorized for issue by the board of Directors on 20 August 2021.

2. Basis of Preparation

These unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2021 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

Going concern Basis

As at 30 June 2021, the Group’s current liabilities exceeded its current assets by RMB6,524,022,000. At the same date, its current borrowings amounted to RMB11,724,931,000 while its cash and cash equivalents amounted to RMB375,271,000 only.

Since 2018, the financial conditions of the Group’s controlling shareholder, China Minsheng Investment Corp., Ltd. (“**China Minsheng**”) changed in such a way that triggered certain terms specified in the Group’s borrowing agreements. This resulted in certain of the Group’s borrowings amounted to RMB7,524,856,000 in total as at 30 June 2021 becoming immediately repayable if requested by the lenders, of which RMB5,639,253,000 represented borrowings with scheduled repayment dates within one year, while RMB1,885,603,000 represented non-current borrowings with original maturity dates beyond 30 June 2022 that were reclassified as current liabilities.

On 20 February 2020, the Company publicly announced that Mr. Chen Donghui, a then executive director of the Company, was detained by the relevant authorities in the PRC (“**Mr. Chen Detention Matter**”). Mr. Chen was subsequently removed as an executive director of the Company with the effect from 15 June 2020. This event resulted in certain of the Group’s borrowings amounted to RMB4,025,627,000 in total as at 30 June 2021, among the above-mentioned borrowings of RMB7,524,856,000, becoming immediately repayable if requested by the lenders.

On 20 April 2020, the Group failed to repay USD52,854,000 of the senior notes due on 20 April 2020 (“**2020 Senior Notes**”) and subsequently repaid in full on 24 April 2020, which constituted an event of default (“**2020 Senior Notes Default**”). This event also resulted in the above-mentioned borrowings of RMB7,524,856,000 in total as at 30 June 2021 becoming immediately repayable if requested by the lenders.

On 30 October 2020, the Group failed to repay bank loans due to one commercial bank amounted to RMB138,920,000, which constituted an event of default (“**Bank Loans Default**”). The Group subsequently fully repaid these bank loans in certain tranches until 4 March 2021. This event also resulted in the above-mentioned borrowings of RMB7,524,856,000 in total as at 30 June 2021 becoming immediately repayable if requested by the lenders.

On 18 January 2021, the Group failed to pay the final award amount together with interest accruing thereon to the certain joint venture partners (“**Aetos Parties**”) for 90 consecutive days following 20 October 2020, when Hong Kong International Arbitration Centre issued a final award in relation to the arbitration over the exercise of certain put options with Aetos Parties. This triggered certain terms specified in the senior notes due on 27 March 2022 (“**2022 Senior Notes**”), and was subsequently waived by the respective holders with effect from 8 March 2021 (“**2022 Senior Notes Default**”). This event also resulted in the above-mentioned borrowings of RMB7,524,856,000 as at 30 June 2021 becoming immediately repayable if requested by the lenders.

On 16 April 2021, the Group failed to repay a tranche of 2022 Senior Notes of USD22.5 million, which constituted an event of default (“**2022 Senior Notes Delay Repayment Matter**”). The Group subsequently fully repaid this tranche of 2022 Senior Notes of USD22.5 million on 4 May 2021. This event also resulted in the above-mentioned borrowings of RMB7,524,856,000 as at 30 June 2021 becoming immediately repayable if requested by the lenders.

On 10 May 2021, the Group failed to pay a tranche of payment of USD50 million due to Aetos Parties, which did not meet the payment obligation specified in the settlement agreement with Aetos Parties dated on 4 March 2021 (“**Aetos Parties First Delay Payment Matter**”). On 24 May 2021, the Group subsequently fully paid this tranche of payment of USD50 million together with interest accruing thereon. On 26 May 2021, Aetos Parties provided a written confirmation to the Group that Aetos Parties First Delay Payment Matter will not give rise to an event of default. This event also resulted in the above-mentioned borrowings of RMB7,524,856,000 as at 30 June 2021 becoming immediately repayable if requested by the lenders.

On 10 June 2021, the Group failed to pay another tranche of payment of USD50 million due to Aetos Parties, which has not been paid yet up to this announcement (“**Aetos Parties Second Delay Payment Matter**”). This event also resulted in certain of the Group’s borrowings amounted to RMB8,781,879,000 as at 30 June 2021 becoming immediately repayable if requested by the lenders, out of which RMB7,524,856,000 was the above-mentioned borrowings.

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 have not requested the Group to repay the relevant borrowings immediately, the Group has constantly maintained active communication with relevant banks, financial institutions, and Aetos Parties to explain changes in the financial conditions of China Minsheng, Mr. Chen Detention Matter, 2020 Senior Notes Default, Bank Loans Default, 2022 Senior Notes Default, 2022 Senior Notes Delay Repayment Matter, Aetos Parties First Delay Payment Matter and Aetos Parties Second Delay Payment Matter. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the Group’s immediate repayment of the borrowings and payables due to Aetos Parties 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 2021, 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 RMB255,000,000 from existing and new lenders, although all of which 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 long term relationship with the banks and financial institutions and the availability of the Group's properties as collateral for the borrowings, the Group will be able to renew or extend 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.
- (v) On 4 March 2021, the Group entered into an agreement to dispose its property management business at a consideration of RMB1,273,000,000. The Group will continue to seek opportunities to dispose its peripheral assets or businesses.

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 2021. 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 2021. 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 negotiation with Aetos Parties to agree an extended payment schedule;
- (ii) 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;
- (iii) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings;
- (iv) the successful obtaining of additional new sources of financing as and when needed;
- (v) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows; and
- (vi) the successful disposal of peripheral assets or businesses when needed.

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 2020, 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 and related interests payable, 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 2021, 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 2021 (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	<u>1,161,550</u>	<u>240,291</u>	<u>25,040</u>	<u>180,161</u>	<u>212,269</u>	<u>–</u>	<u>1,819,311</u>
Segment results	<u>99,589</u>	<u>167,800</u>	<u>(16,924)</u>	<u>(1,881)</u>	<u>33,594</u>	<u>6,850</u>	<u>289,028</u>
<i>Reconciliation:</i>							
Interest income							9,611
Dividend income and unallocated gains							739,092
Corporate and other unallocated expenses							–
Finance costs							<u>(427,833)</u>
Profit before income tax							609,898
Income tax expenses							<u>(324,752)</u>
Profit for the period							<u><u>285,146</u></u>

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							284,876

Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and the majority of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers recognised at a point in time		
Sale of properties	<u>1,161,550</u>	<u>1,043,891</u>
Revenue from contracts with customers recognised over time		
Business park operation and management service income	25,040	28,400
Construction, decoration and landscaping income	180,161	107,022
Property management income	<u>212,269</u>	<u>270,001</u>
	<u>417,470</u>	<u>405,423</u>
Revenue from contracts with customers	<u>1,579,020</u>	<u>1,449,314</u>
Revenue from other sources		
Rental income	<u>240,291</u>	<u>265,666</u>
	<u>1,819,311</u>	<u>1,714,980</u>

6. Other Income

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	9,611	7,833
Government subsidies	<u>7,020</u>	<u>5,935</u>
	<u>16,632</u>	<u>13,768</u>

7. Expenses by Nature

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

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Cost of properties sold	902,215	796,041
Cost of services provided	363,230	328,623
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	83,584	80,692
Employee benefit expenses	85,229	77,122
Short-term office lease expenses	5,048	9,116
Depreciation	18,789	23,791
Amortisation of intangible assets	6,229	6,026
Advertising	20,150	21,067
Other costs and expenses	79,485	59,221
Total cost of sales, selling and marketing expenses and administrative expenses	<u>1,563,959</u>	<u>1,401,699</u>

8. Other Gains/(Losses) – net

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Gains arising from disposal of subsidiaries (a)	771,779	–
Losses arising from disposal of a joint venture (b)	(32,703)	–
Net losses on derivative financial instruments	–	(146,607)
Net foreign exchange gains/(losses)	9,193	(24,456)
Other items	(207)	(35,088)
	<u>748,062</u>	<u>(206,151)</u>

- (a) On 4 March 2021, four wholly-owned subsidiaries of the Company entered into an equity transfer agreement with Longfor Jiayue Property Service Company Limited (“**Longfor**”), pursuant to which the Group disposed 100% equity interests in Yida Property Service Company Limited (“**Yida Property Service**”) for a consideration of RMB1,273,000,000. The Group also undertook to compensate Longfor in accordance with the compensation formula stipulated in the agreement, if Yida Property Service would not meet the guaranteed profit for each of the four years ending 31 December 2024.

On 10 March 2021, the disposal of Yida Property Service was completed and the Group recognised a gain of RMB771,779,000 arising from the disposal, taking into consideration of the estimated compensation to Longfor of RMB242,080,000 which was recognised as derivative liabilities as at 30 June 2021.

- (b) As at 31 December 2020, the Group held 50% equity interests in Dalian Software Park Ascendas Development Company Limited (“**DLSP Ascendas**”), which was accounted for as a joint venture of the Group. On 21 May 2021, a wholly-owned subsidiary of the Company entered into an equity transfer agreement with Ascendas (China) Pte Ltd. (“**Ascendas**”), which is the joint venture partner of DLSP Ascendas. Pursuant to the agreement, the Group disposed 50% equity interests in DLSP Ascendas for a consideration of RMB501,000,000. The Group was also granted a repurchase option (“**Repurchase Option**”) to repurchase 50% equity interests in DLSP Ascendas for a consideration of RMB526,300,500 upon the expiry of six months after 21 May 2021.

At the same date, the disposal of DLSP Ascendas was completed and the Group recognised a loss of RMB32,703,000 arising from the disposal, taking into consideration of the Repurchase Option amounting to RMB437,694,000, which was recognised as derivative financial assets as at 30 June 2021.

9. Finance Costs

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans and other loans	859,957	713,600
Interest on lease liabilities	1,949	17,343
Less: Interest capitalised	(396,639)	(463,187)
	<u>465,267</u>	<u>267,756</u>
Interest income	(37,434)	(28,704)
	<u>427,833</u>	<u>239,052</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 2021 and 2020. 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	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current:		
PRC corporate income tax	257,805	41,372
PRC land appreciation tax ("LAT")	53,297	60,902
	311,102	102,274
Deferred:		
Current period	13,650	57,506
Total tax charge for the period	324,752	159,780

11. Interim Dividend

The Company resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: 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 RMB271,442,000 (six months ended 30 June 2020: RMB297,638,000), and the weighted average number of ordinary shares of 2,583,970,000 (six months ended 30 June 2020: 2,583,970,000) in issue during these periods.

Diluted earnings per share is same as basic earnings per share for the six months ended 30 June 2021 and 2020 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 2021	45,000	13,246,500	5,691,217	18,982,717
Additions	–	1,302	551	1,853
Net (losses)/gains from fair value adjustments	(1,000)	(12,402)	472	(12,930)
At 30 June 2021	44,000	13,235,400	5,692,240	18,971,640

	Right-of-use Assets <i>RMB'000</i>	Completed <i>RMB'000</i>	Under construction <i>RMB'000</i>	Total <i>RMB'000</i>
(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
	<u>492,000</u>	<u>13,722,750</u>	<u>5,655,425</u>	<u>19,870,175</u>
At 30 June 2020	<u>492,000</u>	<u>13,722,750</u>	<u>5,655,425</u>	<u>19,870,175</u>

As at 30 June 2021, certain of the Group's investment properties of RMB15,930,050,000 (31 December 2020: RMB15,983,217,000) were pledged to banks to secure the loans granted to the Group.

14. Trade Receivables

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables – gross amount	510,292	631,949
Less: Allowances for impairment of trade receivables	(39,833)	(41,514)
	<u>470,459</u>	<u>590,435</u>

Trade receivables are mainly arisen from sales of properties, leases of investment properties and other services business. 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 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year	302,893	408,604
1 to 2 years	95,655	109,620
Over 2 years	111,744	113,725
	<u>510,292</u>	<u>631,949</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2021, a provision of RMB39,833,000 (31 December 2020: RMB41,514,000) was made against the gross amount of trade receivables.

15. Cash and Cash Equivalents and Restricted Cash

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (Audited)
Cash and bank balances (notes)	1,145,523	1,574,788
Less: Restricted cash	(770,252)	(1,002,551)
Cash and cash equivalents	<u>375,271</u>	<u>572,237</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 RMB1,136,515,000 (31 December 2020: RMB1,564,030,000).

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 2021, such guarantee deposits amounted to RMB85,210,000 (31 December 2020: RMB260,164,000).
- (b) As at 30 June 2021, the deposits of the Group amounted to RMB331,643,000 (31 December 2020: RMB425,987,000), 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 2021, certain of the Group's time deposits of RMB353,400,000 (31 December 2020: RMB316,400,000) were pledged to banks loans to secure the bank 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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Due within 1 year or on demand	2,195,680	2,374,200
Due within 1 to 2 years	857,196	1,350,370
	<u>3,052,876</u>	<u>3,724,570</u>

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

17. Interest-Bearing Bank and Other Borrowings

	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current				
Bank loans – secured	3.85 – 12.00	5,178,884	4.30 – 9.50	5,492,626
Bank loans – unsecured	4.25	4,600	4.25	3,000
Other loans – secured	7.42 – 15.00	4,864,822	5.70 – 15.00	3,784,197
Other loans – unsecured	1.20 – 15.00	1,676,625	1.20 – 15.00	2,589,336
		<u>11,724,931</u>		<u>11,869,159</u>
Non-current				
Bank loans – secured	4.55	374,000	4.55	374,000
Other loans – secured	11.00 – 13.00	1,668,600	11.00 – 13.00	3,036,200
		<u>2,042,600</u>		<u>3,410,200</u>
		<u>13,767,531</u>		<u>15,279,359</u>

30 June	31 December
2021	2020
RMB'000	RMB'000
(unaudited)	(Audited)

Analysed into:

Bank loans repayable:

Within one year or on demand	5,183,484	5,495,626
In the second year	374,000	40,000
In the third to fifth years, inclusive	–	334,000
	<u>5,557,484</u>	<u>5,869,626</u>

Other loans repayable:

Within one year or on demand	6,541,447	6,373,533
In the second year	1,668,600	735,200
In the third to fifth years, inclusive	–	2,301,000
	<u>8,210,047</u>	<u>9,409,733</u>
	<u><u>13,767,531</u></u>	<u><u>15,279,359</u></u>

As at 30 June 2021, included in bank loans of the Group is an amount of RMB2,474,662,000 (31 December 2020: RMB2,462,827,000) 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 RMB1,885,603,000 (31 December 2020: RMB1,992,400,000) with original maturity dates beyond 30 June 2022, which have been reclassified as current liabilities as at 30 June 2021 as a result of the matters described in note 2.

- (a) As at 30 June 2021, included in other loans of the Group were the first tranche and the second tranche of corporate bonds with the principal amounts of RMB800,000,000 and RMB524,223,000 respectively (31 December 2020: RMB800,000,000 and RMB625,024,000 respectively). The first tranche and the second tranche 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.

In September 2020, the remaining principal amount of the first tranche amounted to RMB800,000,000 was extended to 25 September 2021.

In March 2021, the remaining principal amount of the second tranche amounted to RMB624,223,000 was extended by respective bond holders for certain periods within six months. During the six months period end 30 June 2021, RMB100,801,000 in total of second tranche has been repaid.

- (b) As at 30 June 2021, included in other loans of the Group were senior notes due on 27 March 2022 (“**2022 Senior Notes**”) with carrying amount of RMB1,257,023,000(31 December 2020: RMB1,519,260,000). According to the terms of 2022 Senior Notes, the Company shall, at the option of any 2022 Senior Notes holders, repurchase the outstanding 2022 Senior Notes in March 2021. In March 2021, the Company’s obligation to repurchase the outstanding 2022 Senior Notes upon above mentioned holders’ option was waived by the respective holders with effect from 8 March 2021, and the maturity date continues to be 27 March 2022.

2022 Senior Notes were unsecured, bore interest at a rate of 12% per annum and were 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 2021 of approximately RMB6,765,949,000 (31 December 2020: RMB7,036,764,000);
 - (ii) pledges of the Group’s investment properties with an aggregate carrying amount as at 30 June 2021 of approximately RMB15,930,050,000 (31 December 2020: RMB15,983,217,000);
 - (iii) pledges of the Group’s land held for development for sale with an aggregate carrying amount as at 30 June 2021 of approximately RMB640,252,000 (31 December 2020: RMB640,541,000);
 - (iv) pledges of the Group’s completed properties held for sale with an aggregate carrying amount as at 30 June 2021 of approximately RMB3,511,984,000 (31 December 2020: RMB3,335,863,000);
 - (v) pledge of a building of the Group with a carrying amount as at 30 June 2021 of approximately RMB33,210,000 (31 December 2020: RMB35,955,000);
 - (vi) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB9,241,504,000 as at 30 June 2021 (31 December 2020: RMB10,414,238,000);
 - (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 RMB353,400,000 as at 30 June 2021 (31 December 2020: RMB316,400,000);
- (d) Other than certain other borrowings with a carrying amount of RMB1,306,766,000 (31 December 2020: RMB1,519,260,000) denominated in USD as at 30 June 2021 and RMB517,150,000 denominated in HKD as at 30 June 2021 (31 December 2020: RMB523,079,000), the remaining bank borrowings and other borrowings of the Group are denominated in RMB as at 30 June 2021 and 31 December 2020.
- (e) As at 30 June 2021, included in other loans of the Group were loans from related parties controlled by the same ultimate holding company of the Company with principal amounts of RMB653,661,000 (31 December 2020: RMB609,719,000), among which RMB402,102,000 were unsecured, borne interest at 15% per annum and were repayable within one year, while the remaining RMB251,559,000 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 2021, the maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB462,029,000 (31 December 2020: RMB504,772,000).

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.

- (b) The Group provided guarantees to the extent of RMB482,544,000 (31 December 2020: RMB524,480,000) as at 30 June 2021 in respect of bank loans granted to its joint ventures.

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.

CHAIRMAN’S STATEMENT

During the Period, the Group recorded revenue of RMB1,819 million, of which sales income from residential properties within and outside business parks, office properties and standalone residential properties was RMB1,162 million; rental income from business parks was RMB240 million; business park operation and management income was RMB25.04 million; construction, decoration and landscaping income was RMB180 million; and property management income was RMB212 million, with a gross profit margin of 25.8%. Net profit attributable to shareholders of the Company was RMB271 million.

REVIEW OF THE FIRST HALF OF 2021

With the overall control of the COVID-19 pandemic nationwide, the real estate market has been contributing to the rapid recovery of the economy while the policy direction of “housing is for living in, not for speculation” remained firm with the main theme of tightening regulation, leading to a general trend towards benign, steady and professional development of the real estate sector. The “two centralised” land supply policy, together with the three red lines and the centralised mortgage management system formed an effective long-term mechanism for real estate development, which is an important measure for the government to achieve the goal of “stabilising housing prices, market expectations and land prices”. The “high turnover with maximum scale” model came across difficulties, and the pursuit of “high-quality development” has become a new direction of development.

Developers with advantages of unique operational capability, industrial resource and local reputation have gradually become better positioned. As the main carriers in filling industry gaps, developing industrial economies and empowering industrial upgrading, experienced and established business park developers and operators will play a vital role in driving urban and regional economic growth. The Group will firmly utilise its core competitiveness in the development and operation of business parks, expand nationwide, and create a “new city-industry integration” model that matches industry with talents, establishes industrial clusters and integrates ancillary facilities by following policy direction, meeting market demand and focusing on the country’s new strategic industries.

The Group deploys innovative measures to link up the industrial chain and supply chain. Over the years, the Group has been at the forefront of the industry in creating new industrial service model, contributing to the innovative development of enterprises as well as building an advanced platform for industrial innovation. The Group has also been a pioneer in the deployment of strategic emerging industries and contributed the “Force of Yida” to the rapid development of strategic emerging industries in China and empowered the growth of regional high-tech enterprises.

1. Focusing on frontier technology industries and upgrading of city-industry projects

By setting a benchmark with the establishment of the Dalian Software Park, the Group has seized the opportunity in the wave of the global industry shift, gradually gathered hundreds of outstanding domestic and foreign enterprises and accumulated a wealth of high-quality talents, forming an exceptional delivery standard and operation mode. With the continuous upgrading of the industrial structure, the focus of the Group's city-industry integration projects will gradually include advanced industries with rapid development such as electronic science and electronic information technology, space science and aerospace technology, materials science and new materials technology, life science and bioengineering technology, basic materials science and health science.

The Group has proactively focused on the high-tech and future industry clusters in Chengdu, Chongqing, Hefei, Changsha, Zhengzhou, Dalian and Wuhan to build high-tech business parks. The Group has also strengthened its industry services and operation capabilities and ensured the stable and healthy development of the enterprises settled in the business parks by seeking cooperation with key universities and research institutes to maintain the leading position of the industrial deployment of the parks and the quality of tenant enterprises and secure the Group's core competitiveness in the long run.

2. Expanding industry consulting services and fostering long-term collaboration

The Group has drawn professional experience from hundreds of successful cases of industry consulting services during its more than 20 years of devotion in the development, construction, operation and management of business parks, and has gathered internal and external quality resources to build a complete research system for industrial development and consultation. Its service targets include local governments, central and state-owned enterprises, industrial property developers and technology enterprises, etc., providing clients with full life-cycle planning and consulting services, and solving problems of industry positioning, planning and design, engineering and construction, tenant recruitment and management as well as cost control for the parks.

Through the provision of professional industry consulting services, the Group will be able to generate revenue from the asset-light business segment while gaining more opportunities for in-depth collaboration with clients and gaining a first-mover advantage in construction, tenant recruitment and management, as well as operational management of potential high-quality projects. It has become an important way to reach out to target cities, cultivate partners and accumulate clients, and laid a solid foundation for seizing opportunities in the acquisition of city-industry projects.

3. Integrating internal and external resources to build operation platforms for digital business parks

The operation and management of business parks have entered the digital era, with digital twin, intelligent perception and big data analytics being widely used in intelligent park business scenarios. The Group has embarked on building an intelligent park management platform system and integrated existing resources by leveraging on the “cloud computing and big data” technologies to set up “Easy Asset Management (易資管)”, an online one-stop tenant recruitment and asset management platform. The Group has also built an online one-stop operation service platform “Yicifang (易次方)” to serve the needs of enterprises and entrepreneurs as its core. Gathering the data from park management, industrial operation, spatial assets, facilities and equipment, an online all-dimensional visualization platform “Yida Xingyun (易達星雲)” was developed. Through the introduction of solutions for intelligent business park, the Group has established intelligent and digital business parks to empower the enterprises settled in the parks, helping corporate clients with digitalization transformation and upgrade and innovative development.

OUTLOOK FOR THE SECOND HALF OF 2021

In the 2021 Government Work Report, the term “innovation” was mentioned 46 times, and it was proposed that “Promoting high-quality development of the real economy through innovation and fostering new growth drivers. Scientific and technological innovations will be fully applied in the real economy, the role of innovation in driving development will be better leveraged.” Enterprises with R&D capability, high technologies and top-quality talents will gradually become the major force in technological innovation.

The Group will upgrade its focus from software and service outsourcing to the new generation of information technology, intelligent manufacturing, high-end equipment, big health, fin-tech, digital culture and creative, energy saving and environmental protection and other emerging industries to create an asset-light, intelligent, one-stop business park platform.

1. Seeking urban upgrade opportunities in key cities and developing high-end industries

Under the guidance of the development strategy of “developing asset-light and asset-heavy businesses simultaneously” and in line with the expansion of asset-light business, the Group will focus on development of city-industry integration project in the “core cities of China’s five major economic zones” with first-tier cities as the core, concentrating its strengths, focusing on high-end industrial resources and covering first-tier cities, new first-tier cities, municipalities, provincial capitals and their surrounding cities. The Group will try to acquire resources for asset-light and asset-heavy projects in key cities with demands for urban renewal and upgrade to create new industry flagship. By utilizing new technologies, new models and new business forms, the Group will help cities to enrich their frontier technology industries and promote the in-depth integration of high-end technologies, digital economy and the real economy.

2. Enhancing tenant recruitment and operation capabilities and exploring customer value chain

Tenant recruitment in business parks is gradually changing from focusing on physical space to policy, and to the current focus of operation and services. Leveraging on the three core service capabilities for park operation of “intelligent clustering of industries, intelligent services for enterprises and intelligent management of the parks”, the Group will build an integrated platform for online and offline development based on the application of modern technologies including the Internet, big data and smart technologies to provide the parks with comprehensive integrated management services for investment and development, engineering and construction, tenant recruitment and operation, asset management, ancillary construction, property management and enterprise services. While exploring potential customers, the Group will also seek business linkages with existing quality clients, combining internal and external resources to seek potential cooperation opportunities and exploit in-depth value of existing projects.

3. Revitalizing existing assets, strengthening cash flow management and seeking strategic cooperation

While maintaining cash flow as the core with debt management as its major task, the Group will embark on mobilizing all internal and external resources to resolve the difficulties faced by the enterprise during the current period of development. Following the repayment of short-term debt by net cash generated from operation and asset disposal in the first half of the year, the Group will continue to seek multiple project cooperation models in the second half of the year to accelerate the disposal of inefficient and ineffective assets, reduce costs and increase efficiency, revitalize assets, optimise the debt structure and reduce burden on the enterprise, thus ensuring cash flow security and operational stability in the medium to long-term. The Company will also continue to explore and approach potential equity investment partners to bring in advantageous resources, boost the Company’s credibility and enhance the sustainability of its capital structure.

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.

Yida China Holdings Limited

Jiang Xiuwen

Chairman and Chief Executive Officer

20 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. Operation of Business Parks Owned by the Group

During the Period, the Group's wholly-owned four business parks included Dalian Software Park, Dalian BEST City, Dalian Tiandi and Yida Information Software Park and it owned a 50% stake in Wuhan First City. During the Period, the Group disposed of 50% stake in Dalian Ascendas IT Park. The total completed gross floor area ("GFA") in the aforementioned parks was approximately 1.739 million square metres, and the area available for leasing was approximately 1.671 million square metres. During the Period, the Group recorded a rental income of approximately RMB240.29 million, representing a 9.6% decrease over the same period of previous year, mainly due to the decrease in leased area as a result of the withdrawal of subletting projects in last year.

Business parks owned by the Group (unit: '000 sq.m.):

Business Parks	Interest Held by the Group	Total Completed Floor Area	Leasable Area				Occupancy Rate at the End of the Period
			Office Buildings	Apartments	Shops	Parking Spaces	
Dalian Software Park	100%	637	391	180	33	42	89%
Dalian BEST City	100%	223	99	–	7	41	72%
Yida Information Software Park	100%	156	131	–	4	20	67%
Dalian Tiandi	100%	451	329	37	41	44	79%
Wuhan First City ¹	50%	272	109	40	22	101	37%
Total		1,739		1,671			

Note:

1. As Wuhan First City is not included in the Group's consolidated statements since 2021, the rental income of the Group excludes the rental income from such park.

Over the years, the Group has provided value-added services to the enterprises settled in the parks, such as talent introduction, policy consultation and project application, in accordance with the needs of the clients, helping them to achieve high-quality and steady development. Besides, leveraging on the resources gathered through years of park management and operation, the Group has formed a complete international business process and created a high-level public service platform, business incubation and acceleration platform to empower the long-term and rapid growth of enterprises. The well-equipped business parks with advanced concept and professional management have created a positive atmosphere for innovation and creativity for enterprises while linking upstream and downstream of the industry chain, facilitating inter-enterprise collaboration and inter-industry integration, and making significant contributions to the revitalization and dynamism of the regional digital economy.

The Group's Dalian Software Park and its tenants have been promoting the in-depth integration of industries with new models and new application scenarios, promoting the construction of highland of digital technology innovation as well as the integration of digital economy application. The parallel development of the technology R&D centre, the technology innovation centre and the data service centre in the parks has constituted an industry upgrade: IBM Innovation Studio, Rockwell Automation Interconnection Service Centre, Panasonic Microcontroller and Internet of Things Innovative Application Joint Laboratory and Software Innovation Centre, SAP Dalian Research Institute, etc. have successively settled in the parks, continuously raising the functional hierarchy and shifting to the high-end of the value chain.

In the "14th Five-Year" construction plan, China has been advocating the broadening of the dual-cycle development path and the booming of the digital economy. The business parks managed and operated by the Group have been presented with another development opportunity to explore new breakthrough. In April 2021, the 2021 China Software Industry Conference was held in Beijing. With the theme of "New Era of Digital Economy – Software Industry's Empowerment of High-quality Development", the conference explored new trends and new opportunities for the development of the software industry during the "14th Five-Year Plan" period. Dalian Software Park was awarded the title of "2020 Most Dynamic Software Park in China" at the conference. In June 2021, Dalian Software Park was awarded the title of "Best Service Support Unit in Liaoning Software Industry for 20 Years".

II. Sale of Properties

During the Period, the Group achieved contracted sales of RMB2,605.24 million, representing a year-on-year slight increase of 1.9%. The average contracted sales price was RMB13,857 per square metre, representing a year-on-year increase of 37.5%, mainly due to the increase in the proportion of residential properties in contracted sales and a general increase in the average price in Dalian during the Period. The majority of projects sold were located in Dalian (77.7% of total contracted sales), Changsha (11.3% of total contracted sales) and Zhengzhou (4.2% of total contracted sales), of which residential property sales accounted for approximately 84.2% of total contracted sales.

During the Period, the segment recorded revenue of RMB1,161.55 million, representing a year-on-year increase of 11.3%. The average sales price was RMB11,531 per square metre, remaining substantially at the same level as that of the corresponding period of last year. The projects carried forward during the Period were mainly ordinary residential properties. Revenue-recognised projects were mainly located in Dalian (79.1% of revenue), Changsha (20.7% of revenue) and other cities.

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 projects including Changsha Yida Intelligent Manufacturing Industrial Village, Changsha Yida & CSCEC Intelligent Technology Centre and Zhengzhou Yida Creation City.

Dalian

In 2021, Dalian's real estate market gradually recovered from the impact of the pandemic and the suppressed demand was effectively released, resulting in an overall increase in both price and volume. The average sales price of commodity housing exceeded RMB16,000 per square metres for the first time, representing a year-on-year increase of approximately 7%; total sales area amounted to approximately 3.08 million square metres, representing a year-on-year increase of approximately 40%, as the market regained its vitality. During the Period, the land supply of the city was stable, with 18 residential and commercial sites with a total site area of 1.49 million square metres being supplied, of which 15 sites were sold. The average price of land sold was RMB6,200 per square metre, a relatively high level in recent years. Land transactions were still dominated by High-tech Zone and Jinpu New District, with a scarce supply of high-quality land in the main urban areas, including Zhongshan District and Xigang District.

The Group has been cultivating in Dalian for more than 20 years and has established a sound reputation with its strong strengths and reputation in product design, property development, construction and decoration, and landscaping. After the completion of the acquisition of the Dalian Glory of the City project in Zhongshan District, the Group has endeavoured to build a regional landmark project by introducing the concept of resort-style "Forest Living", designing a Neighborhood Garden (鄰里花園), Forest Water Bar (森之水吧), Forest Saloon (森之客廳), All-age Activity Area (全齡活動區), etc. and full transplantation of valuable trees. At the same time, the interior decoration style has been upgraded with the selection of materials and professional construction by well-known brands from home and abroad.

Changsha

In the first half of 2021, Changsha continued to promote the absorption of talents and high-end industries. The pace of supply of commodity housing was relatively slow as the overall regulation of the real estate market remained steady, with the residential supply of approximately 9.45 million square metres, with Yuhua, Kaifu and Wangcheng districts leading the way. The supply of office properties, high-end office space became tighter, with a new supply of less than 300,000 square metres during the Period, showing a downward trend. The demand side of the emerging industries is rising steadily, leading to a gradual acceleration in the destocking of high-quality office properties and office space in the future.

Located at the core zone of Phase II, Meixihu Innovation Centre, the Group's Yida & CSCEC Intelligent Technology Centre is rich in human and natural resources, and has been built with courtyard-style single-tower corporate headquarters, low-density multi-story offices, mid-and high-rise intelligent office buildings and talent apartments to create a smart industry cluster covering three major functional areas including intelligent health zone, R&D headquarters zone, and financial business zone. In June 2021, the first phase of office space was delivered for operation and more than 10 high-quality enterprises settled in the park through precise tenant recruitment.

Located in Changsha Wangcheng Economic and Technological Development Zone, the Group's Changsha Yida Intelligent Manufacturing Industrial Village uses two major carriers for industries, namely Village Guest Hall (小鎮客廳) and Chuangzhi Island Area (創智島園區), to support the existing advanced manufacturing and modern service industries, attract talents, finance, consulting, intelligent transformation and other industrial elements, as well as to build an intelligent industrial ecosphere, effectively absorbing high-tech talents and improving the integration of “housing, education, entertainment and tourism” for industrial empowerment. During the Period, sales of project properties and ancillary residential properties were active, contributing to a stable cash flow for the Group.

Zhengzhou

In the first half of 2021, the keynote of “housing is for living in, not for speculation” remains clear in Zhengzhou, and a series of guiding policies have been issued to restrict overheated residential transactions in various aspects such as land, financial supervision and housing accumulation fund loans around the goal of “three stabilities”. At the same time, with the acceleration of urbanisation and the increase in the proportion of service industries in GDP, Zhengzhou has strengthened its efforts to bring in talents and advantageous industries, paying more attention to the activation of industrial capacity, emphasising the matching of industries and the organic integration of resources, and establishing a “new economy Central Area industry platform” with the integration of industries, cities and humanities.

Located at the core zone of the Zhengzhou-Luoyang-Xinxian National Innovation Demonstration Area, the Group's Zhengzhou Yida Creation City empowered the region to transform into an intelligent manufacturing region, build a new generation of information industry clusters and create a highland of innovation and intelligence by promoting collaborative innovation between industry, academia and research as well as bringing in research institutes and Fortune 500 companies. In May 2021, the Henan Provincial Department of Industry and Information Technology published the list of “specialized, sophisticated, special and innovative” SMEs in Henan Province for the year 2021. Four enterprises in Zhengzhou Yida Creation City were included in the list of “specialized, sophisticated, special and innovative” enterprises in Henan Province. At present, there are a total of 20 provincial/municipal “specialized, sophisticated, special and innovative” SMEs in the park, five of the settled enterprises were selected as the first batch of technology-based enterprises in Zhengzhou in 2021, and the park has now reached a total of 34 technology-based enterprises in Zhengzhou.

The following table outlines the Group's contracted sales breakdown as at 30 June 2021:

	Contracted Sales Floor Area <i>(sq.m.)</i>	Contracted Sales Amount <i>(RMB ten thousand)</i>	Average Sales Price <i>(RMB/sq.m.)</i>	Percentage of Total Sales
Dalian	100,247	202,617	20,212	77.7%
Changsha	45,802	29,488	6,438	11.3%
Wuhan	23,578	16,495	6,996	6.3%
Zhengzhou	17,127	10,960	6,399	4.2%
Chongqing	904	921	10,188	0.4%
Chengdu	345	43	1,246	0.1%
Total	<u>188,003</u>	<u>260,524</u>	<u>13,857</u>	<u>100.0%</u>
Dalian Software Park	423	234	5,529	0.1%
Dalian BEST City	1,158	982	8,476	0.4%
Yida Information Software Park	15,655	15,451	9,870	5.9%
Dalian Tiandi	9,432	15,360	16,286	5.9%
Wuhan First City	23,578	16,495	6,996	6.3%
Changsha Yida Intelligent Manufacturing Industrial Village	38,938	22,582	5,799	8.7%
Changsha Yida & CSCEC Intelligent Technology Centre	6,864	6,906	10,061	2.7%
Zhengzhou Yida Creation City	17,127	10,960	6,399	4.2%
Chongqing Yida Innovation Plaza	904	921	10,188	0.4%
Residential Properties Outside Business Parks	73,924	170,633	23,082	65.4%
Total	<u>188,003</u>	<u>260,524</u>	<u>13,857</u>	<u>100.0%</u>

III. Business Park Operation and Management

As of the end of the Period, the Group's business parks had a total of 24 operation and management projects, and accumulated contracted operational management area of approximately 3.65 million square metres. During the Period, revenue amounted to RMB25.04 million, representing a year-on-year decrease of 11.8%, which was mainly due to the gradual withdrawal of some existing projects that met the completion conditions during the Period and the revenue from newly added projects has not yet been recognised. Leveraging on more than 20 years of experience in the operation, tenant recruitment and settlement of business parks, the Group provides comprehensive management services of tenant recruitment and operation, asset management, ancillary construction, property management and enterprise services for third-party parks through the three core service capabilities for park operation "intelligent clustering of industries, intelligent services for enterprises and intelligent management of the parks", relying on its rich industrial resources network and introducing strategic and pioneering industrial resources.

At the same time, Yida China Institution of Industry Research of the Group will fully utilize its over 20 years of professional experience in the development, construction, operation and management of business parks, gathering internal and external quality resources to build a complete research system for industry development and research support system, and create a professional team to provide the business parks with full life-cycle planning and consulting services, and provide clients' parks with a full range of research and consulting services on industry positioning, planning and design, engineering and construction, tenant recruitment and management as well as cost control.

At present, the Group has set up six centres for industry tenant recruitment in Beijing, Shanghai, Shenzhen, Zhengzhou, Wuhan-Changsha and Chongqing-Chengdu, respectively, forming a nationwide industry matrix for tenant recruitment. The Group will also combine the direction of the industry park development, deeply explore the upstream and downstream enterprises in the industry chain, and create a diversified and full-process industry system for tenant recruitment to achieve precise investment and resource integration.

IV. Construction, Decoration and Landscaping

During the Period, the revenue of construction, decoration and landscaping businesses amounted to RMB180.16 million, representing an increase of 68.3% as compared with the corresponding period of last year, which was mainly due to the increase in number of external contracted projects during the Period.

The Group's business team adhered to a nationwide layout strategy to expand its scale and increase revenue. It has also insisted on strategic procurement to strictly control costs and optimize the tendering and procurement process to improve efficiency. Committing to process standardization, it has adopted a dynamic management approach to control cost planning and auditing, improving project quality and insisting on undertaking operational projects with an integrated design and construction model to ensure maximum profitability. Through cooperation with state-owned enterprises, central enterprises and creditable developers, it is able to consolidate long-term stable partnership, develop quality projects, strictly control operational risks and construction safety so as to further secure the influence of the brand.

In the first half of the year, the Group launched a series of activities entitled “maintaining the fundamentals and expanding the operations” to guide the enhancement of operational awareness of all business departments, cultivate the comprehensive ability of all professional lines and grow into an operation unit with independent development capability to meet the needs of the current project volume expansion.

During the Period, the Group has undertaken several construction, decoration and landscaping projects in Qingdao, Shenyang, Dalian and Harbin, with a cumulative total of over 200 construction projects expected to commence in the second half of the year. At the same time, the Group has undertaken a number of renovation projects for office space, five-star hotels, tertiary institutions and medical institutions, all of which will provide the Group with sustainable and stable performance support and recurrent cash flows.

V. Property Management

During the Year, the Group’s property management business recorded revenue of RMB212.27 million, representing a year-on-year decrease of 21.4%. During the Period, the Group disposed of the entire equity interests in Yida Property Service Company Limited. Upon the completion of the transaction, the Group will continue to engage in the segment of property management services only in the areas of elderly care, community retail services, catering services and leasing. Other than the aforesaid, the Company currently has no intention to pursue property management services for residential and commercial properties and industrial parks.

Since its establishment in Dalian in 2018, the Group’s community elderly care brand, Puyangfanghua International Elderly Care Centre, has relied on the Group’s regional brand advantage, location advantage and professional care philosophy. With reference to Japanese care standards and procedures, the Group employs care management staff with experience in institutional care in Japan to meet the professional and continuous care needs of the elderly and special populations in a people-oriented manner.

VI. Land Reserves

As of 30 June 2021, the total GFA of the Group’s land reserves was approximately 8.34 million square metres. The GFA of the land reserves attributable to the Group was approximately 7.40 million square metres. The land reserve in Dalian further decreased and accounted for 66.1%, representing a 1.6 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.

The Group will also seize mergers and acquisitions opportunities brought by the overall trend of the real estate market, obtain suitable asset-heavy projects at the proper time and supplement with saleable resources, 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 2021:

By City	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Dalian	5,514,686	66.1%	5,514,799	74.5%
Wuhan	659,436	7.9%	329,718	4.5%
Chengdu	117,355	1.4%	79,650	1.1%
Shenyang	88,535	1.1%	45,153	0.6%
Changsha	1,129,720	13.5%	690,353	9.3%
Zhengzhou	478,613	5.7%	478,613	6.5%
Chongqing	79,200	1.0%	79,200	1.1%
Hefei	274,882	3.3%	178,673	2.4%
Total	<u>8,342,427</u>	<u>100.0%</u>	<u>7,396,159</u>	<u>100.0%</u>
By Location	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Business Parks	6,677,151	80.0%	5,827,091	78.8%
Residential Properties outside Business Parks	<u>1,665,276</u>	<u>20.0%</u>	<u>1,569,068</u>	<u>21.2%</u>
Total	<u>8,342,427</u>	<u>100.0%</u>	<u>7,396,159</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%	594,939	—	—
Residential	<u>100%</u>	<u>83,040</u>	<u>—</u>	<u>—</u>
Subtotal	<u>100%</u>	<u>677,979</u>	<u>—</u>	<u>—</u>
Dalian BEST City				
Office	100%	222,117	73,820	515,172
Residential	<u>100%</u>	<u>141,057</u>	<u>5,823</u>	<u>—</u>
Subtotal	<u>100%</u>	<u>363,174</u>	<u>79,643</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%	237,367	74,702	329,558
Residential	50%	17,809	—	—
Subtotal	50%	255,176	74,702	329,558
Yida Information Software Park				
Office	100%	152,139	—	118,798
Residential	100%	88,702	126,422	—
Subtotal	100%	240,841	126,422	118,798
Dalian Tiandi				
Office	100%	335,677	166,369	1,169,179
Residential	100%	81,760	272,369	—
Subtotal	100%	417,437	438,738	1,169,179
Chengdu Tianfu Science and Technology City				
Office	60%	42,064	52,200	—
Subtotal	60%	42,064	52,200	—
Changsha Yida & CSCEC Intelligent Technology Centre City				
Office	51%	24,652	106,872	87,900
Subtotal	51%	24,652	106,872	87,900
Changsha Yida Intelligent Manufacturing Industrial Village				
Office	70%	130,691	—	304,924
Residential	70%	105,444	270,895	98,342
Subtotal	70%	236,135	270,895	403,266

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.)
Zhengzhou Yida Creation City				
Office	100%	1,189	244,624	232,800
Subtotal	100%	1,189	244,624	232,800
Chongqing Yida Intelligent Plaza				
Office	100%	–	79,200	–
Subtotal	100%	–	79,200	–
Shenyang Sino-German Yida Intelligent Technology City				
Office	51%	–	–	88,535
Subtotal	51%	–	–	88,535
Projects Within Business Parks Subtotal		2,258,647	1,473,296	2,945,208
Projects Outside Business Parks				
Dalian	100%	458,651	313,343	595,309
Chengdu	100%	23,091	–	–
Hefei	65%	–	–	274,882
Projects Outside Business Parks Subtotal		481,742	313,343	870,191
Total		2,740,389	1,786,639	3,815,399

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 RMB1,819.31 million, representing an increase of 6.1% 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			
	2021		2020	
	Amount RMB'000	% of total amount	Amount RMB'000	% of total amount
Revenue from sales of properties	1,161,550	63.8%	1,043,891	60.9%
Rental income	240,291	13.2%	265,666	15.5%
Business park operation and management services income	25,040	1.4%	28,400	1.7%
Construction, decoration and landscaping income	180,161	9.9%	107,022	6.2%
Property management income	212,269	11.7%	270,001	15.7%
Total	<u>1,819,311</u>	<u>100.0%</u>	<u>1,714,980</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 RMB1,161.55 million, representing an increase of 11.3% from the corresponding period of last year, which was mainly attributable to the increase 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 RMB240.29 million, representing a decrease of 9.6% from the corresponding period of last year, which was mainly attributable to the decrease in leased area as a result of the withdrawal of subletting projects in 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 RMB25.04 million, representing a decrease of 11.8% from the corresponding period of last year, which was mainly attributable to the gradual withdrawal of some existing projects that met the completion conditions during the Period, and the income from newly added projects has not yet been recognised.

(4) Construction, decoration and landscaping income

During the Period, the income derived from construction, decoration and landscaping services provided by the Group amounted to RMB180.16 million, representing an increase of 68.3% from the corresponding period of last year, which was mainly attributable to the increase in number of external contracted projects during the Period.

(5) Property management income

During the Period, the income derived from property management service provided by the Group amounted to RMB212.27 million, representing a decrease of 21.4% from the corresponding period of last year, which was mainly due to the disposal of the 100% equity interests in Yida Property Service Company Limited.

Cost of Sales

The cost of sales of the Group during the Period amounted to RMB1,349.03 million, representing an increase of 11.9% from the corresponding period of last year, which was mainly attributable to the increase in projects delivered during the Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group during the Period amounted to RMB470.28 million, representing a decrease of 7.7% from the corresponding period of last year; the gross profit margin decreased from 29.7% for the corresponding period of 2020 to 25.8% during the Period, which was mainly attributable to the decrease in gross profit of different product structures over the corresponding period last year.

Selling and Marketing Expenses

The selling and marketing expenses of the Group increased by 15.4% to RMB68.95 million from RMB59.73 million in the corresponding period of last year, which was mainly attributable to the decrease in advertising expenses from property sales and sales staff costs due to the impact of the COVID-19 pandemic in the corresponding period last year as well as the increase in advertising expenses and the sales staff costs as the impact of pandemic decreased in this year.

Administrative Expenses

The administrative expenses of the Group for the Period amounted to RMB145.98 million, representing an increase of 6.9% from the corresponding period of last year, which was mainly due to some tax exemptions were granted due to the impact of COVID-19 pandemic in the corresponding period last year and no similar exemptions were granted during the period, as well as the occurrence of equity transfer and other transactions during the Period which led to an increase in specific service fees.

Other gain – net

The net other gain of the Group recorded for the Period amounted to RMB748.06 million, which was mainly due to the disposals of 100% equity interest in Yida Property Service Company Limited and 50% equity interest in Dalian Software Park Ascendas Development Company Limited during the Period.

Fair Value (Losses)/Gains on Investment Properties

The fair value (losses)/gains on investment properties of the Group decreased from the gains of RMB66.82 million in the corresponding period of 2020 to the losses of RMB12.93 million during the Period, which was mainly due to the increase in operating and maintenance fees of investment properties during the Period.

Finance Costs

The finance costs of the Group increased by 79.0% to RMB427.83 million during the Period from RMB239.05 million in the corresponding period of 2020, which was mainly due to the increase in interest expenses during the Period.

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 RMB33.09 million, representing a decrease of approximately RMB6.80 million as compared with the corresponding period of last year, which was mainly attributable to the decrease 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 increased by 103.2% to RMB324.75 million during the Period from RMB159.78 million in the corresponding period of 2020, which was mainly attributable to the increase in income tax as a result of the disposals of 100% equity interest in Yida Property Service Company Limited and 50% equity interest in Dalian Software Park Ascendas Development Company Limited during the Period.

Profit for the Period

As a result of the foregoing, the profit before tax of the Group increased by 37.2% to RMB609.90 million during the Period from RMB444.66 million for the corresponding period of 2020. The net profit of the Group was RMB285.15 million during the Period, remaining substantially at the same level as that of the corresponding period of 2020.

The net profit attributable to equity owners was RMB271.44 million, representing a decrease of 8.8% from the corresponding period of last year.

The core net profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) increased to RMB281.14 million during the Period from RMB247.52 million for the corresponding period of 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2021, the Group had cash and bank balances of approximately RMB1,145.52 million (including restricted cash of approximately RMB770.25 million) (31 December 2020: cash and bank balances of approximately RMB1,574.79 million, including restricted cash of approximately RMB1,002.55 million).

Debts

As at 30 June 2021, the Group had bank and other borrowings of approximately RMB13,767.53 million (31 December 2020: approximately RMB15,279.36 million), of which:

(1) By Loan Type

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Secured bank loans	5,552,884	5,866,626
Unsecured bank loans	4,600	3,000
Secured other borrowings	6,533,422	6,820,397
Unsecured other borrowings	1,676,625	2,589,336
	<u>13,767,531</u>	<u>15,279,359</u>

(2) By Maturity Date

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year or on demand	11,724,931	11,869,159
In the second year	2,042,600	775,200
In the third to fifth year	—	2,635,000
	<u>13,767,531</u>	<u>15,279,359</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 100.2% as at 30 June 2021, which decreased by 11.1 percentage points as compared to that of 111.3% as at 31 December 2020.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 30 June 2021, the Group had cash and bank balances (including restricted cash) of approximately RMB4.22 million and approximately RMB4.79 million denominated in Hong Kong dollars and USD, respectively. The Group had borrowings of approximately RMB1,306.77 million and approximately RMB517.15 million denominated in United States dollars and Hong Kong dollars, 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 2021, the Group provided guarantees of approximately RMB462.03 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (31 December 2020: approximately RMB504.77 million). Besides, the Group provided guarantees to the extent of RMB482.54 million (2020: RMB524.48 million) as at 30 June 2021 in respect of bank loans granted to a joint venture.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 970 full-time employees (31 December 2020: 1,848). 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 2021.

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

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, ASSOCIATES AND JOINT VENTURES

1. Disposal of Yida Property Service Company Limited and its subsidiaries

On 4 March 2021, four wholly-owned subsidiaries of the Company (collectively, the “**Vendors**”), Longfor Jiayue Property Service Company Limited (龍湖嘉悅物業服務有限公司) (the “**Purchaser**”) as well as Yida Property Service Company Limited (億達物業服務集團有限公司) (the “**Target Company**”) entered into an equity transfer agreement and supplementary agreement, pursuant to which the Vendors have conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the 100% equity interests held by the Vendors in the Target Company and its subsidiaries (the “**Target Group**”) for a consideration of RMB1,273 million. The disposal constitutes a major transaction of the Company and are subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The aforesaid disposal was approved by Jiayou (International) Investment Limited, which owns 1,581,485,750 shares of the Company, representing approximately 61.20% of the issued share capital of the Company, by way of written shareholder’s approval. Pursuant to Rule 14.44 of the Listing Rules, Jiayou (International) Investment Limited has issued a written shareholder’s approval certificate to approve the Disposal and accordingly, no extraordinary general meeting was convened and held by the Company to approve this disposal.

On 10 March 2021, the disposal was completed. The Target Group ceased to be subsidiaries of the Company and the financial information of the Target Group would no longer be consolidated into the Group’s consolidated financial statements.

For details, please refer to the announcement of the Company dated 4 March 2021 and the circular of the Company dated 31 May 2021.

2. The Settlement Agreement

On 23 October 2017, certain subsidiaries of the Company (collectively, the “**Respondents**”) received an arbitration notice from the Hong Kong International Arbitration Centre in respect of the submission of arbitration applications by the joint venture partners of the Group (the “**Claimants**”) relating to the put price of the put options pursuant to certain agreements entered into between the Respondents, and the Claimants.

On 20 October 2020, the Hong Kong International Arbitration Centre issued a final award (the “**Final Award**”). The arbitral tribunal ordered that the Respondents shall pay the full put option price of USD108 million to the Claimants together with USD84 million being interest accrued up to the date of the Final Award, as well as the Claimants’ legal costs and expenses. Upon receipt of such amounts, the Claimants shall transfer the equity interest of the Claimants in the relevant joint ventures to the relevant Respondents.

On 4 March 2021, the Respondents and the Claimants entered into the settlement agreement (the “**Settlement Agreement**”). The Respondents acknowledged that they are indebted to the Claimants for USD208,793,407 (the “**Total Payment Obligation**”) according to the Final Award. It is further agreed that the amount payable by the Respondents would be reduced to USD175 million, and paid to the Claimants in accordance with the payment time and amount stipulated in the Settlement Agreement.

For details, please refer to the announcements of the Company dated 25 February 2021 and 5 March 2021.

3. The Disposal of 50% of the Equity Interest in the Joint Venture

On 21 May 2021, Dalian Software Park Company Limited (大連軟件園股份有限公司) (“**Vendor**”), a wholly-owned subsidiary of the Company, Ascendas (China) Pte Ltd (“**Purchaser**”) and DLSP-Ascendas Co., Ltd. (“**Target Company**”), entered into an equity transfer agreement pursuant to which the Vendor disposed and the Purchaser acquired the Vendor’s 50% equity interests in the Target Company at a consideration of RMB501 million.

On 21 May 2021, the disposal was completed. The Group has ceased to hold any equity interest in the Target Company, and the financial information of the Target Company would no longer be consolidated into the Company’s consolidated financial statements.

For details, please refer to the announcements of the Company dated 26 May 2021 and 21 June 2021.

Save as disclosed above, the Group had no other material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2014. During the Period, no share options were 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 code provision C.3 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 Jinping 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 2021 have been reviewed and approved by the Audit Committee.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

Breach of significant loan agreements

Reference is made to the announcements of the Company dated 10 April 2019, 22 April 2019, 10 June 2019, 23 February 2020, 23 April 2020 and 4 May 2021, the interim reports of the Company for the six months ended 30 June 2019 and 30 June 2020, the annual reports of the Company for the years ended 31 December 2019 and 31 December 2020.

1. In April 2019, China Minsheng Investment Corp., Ltd. (“**China Minsheng**”), who indirectly held as to approximately 61.20% interests in the Company, had faced liquidity difficulties and technically resulted in the occurrence of certain triggering events under certain loan agreements entered into by the Group.
2. In February 2020, Mr. Chen Donghui, a then executive Director of the Company (who was removed at the annual general meeting held on 15 June 2020), was detained by the authorities of the PRC. It has further resulted in the occurrence of certain triggering events under certain loan agreements.

3. On 17 April 2017, the Company issued the 2020 Notes in an aggregate principal amount of USD300,000,000. The remaining principal amount 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.
4. On 20 October 2020, the Hong Kong International Arbitration Centre issued a judgement, pursuant to which certain subsidiaries of the Group are required to pay the put option price and interest to the arbitration claimant within 14 days from the date thereof. However, certain subsidiaries did not execute the judgement until 90 days, which resulted in the technical default of the senior notes. In March 2021, the Group entered into a settlement agreement with the arbitration claimant, and the senior notes investors have agreed to exempt the breach of contract.
5. On 30 October 2020, bank loans of a subsidiary from one commercial bank matured, which the relevant subsidiary repaid in certain tranches until 4 March 2021. The delay in repayment which constituted an event of default.
6. On 27 March 2020, the Company issued senior notes in the principal amount of USD224,899,000 due 2022. The principal amount of the 2022 senior notes is USD22,500,000 (together with the accrued interest) which was due on 16 April 2021, and the Company had repaid in full on 4 May 2021, which constituted an event of default.
7. According to the payment schedule and the entitled grace period of ten day in the Settlement Agreement, USD50,000,000 shall be paid before 10 May 2021, and the relevant subsidiaries fully repaid the payment of USD50,000,000 together with the accrued interests on 24 May 2021. On 26 May 2021, the arbitration claimants provided a written confirmation to the Group that the delay payment matter will not give rise to an event of default.
8. According to the payment schedule and the entitled grace period of ten day in the Settlement Agreement, USD50,000,000 shall be paid before 10 June 2021. As of the date of this announcement, such payment has not been paid yet.

As at 30 June 2021, the respective lenders may demand immediate repayment of the outstanding loans in the maximum amount of RMB8,781,879,000 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.

Specific performance of the controlling shareholder

Pursuant to the Settlement Agreement as disclosed under the section headed “Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures” in this announcement, China Minsheng or its subsidiaries are required to be the beneficial owner of 35% or more of the total outstanding shares of the Company (the “**Change of Control**”), failing which the outstanding balance of the Total Payment Obligation, together with accrued interest and all other amounts accrued or outstanding will be due and payable on the thirtieth day following the Change of Control. For details, please refer to the announcement of the Company dated 5 March 2021.

Pledging of shares by the controlling shareholder

On 11 March 2021, Jiayou (International) Investment Limited executed a share charge to charge 516,764,000 shares of the Company, representing 20% of issued share capital of the Company as security for the obligation of the Company and certain of its subsidiaries and joint ventures under the Settlement Agreement. For details, please refer to the Company’s announcements dated 5 March 2021 and 11 March 2021.

Where the circumstances giving rise to the obligations under Rules 13.17, 13.18 and 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 of Hong Kong Limited 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 2021 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, 20 August 2021

As at the date of this announcement, the executive director of the Company is Mr. Jiang Xiuwen, the non-executive directors of the Company are Mr. Wang Gang, Mr. Zhang Xiufeng, Mr. Cheng Xuezhi and Mr. Ni Jie and the independent non-executive directors of the Company are Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng.