

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**中国三迪**

CHINA SANDI

**CHINA SANDI HOLDINGS LIMITED**

**中國三迪控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 910)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “Board”) of directors (the “Directors”) of China Sandi Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020. The unaudited condensed consolidated interim results have been reviewed by the Company’s audit committee (the “Audit Committee”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

		<b>Six months ended June 30</b>	
	<i>NOTES</i>	<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue			
Goods and services	3	<b>1,862,162</b>	1,538,167
Rental of investment properties	3	<b>64,900</b>	51,783
Total revenue		<b>1,927,062</b>	1,589,950
Cost of sales and services		<b>(1,381,667)</b>	(1,073,389)
Gross profit		<b>545,395</b>	516,561
Other income	5	<b>2,722</b>	1,620
Other gains and losses		<b>22,364</b>	(26,715)
Change in fair value of investment properties		<b>24,997</b>	90,016
Change in fair value on financial assets at fair value through profit or loss ("FVTPL")		–	(4,157)
Change in fair value of derivative component of convertible bonds		<b>41,514</b>	(3,508)
Selling and distribution expenses		<b>(112,044)</b>	(84,796)
Administrative expenses		<b>(113,893)</b>	(86,514)
Finance costs	6	<b>(51,560)</b>	(91,505)
Gain on disposal of subsidiaries		–	19,638
Profit before tax	7	<b>359,495</b>	330,640
Income tax expense	8	<b>(107,411)</b>	(146,453)
<b>Profit for the period</b>		<b>252,084</b>	184,187
<b>Other comprehensive income (expense):</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>440</b>	(1,424)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of right-of-use assets and properties under development upon transfer to investment properties		<b>10,009</b>	–
Deferred tax arising on change in fair value of right-of-use assets and properties under development upon transfer to investment properties		<b>(2,502)</b>	–
Total comprehensive income for the period		<b>260,031</b>	182,763

		<b>Six months ended June 30</b>	
		<b>2021</b>	2020
	<i>NOTE</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	(unaudited)
Profit for the period attributable to			
– Owners of the Company		<b>208,880</b>	97,237
– Non-controlling interests		<b>43,204</b>	86,950
		<u><b>252,084</b></u>	<u>184,187</u>
Total comprehensive income attributable to:			
– Owners of the Company		<b>216,827</b>	95,813
– Non-controlling interests		<b>43,204</b>	86,950
		<u><b>260,031</b></u>	<u>182,763</u>
<b>EARNINGS PER SHARE</b>			
Basic (RMB cents)	<i>10</i>	<u><b>4.11</b></u>	<u>1.91</u>
Diluted (RMB cents)	<i>10</i>	<u><b>2.79</b></u>	<u>1.90</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2021**

		At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		64,775	67,145
Right-of-use assets		23	860,304
Investment properties		10,465,420	8,681,440
Properties under development		–	230,568
Deferred tax assets		35,512	29,231
		<u>10,565,730</u>	<u>9,868,688</u>
<b>Current assets</b>			
Inventories of properties		15,225,886	13,900,453
Contract costs		54,502	72,008
Trade receivables, other receivables and prepayments	11	1,204,783	853,696
Deposits for land use rights for properties under development for sale		53,200	613,944
Prepaid income tax		142,868	116,332
Amounts due from related companies	16(c)	299,705	547,106
Amounts due from non-controlling shareholders of subsidiaries	16(d)	487,961	96,594
Restricted/pledged bank deposits		346,644	201,570
Bank balances and cash		376,215	838,036
		<u>18,191,764</u>	<u>17,239,739</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	12	2,548,744	2,297,906
Lease liabilities		100	774
Contract liabilities		8,074,955	7,634,981
Income tax payable		365,674	323,464
Amounts due to related companies	16(c)	546,223	673,392
Amounts due to non-controlling shareholders of subsidiaries	16(d)	38,989	72,802
Amount due to a director	16(d)	99,626	99,626
Bank and other borrowings – due within one year	13	1,124,143	2,958,230
		<u>12,798,454</u>	<u>14,061,175</u>

		At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
<b>Net current assets</b>		<b>5,393,310</b>	3,178,564
<b>Total assets less current liabilities</b>		<b>15,959,040</b>	13,047,252
<b>Capital and reserves</b>			
Share capital	14	42,881	42,881
Reserves		4,846,753	4,629,926
Equity attributable to owners of the Company		4,889,634	4,672,807
Non-controlling interests		277,102	233,898
<b>Total equity</b>		<b>5,166,736</b>	4,906,705
<b>Non-current liabilities</b>			
Lease liabilities		–	86
Amount due to a related company	16(c)	411,750	275,000
Debt component of convertible bonds		344,882	333,112
Derivative component of convertible bonds		186,764	230,798
Promissory note		476,568	460,809
Deferred tax liabilities		1,389,410	1,369,007
Bank and other borrowings – due after one year	13	7,982,930	5,471,735
		<b>10,792,304</b>	8,140,547
		<b>15,959,040</b>	13,047,252

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 1. GENERAL AND BASIS OF PRESENTATION

China Sandi Holdings Limited (the “Company”) is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate parent is United Century International Limited (incorporated in the British Virgin Islands (“BVI”). The ultimate controlling party is Mr. Guo Jiadi. The addresses of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 2113, 21st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are engaged in property development, holding of property for investment and rental purpose in the People’s Republic of China (the “PRC”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

### 3. REVENUE FROM GOODS AND SERVICES

#### Disaggregation of revenue

	For the six months ended 30 June 2021 (unaudited)		
Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>			
Sales of properties	1,857,001	–	1,857,001
Property management and related fee income	–	5,161	5,161
	<u>1,857,001</u>	<u>5,161</u>	<u>1,862,162</u>
Revenue from contracts with customers	1,857,001	5,161	1,862,162
Rental income	–	64,900	64,900
	<u>1,857,001</u>	<u>70,061</u>	<u>1,927,062</u>
<b>Geographical market</b>			
Mainland China	<u>1,857,001</u>	<u>70,061</u>	<u>1,927,062</u>
<b>Timing of revenue recognition</b>			
At point in time	1,857,001	–	1,857,001
Over time	–	5,161	5,161
	<u>1,857,001</u>	<u>5,161</u>	<u>1,862,162</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the six months ended 30 June 2021 (unaudited)		
Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue disclosed in segment information</b>			
External customer	1,857,001	70,061	1,927,062
Less: rental income	–	(64,900)	(64,900)
	<u>1,857,001</u>	<u>5,161</u>	<u>1,862,162</u>
Revenue from contracts with customers	<u>1,857,001</u>	<u>5,161</u>	<u>1,862,162</u>

	For the six months ended 30 June 2020 (unaudited)		
Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>			
Sales of properties	1,533,742	–	1,533,742
Property management and related fee income	–	4,425	4,425
Revenue from contracts with customers	1,533,742	4,425	1,538,167
Rental income	–	51,783	51,783
	<u>1,533,742</u>	<u>56,208</u>	<u>1,589,950</u>
<b>Geographical market</b>			
Mainland China	<u>1,533,742</u>	<u>56,208</u>	<u>1,589,950</u>
<b>Timing of revenue recognition</b>			
At point in time	1,533,742	–	1,533,742
Over time	–	4,425	4,425
	<u>1,533,742</u>	<u>4,425</u>	<u>1,538,167</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the six months ended 30 June 2020 (unaudited)		
Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue disclosed in segment information</b>			
External customer	1,533,742	56,208	1,589,950
Less: rental income	–	(51,783)	(51,783)
Revenue from contracts with customers	<u>1,533,742</u>	<u>4,425</u>	<u>1,538,167</u>

#### 4. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker ("CODM")) for the purposes of resource allocation and assessment of performance focuses on the type of goods and services delivered or provided. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

Property development – development and sale of properties

Property investment – lease of investment properties and provision of property management service



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

Segments	For the six months ended 30 June 2021 (unaudited)		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
External sales	<u>1,857,001</u>	<u>70,061</u>	<u>1,927,062</u>
<b>Segment profit</b>	<u><u>247,586</u></u>	<u><u>88,937</u></u>	<u><u>336,523</u></u>
Other income			40
Other gains and losses			22,364
Change in fair value of derivative component of convertible bonds			41,514
Unallocated corporate expenses			(3,398)
Finance costs			<u>(37,548)</u>
Profit before tax			<u><u>359,495</u></u>
	For the six months ended 30 June 2020 (unaudited)		
Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
External sales	<u>1,533,742</u>	<u>56,208</u>	<u>1,589,950</u>
<b>Segment profit</b>	<u><u>284,478</u></u>	<u><u>104,768</u></u>	<u><u>389,246</u></u>
Other income			393
Other gains and losses			(26,715)
Change in fair value on financial assets at FVTPL			(4,157)
Change in fair value of derivative component of convertible bonds			(3,508)
Gain on disposal of subsidiaries			19,638
Unallocated corporate expenses			(6,993)
Finance costs			<u>(37,264)</u>
Profit before tax			<u><u>330,640</u></u>

Segment results represent the profit generated by each segment without allocation of part of other income, other gains and losses, change in fair value on financial assets at FVTPL, change in fair value of derivative component of convertible bonds, gain on disposal of subsidiaries, unallocated corporate expenses and part of finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

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

### Segment assets

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
Property development	18,203,302	18,334,057
Property investment	10,547,130	8,737,115
Total segment assets	28,750,432	27,071,172
Unallocated assets:		
Restricted/pledged bank deposits	–	51
Bank balances and cash	3,382	23,743
Other unallocated assets	3,680	13,461
Consolidated assets	<u>28,757,494</u>	<u>27,108,427</u>

### Segment liabilities

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
Property development	20,226,160	18,785,017
Property investment	2,291,930	2,297,436
Total segment liabilities	22,518,090	21,082,453
Unallocated liabilities:		
Debt component of convertible bonds	344,882	333,112
Derivative component of convertible bonds	186,764	230,798
Promissory note	476,568	460,809
Other unallocated liabilities	64,454	94,550
Consolidated liabilities	<u>23,590,758</u>	<u>22,201,722</u>

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

- all assets are allocated to operating segments other than certain restricted/pledged bank deposits, bank balances and cash and other unallocated assets not attributable to respective segment.
- all liabilities are allocated to operating segments other than debt component of convertible bonds, derivative component of convertible bonds, promissory note and other unallocated liabilities not attributable to respective segment.

## Geographical information

During the six months ended 30 June 2021 and 2020, the Group's major operations and assets are situated in the PRC in which all of its revenue was derived.

## Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the six months ended 30 June 2021 and 2020.

## 5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income from financial asset at amortised cost:		
Bank interest income	1,806	783
Government grants	99	–
Others	817	837
	<u>2,722</u>	<u>1,620</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interests on bank and other borrowings	365,618	211,626
Effective interests on convertible bonds	15,757	15,622
Effective interests on promissory note	21,789	21,601
Interests on contract liabilities	40,319	216,997
Interests on amount due to a related company	20,297	–
Interests on lease liabilities	8	68
	<u>463,788</u>	<u>465,914</u>
Total borrowing costs	<u>(412,228)</u>	<u>(374,409)</u>
Less: amounts capitalised on qualifying assets	<u>51,560</u>	<u>91,505</u>

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.02% (six months ended 30 June 2020: 6.15%) per annum to expenditure on qualifying assets.

## 7. PROFIT BEFORE TAX

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	1,650	1,643
Other staff costs:		
Staff salaries and allowances	80,793	58,872
Retirement benefit contributions	3,634	927
Share-based payments	–	527
	<u>84,427</u>	<u>60,326</u>
Cost of inventories recognised as an expense	1,380,183	1,070,198
Depreciation of property, plant and equipment	3,687	5,897
Depreciation of right-of-use assets	12,028	14,801
	<u><u>1,396,245</u></u>	<u><u>1,091,023</u></u>

## 8. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Current tax:		
Enterprise Income Tax ("EIT") in the PRC	70,481	75,436
Land Appreciation Tax ("LAT") in the PRC	24,968	31,557
	<u>95,449</u>	<u>106,993</u>
Underprovision in prior years:		
EIT in the PRC	342	2,575
Deferred tax	11,620	36,885
	<u><u>107,411</u></u>	<u><u>146,453</u></u>

Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profit derived for the period. No provision for Hong Kong profits tax has been made for the period as the income of the Group neither arises in nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 June 2020: 25%) for the period.

The provision of LAT is estimated according to the requirement set forth in the relevant PRC tax law and regulation. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

## 9. DIVIDENDS

No dividend was paid, declared or proposed to ordinary shareholders of the Company during the six months ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2020: Nil).

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to owners of the Company	<b>208,880</b>	97,237
Effect of dilutive potential ordinary shares on convertible bonds	<b>(32,264)</b>	–
	<u><b>176,616</b></u>	<u>97,237</u>
Earnings for the purpose of diluted earnings per share		

### Number of shares

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>'000</b>	<b>'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>5,087,208</b>	5,087,208
Effect of dilutive potential ordinary shares:		
convertible bonds	<b>1,213,592</b>	–
share options	<b>26,100</b>	28,656
	<u><b>6,326,900</b></u>	<u>5,115,864</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share		

For the six months ended 30 June 2020, the computation of diluted earnings per share does not assume the conversion of the convertible bonds since their assumed conversion would result in increase in earnings per share.

## 11. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Group allows an average credit period of 30 days to its trade customers.

The following is an aged analysis of the Group's trade receivables presented based on the date of properties delivered and the date of demand note for rental income were recognised:

	At <b>30 June</b> <b>2021</b> <i>RMB'000</i> <b>(unaudited)</b>	At 31 December 2020 <i>RMB'000</i> (audited)
0 – 30 days	<b>2,240</b>	4,742
31 – 90 days	<b>1,098</b>	1,058
Over 90 days	<b>18,103</b>	27,824
	<b>21,441</b>	33,624

As at 30 June 2021, other receivables and prepayments mainly included RMB471,655,000 (31 December 2020: RMB335,215,000) of prepaid construction cost and deposits paid for construction work and RMB392,307,000 (31 December 2020: RMB346,808,000) of other tax prepayment mainly represented prepaid value added tax and other taxes (excluding EIT and LAT).

## 12. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aging analysis of trade payables determined based on the invoice date, presented based on the analysis used by the Group's management to monitor the Group's financial position.

	At <b>30 June</b> <b>2021</b> <i>RMB'000</i> <b>(unaudited)</b>	At 31 December 2020 <i>RMB'000</i> (audited)
Trade payables		
0 – 30 days	<b>104,460</b>	161,900
31 – 90 days	<b>96,092</b>	76,053
91 – 365 days	<b>190,177</b>	191,338
Over 1 year	<b>229,874</b>	246,252
	<b>620,603</b>	675,543

As at 30 June 2021, other payables and accruals mainly included deposits received from tenants, other tax payables and accrued construction costs of RMB1,363,456,000 (31 December 2020: RMB1,261,912,000).

### 13. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings amounting to RMB3,166,000,000 (six months ended 30 June 2020: RMB3,422,800,000) and repaid bank and other borrowings amounting to RMB2,488,892,000 (six months ended 30 June 2020: RMB269,265,000). These bank and other borrowings carry interest at fixed rate ranged from 4.50% to 13.00% (six months ended 30 June 2020: 4.75% to 12.80%) and are repayable in instalments over periods of 1 to 11 years (six months ended 30 June 2020: 1 to 12 years). The proceeds were mainly used to fund the development projects for properties for sale and investment properties.

### 14. SHARE CAPITAL

	Number of shares		Share capital	
	At 30 June 2021 '000	At 31 December 2020 '000	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
<b>Authorised</b>				
Ordinary shares of HK\$0.01 each	200,000,000	200,000,000	1,979,280	1,979,280
Convertible preference shares	602,000	602,000	4,902	4,902
<b>Issued and fully paid</b>				
At beginning of period/year and at end of period/year	<u>5,087,208</u>	<u>5,087,208</u>	<u>42,881</u>	<u>42,881</u>

### 15. FINANCIAL GUARANTEE

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Guarantees given in favour of banks for:		
Mortgage facilities granted to customers of the Group's properties (note a)	4,652,154	5,433,642
Guarantees given to banks in connection with loan facilities granted to related companies (note b)	963,400	981,200
Guarantees given to banks in connection with loan facilities granted to third parties (note c)	40,700	122,850
	<u>5,656,254</u>	<u>6,537,692</u>

Notes:

- (a) The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by customers of the Group's properties. Pursuant to the terms of the guarantees, if a customer defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. The guarantee period commences from the dates of grant of the relevant mortgage loans and end after the customer obtained the individual property ownership certificate. In the opinion of the directors, no provision for the guarantee contracts is recognised at the end of the reporting period as the fair value of assets pledged is higher than the guaranteed amount.

- (b) In the opinion of the directors of the Company, the initial fair value of the financial guarantees given to banks in connection with loan facilities granted to the related companies which are controlled by Mr. Guo Jiadi, was insignificant as the fair value of assets pledged is higher than the financial guarantees at the date of inception and the end of each reporting period. Also, no provision for the guarantees contracts at the end of the reporting period is recognised as the fair value of assets pledged is higher than the financial guarantee.
- (c) In the opinion of the directors of the Company, the initial fair value of the financial guarantees given to banks in connection with loan facilities granted to third parties was insignificant as the fair value of assets pledged is higher than the financial guarantees at the date of inception and the end of each reporting period. Also, no provision for the guarantees contracts at the end of the reporting period is recognised as the fair value of assets pledged is higher than the financial guarantee.

## 16. RELATED PARTY DISCLOSURE

- (a) The Group entered into the following transactions with its related parties during the period:

Name of related parties	Nature of transaction	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Fujian Sandi Real Estate Development Co., Ltd. <i>(note)</i>	Rental income received	120	120
	Interest expense	20,297	–
Primary Partner International Limited <i>(note)</i>	Interest expense	37,546	37,223
		37,666	37,223

*Note:* Mr. Guo Jiadi is a director and beneficial owner of the related company.

- (b) During the current interim period, Mr. Guo Jiadi and Ms. Shen Bizhen, the spouse of Mr. Guo Jiadi, have provided guarantees to banks for the bank and other borrowings of the Group with principal amount of RMB5,089,750,000 (31 December 2020: RMB6,649,365,000).
- (c) Except for the amount due to a related company of RMB411,750,000 (31 December 2020: RMB275,000,000) which is non-trade related, unsecured, interest-bearing ranged from 9% to 12% (31 December 2020: 12%) per annum and repayable after 1 to 2 years, all amounts are non-trade related, interest free and repayable on demand. Mr. Guo Jiadi is the beneficial owner of these related companies.
- (d) The amounts are non-trade related, interest free and repayable on demand.
- (e) The Group provided guarantees to banks in connection with loan facilities granted to the related companies controlled by Mr. Guo Jiadi and details of guarantees are set out in note 15.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2021 was approximately RMB1,927.1 million, representing an increase of approximately 21.2% as compared to approximately RMB1,590.0 million for the corresponding period in 2020.
- Gross profit for the six months ended 30 June 2021 was approximately RMB545.4 million, representing an increase of approximately 5.6% as compared to approximately RMB516.6 million for the corresponding period in 2020.
- Profit for the six months ended 30 June 2021 was approximately RMB252.1 million, representing an increase of approximately 36.9% as compared to approximately RMB184.2 million for the corresponding period in 2020.
- Profit attributable to owners for the six months ended 30 June 2021 was approximately RMB208.9 million, representing an increase of approximately 114.9% as compared to approximately RMB97.2 million for the corresponding period in 2020.
- Contracted sales amount of the Group for the six months ended 30 June 2021 amounted to approximately RMB2,483.1 million, representing an increase of approximately 165.1% as compared to approximately RMB936.7 million for the corresponding period in 2020.
- Contracted gross floor area (“GFA”) was approximately 234,062 square meters (“sq.m.”) for the six months ended 30 June 2021, representing an increase of approximately 116.5% as compared to approximately 108,098 sq.m. for the corresponding period in 2020.

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

### BUSINESS REVIEW

The Group is principally engaged in property development, and holding of property for investment and rental purpose.

#### Property development

As at 30 June 2021, the Group had 19 property projects under development which are situated in different cities in the PRC. Key cities include Shanghai, Fuzhou, Xian, Baoji and Hangzhou. The Group primarily focuses on the development of residential properties, as well as residential and commercial complex properties, products types including apartments, offices, retail shops and villas, etc.

### ***Contracted property sales***

During the six months ended 30 June 2021, the Group achieved contracted sales of approximately RMB2,483.1 million with GFA of approximately 234,062 sq.m., representing an increase of approximately 165.1% in contracted sales and approximately 116.5% in contracted GFA in comparison with the corresponding period in 2020. The increase in contracted sales is mainly contributed from the new projects launched for pre-sales during the period and the marketing activities were fully resumed after the COVID-19 pandemic in the first half of 2020.

The table below illustrates the contracted sales (stated before the deduction of applicable taxes) achieved by the Group for the six months ended 30 June 2021:

Property projects	Type	Contracted sales amount <i>RMB'000</i>	Contracted GFA <i>sq.m.</i>	Average price of contracted sales <i>RMB/sq.m.</i>	Percentage of total contracted sales amount <i>%</i>	Group interest <i>%</i>
<b>Zhejiang Province</b>						
Sandi Fengdan Yaju	Residential	313,841	20,939	14,610	12.6	100
<b>Fujian Province</b>						
Sandi Yasong Fengdan Garden	Residential	286,623	17,990	15,932	11.5	100
Sandi Fengdan Yazhu	Residential	215,632	9,839	21,105	8.7	100
Sandi Yungu Fengdan	Residential	206,796	19,075	10,841	8.3	51
Wuyishan Sandi New Times Square	Residential	178,123	11,514	14,826	7.3	60
Sandi Jinyu Yunjing	Residential	177,741	12,902	13,776	7.2	100
Sandi Yunqitai	Residential	74,029	6,584	10,942	3.0	100
<b>Shaanxi Province</b>						
Sandi Century New City	Residential/Commercial	255,766	33,366	7,523	10.3	100
Sandi Jinyunfu	Residential	226,368	32,522	6,960	9.1	51
Sandi Jinyu Gaoxin	Residential/Commercial	174,519	32,426	5,382	7.0	100
Sandi Yunding Fengdan	Residential/Commercial	94,586	21,665	4,366	3.8	100

Property projects	Type	Contracted sales amount RMB'000	Contracted GFA sq.m.	Average price of contracted sales RMB/sq.m.	Percentage of total contracted sales amount %	Group interest %
<b>Shanghai</b>						
Sandi Manhattan	Commercial	162,324	4,241	30,288	6.5	100
Others	Residential/Commercial	<u>116,757</u>	<u>10,999</u>	7,546	<u>4.7</u>	
Total		<u><u>2,483,105</u></u>	<u><u>234,062</u></u>	10,191	<u><u>100.0</u></u>	
Attributable to the Group		<u><u>2,172,147</u></u>	<u><u>199,730</u></u>			

Notes:

- (i) Contracted sales and the calculation of average selling price are based on the sales revenue before the deduction of business/value-added tax and other surcharges/taxes.
- (ii) Contracted sales and GFA attributable to the car parking spaces are excluded in the contracted GFA and average selling price calculation.

### ***Property under development***

The table below summaries the major property development projects of the Group as at 30 June 2021:

Property projects	Expected completion dates	Site area sq.m.	Completed		GFA under development sq.m.	Planned GFA for future development sq.m.	Group's interest %
			Saleable GFA delivered/pre-sold sq.m.	GFA available for sale sq.m.			
<b>Fujian Province</b>							
Sandi Fengdan Yazhu	2022	58,169	-	-	136,815	-	100
Sandi Jiangshan Waterfront	2023	310,176	10,525	-	215,010	40,086	100
Sandi Jinyu Yunjing	2023	29,332	-	-	96,144	-	100
Sandi Jinyu Yunyue	2023	17,386	-	-	49,596	-	100
Sandi Xishanyuan	2021	177,010	-	-	96,449	-	100

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed			Planned GFA for future development <i>sq.m.</i>	Group's interest %
			Saleable GFA delivered/ pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>	GFA under development <i>sq.m.</i>		
Sandi Yasong Fengdan Garden	2022	38,539	–	–	101,752	–	100
Sandi Yungu Fengdan	2022	57,813	–	–	115,772	–	51
Sandi Yunqitai	2022	60,928	–	–	96,462	–	100
Wuyishan Sandi New Times Square	2023	168,669	62,382	7,736	94,660	–	60
<b>Shaanxi Province</b>							
Qujiang Xiangsong Fengdan • Xian Sandi	2022	124,304	247,413	33,384	153,948	–	100
Sandi Bahe Yihao	2024	134,723	–	–	426,176	–	70
Sandi Century New City	2023	169,923	881,018	18,404	239,274	36,964	100
Sandi Jinyu Bowan	2023	59,789	–	–	205,020	–	51
Sandi Jinyunfu	2025	40,592	–	–	189,662	–	51
Sandi Jinyu Gaoxin	2023	65,157	–	–	178,508	–	100
Sandi Yunding Fengdan	2023	52,870	–	–	162,891	–	100
<b>Shanghai</b>							
Sandi Manhattan	2023	104,251	126,515	50,681	122,749	–	100
<b>Zhejiang Province</b>							
Sandi Fengdan Yaju	2023	64,743	–	–	236,096	–	100
<b>Jilin Province</b>							
Shouchuang International Plaza	2021	30,313	127,125	–	14,307	–	51
Total		<u>1,764,687</u>	<u>1,454,978</u>	<u>110,205</u>	<u>2,931,291</u>	<u>77,050</u>	
Attributable to the Group		<u>1,564,434</u>	<u>1,367,735</u>	<u>107,111</u>	<u>2,508,441</u>	<u>77,050</u>	

*Notes:*

- (i) The table above includes properties for which the Group has obtained the relevant land use rights certificate(s) but has not obtained the requisite construction permits or the Group has received the confirmation letter on bidding of granting land use rights but in progress to obtain the land use right certificate(s). The figures for “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificates. The categories of information are based on our internal records.
- (ii) The figures of “Saleable GFA pre-sold” and “GFA available for sale” include saleable GFA of car parks lot; the figures of “GFA under development” and “Planned GFA for future development” also include non-saleable GFA such as ancillary area.
- (iii) “GFA available for sale” and “GFA under development” and “Planned GFA for future development” are derived from the Group’s internal records and estimates.

The following section provides further details of the major ongoing projects of the Group.

## **Fujian Province**

### **Sandi Yasong Fengdan Garden**

Sandi Yasong Fengdan Garden (“Yasong Fengdan”) is a residential project located in Gaoxin District, Nanyu County, Fuzhou City, Fujian Province with a total site area of approximately 38,539 sq.m. Gaozin District is the fourth commercial district in Fuzhou City and Yasong Fengdan is closing to 117 County Road, Qishan Avenue and Gaoxin Avenue, the center of Gaozin District.

Yasong Fengdan is designed as an intelligent community and planned to be developed into 7 high-rise apartment buildings and 11 low-rise apartment buildings with ancillary facilities, including a supermarket. There is nearly 35% greening area inside the community. The project has been launched for pre-sales in September 2020. The contracted sales amount of approximately RMB286.6 million were recorded during the six months ended 30 June 2021.

### **Sandi Jinyu Yunjing**

Sandi Jinyu Yunjing (“Jinyu Yunjing”) is the first project of Jinyu series in Longyan City, Fujian Province. It is a privileged quality residential area with a commercial complex project located in Xinluo District, Longyan City with a total site area of approximately 29,332 sq.m.

Jinyu Yunjing is situated at the interaction of Gongye Road and Xinlu Road, linking to Longyan Bridge. It is in the vicinity of Xinhua Plaza, Minxi Trading Center and Exhibition Center.

Jinyu Yunjing is planned to be developed into 6 high-rise apartment buildings with ancillary facilities, including a kindergarten and a wet market. There is approximately 30% to 40% greening area inside the community. The project has been launched for pre-sales in February 2021. The contracted sales amount of approximately RMB177.7 million were recorded during the six months ended 30 June 2021.

## **Shaanxi Province**

### **Sandi Jinyu Gaoxin**

Sandi Jinyu Gaoxin (“Jinyu Gaoxin”) is the third project of Jinyu series in Baoji City, Shaanxi Province. Jinyu series belongs to the privileged quality residential project category which seeks to maximize the green environment and create designs which suit the demand of customers.

Jinyu Gaoxin is located in Gaoxin Development Zone in Baoji City with a total site area of approximately 65,157 sq.m. It is the first project of the Group in Gaoxin Development Zone and at the central area of the zone which is close to Fang Huang Bridge and Gaoxin Avenue.

Jinyu Gaoxin is planned to be developed into 9 high-rise apartment buildings and 7 houses with ancillary facilities, including a kindergarten. There is nearly 40% greening area inside the community. The project has been launched for pre-sales in August 2019. The contracted sales amount of approximately RMB174.5 million were recorded during the six months ended 30 June 2021.

### **Sandi Yunding Fengdan**

Sandi Yunding Fengdan (“Yunding Fengdan”) is located in Huazhou Central Residential Zone, Huazhou District, Weinan City, Shaanxi Province with a total site area of approximately 52,870 sq.m. Huazhou Central Residential Zone is on the west of Huazhou District, which is planned by the government as a residential area in Huazhou District.

Yunding Fengdan is taking advantage of the residential zone with ancillary facilities, such as a hospital and the largest school zone in Huazhou District, which are in the vicinity of the community.

Yunding Fengdan is planned to be developed into 15 residential properties with a commercial complex. There is nearly 35% greening area inside the community. The project has been launched for pre-sales in September 2019. The contracted sales amount of approximately RMB94.6 million were recorded during the six months ended 30 June 2021.

## **Shanghai**

### **Shanghai Sandi Manhattan**

Shanghai Sandi Manhattan project (“Sandi Manhattan”) is a major project of the Group in Shanghai. It is situated in the prime location of Shanghai Songjiang District, Songjiang New Town International Ecology Business District with a site area of 104,251 sq.m. Sandi Manhattan is a mixed-use development complex, including offices, a shopping mall and hotels. Approximately 126,515 sq.m. GFA was completed up to June 2021 of which approximately 86,655 sq.m. GFA are the investment properties of the Group.

Hyatt Regency Shanghai Songjiang (“Hyatt Regency”), an international 5-star hotel, belongs to one of the major investment properties of the Group in Sandi Manhattan. As Hyatt Regency is located at the core area of Songjiang New Town International Ecology Business District and provides privileged services to guests, it would be a prestigious masterpiece of the Group in Shanghai.

After its grand opening in July 2021, Hyatt Regency provides multi-functional spaces of approximately 1,900 sq.m. and 256 guestrooms, including 18 suites, with floor-to-ceiling views of Wulong Lake, gardens or Ecology Business District skyline.

### ***Land bank replenishment***

The Group’s strategy is to maintain a land bank portfolio sufficient to support the Group’s own development pipeline for the next few years. As at 30 June 2021, the Group had quality land bank amounting to a total GFA of approximately 3,119,000 sq.m., of which approximately 2,693,000 sq.m. were attributable to the owners of the Company.

The table below summaries the landbank by location as at 30 June 2021:

<b>Landbank by location</b>	<b>Total GFA</b> <i>'000 sq.m.</i>	<b>Attributable</b> <b>GFA</b> <i>'000 sq.m.</i>
Shannxi Province	1,645	1,324
Fujian Province	1,051	953
Zhejiang Province	236	236
Shanghai	173	173
Jilin Province	14	7
	<hr/>	<hr/>
Total	<b>3,119</b>	<b>2,693</b>
	<hr/> <hr/>	<hr/> <hr/>

### **Property investment**

During the six months ended 30 June 2021, the Group recognised rental income and property management and related fee income of approximately RMB70.1 million (six months ended 30 June 2020: approximately RMB56.2 million), which was mainly generated by two furniture malls situated in Fuzhou and Baoji. The Group’s investment properties also include hotels, kindergarten, commercial and office premises. which are all located in the PRC and provided a stable income stream to the Group.

Sets out below were the major investment properties held by the Group as at 30 June 2021:

<b>Location</b>	<b>Existing/ Intended use(s)</b>	<b>Approximate GFA sq.m.</b>	<b>Group's interest %</b>
<b>Completed investment properties</b>			
<b>Fujian Province</b>			
Sandi Furniture Plaza, No. 173 Gongye Road, Yizhou Street, Taijiang District, Fuzhou City	Shopping Mall	113,252	100
Fuzhou Sandi Chuangfu Square Zone B, Fuxiz Road, Cangshan District, Fuzhou City	Commercial/Hotel	48,149	100
Various blocks, Sandi Kaixuan Fengdan, No. 202 Minjiang Avenue, Cangshan District, Fuzhou City	Commercial/Hotel	13,308	100
<b>Shaanxi Province</b>			
Red Star Macalline, Block 196 No. 8 Bao Guo Road, Jin Tai District, Baoji City	Shopping Mall	63,643	100
Sandi Plaza, Block 186 No. 8 Bao Guo Road, Jin Tai District, Baoji City	Shopping Mall	63,125	100
Ramada Hotel Block No. 184 No. 8 Bao Guo Road, Jintai District, Baoji City	Hotel	15,181	100
Pesht Boutique, Block No. 25 No. 8 Bao Guo Road, Jintai District, Baoji City	Hotel	13,520	100
Jinjiang Inn, Block No. 18 No. 8 Bao Guo Road, Jintai District, Baoji City	Hotel	7,094	100
<b>Shanghai</b>			
Lot N5, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/Hotel	61,084	100
Lot N11, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial	25,571	100
<b>Investment properties under construction</b>			
<b>Fujian Province</b>			
Tang Kou, Xi Nan Village, Ge Ling Town, Yongtai County, Fuzhou City	Hotel	89,187	100
Northwest of Huandao East Road and Jinsan Road, 06-11 Wutong Gaolin Area, Huli District, Xiamen City	Hotel	39,850	100
<b>Shanghai</b>			
Lot N6, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/Hotel	117,629	100
<b>Zhejiang Province</b>			
Northwest of Weiliu Road and Jingwu Road, Qiantang New District, Hangzhou City	Residential	16,356	100
Northeast of Jingsi Road and Changfeng Road, Qiantang New District, Hangzhou City	Residential	8,337	100



## OUTLOOK

In the first half of 2021, with series of anti-pandemic measures implemented by the government and the ongoing vaccination schemes, the pandemic is currently under control in the PRC. The economic activities were fully resumed and further encouraged a stronger and sustainable growth.

Looking ahead, although the economic environment is further recovering and growing in the PRC, it still has to face various challenges, uncertainty and instability. The regulatory policies on the real estate industry, especially the speculations in the second-hand real estate market, are unlikely to be relaxed in the future. The Group mainly provides privileged quality residential housing. Therefore, we could seize the opportunity to seek and acquire privileged quality land parcels actively, in order to expand our market share in the real estate market in the PRC, and to drive the diversified development of the Group. Meanwhile, the government's stabilization policy on the real estate market has played a key role in the development of the domestic economic system. The Group would actively collaborate and take part in the stabilization policy, and be confident to the future economic development in the PRC.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

The Group's revenue is primarily derived from property sales, which contributed approximately 96.4% of the revenue for the six months ended 30 June 2021. The table below sets forth the breakdown of the Group's revenue by operating segment as indicated:

	<b>For the six months ended</b>		<b>For the six months ended</b>	
	<b>30 June 2021</b>		<b>30 June 2020</b>	
	<b><i>RMB'000</i></b>	<b>%</b>	<b><i>RMB'000</i></b>	<b>%</b>
Property sales	<b>1,857,001</b>	<b>96.4</b>	1,533,742	96.5
Property investment	<b>70,061</b>	<b>3.6</b>	56,208	3.5
	<b><u>1,927,062</u></b>	<b><u>100.0</u></b>	<b><u>1,589,950</u></b>	<b><u>100.0</u></b>

## Revenue from property sales

The Group's revenue from property sales increased to approximately RMB1,857.0 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RMB1,533.7 million).

The table below summarises the revenue from property sales for the six months ended 30 June 2021:

Property projects	Type	Sales revenue RMB'000	GFA sq.m.	Average selling price RMB/sq.m.	Percentage of total amount %
<b>Shaanxi Province</b>					
Qujiang Xiangsong Fengdan • Xian Sandi	Residential/ Commerical	805,662	56,290	10,276	43.4
<b>Fujian Province</b>					
Wuyishan Sandi New Times Square	Residential	741,537	62,382	10,853	39.9
<b>Shanghai</b>					
Sandi Manhattan	Commercial	273,215	7,467	31,655	14.7
Others	Residential/ Commercial	36,587	1,869	11,176	2.0
Total		<u>1,857,001</u>	<u>128,008</u>	11,817	<u>100.0</u>

Notes:

- Sales revenue amount and the calculation of average price are based on the sales revenue after the deduction of business/value-added tax and other surcharges/taxes.
- GFA and sales revenue attributable to the car parking spaces are excluded in the GFA sold and the average selling price calculation.

## **Revenue from property investment**

Revenue from property investment including rental income and property management and related fee income amounted to approximately RMB70.1 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RMB56.2 million), which was derived from the Group's investment properties situated in the PRC, including shopping malls, commercial buildings and kindergartens.

## **Cost of properties sales**

The Group's cost of properties sales increased to approximately RMB1,380.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RMB1,070.2 million). The increase was primarily attributable to the increase in the total GFA of properties, including GFA attributable to the car parking spaces, delivered compared with the corresponding period in 2020, which led to the increase in the cost of properties sales.

## **Change in fair value on investment properties**

For the six months ended 30 June 2021, the Group recognised a net fair value gain of approximately RMB25.0 million on its investment properties (six months ended 30 June 2020: approximately RMB90.0 million).

## **Change in fair value of derivative component of convertible bonds**

During the six months ended 30 June 2021, the Group recognised a fair value gain of approximately RMB41.5 million (six months ended 30 June 2020: fair value loss of approximately RMB3.5 million) on the derivative component of the convertible bonds with principal amount of HK\$500 million, issued to Primary Partner International Limited ("Primary Partner"), which is wholly-owned by Mr. Guo Jiadi ("Mr. Guo"), on 30 January 2019 as the consideration for acquisition of All Excel Industries Limited. The derivative component of the convertible bonds represented the conversion option to convert into shares of the Company and early redemption option before its maturity date on 30 January 2024, which are classified as derivative financial instrument and measured at fair value with change in fair value recognised in profit or loss.

## **Other gains and losses**

Other gains and losses for the six months ended 30 June 2021 mainly represented net exchange gains of approximately RMB14.4 million and impairment loss reversed in respect of other receivables of approximately RMB8.1 million (six months ended 30 June 2020: mainly represented net exchange loss of approximately RMB22.0 million).

## **Selling and distribution expenses**

The Group's selling and distribution expenses increased by approximately RMB27.2 million from approximately RMB84.8 million for the six months ended 30 June 2020 to approximately RMB112.0 million for the six months ended 30 June 2021. The increase was mainly due to sales commission recognised during the six months ended 30 June 2021.

## **Administrative expenses**

The Group's administrative expenses increased by approximately RMB27.4 million from approximately RMB86.5 million for the six months ended 30 June 2020 to approximately RMB113.9 million for the six months ended 30 June 2021. The increase was primarily attributable to the overall increase in staff cost.

## **Finance costs**

Finance costs consist of interest expenses on bank and other borrowings, convertible bonds, promissory note, contract liabilities, amount due to a related company and lease liabilities. The finance costs amounted to approximately RMB51.6 million (six months ended 30 June 2020: approximately RMB91.5 million) for the six months ended 30 June 2021. The decrease in finance cost was attributable to contract liabilities and lease liabilities.

## **Income tax expense**

Income tax expense mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately RMB107.4 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RMB146.5 million). The substantial decrease was mainly attributable to the deferred tax on change in fair value of investment properties recognised during the six months ended 30 June 2021.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2021, the Group had bank and other borrowings of approximately RMB9,107.1 million denominated in RMB (31 December 2020: approximately RMB8,430.0 million denominated in RMB) and other debts comprising convertible bonds, promissory note and amount due to a related company in total amount of approximately RMB1,420.0 million denominated in HK\$ and RMB (31 December 2020: approximately RMB1,299.7 million denominated in HK\$ and RMB). As at 30 June 2021 and 31 December 2020, all bank and other borrowings were secured with fixed interest rate. The bank and other borrowings with maturities falling due within one year and after one year amounted to approximately RMB1,124.1 million and RMB7,982.9 million respectively (31 December 2020: approximately RMB2,958.2 million and RMB5,471.7 million respectively). Further details of the bank and other borrowings are set out in note 13 to the condensed consolidated financial statements in this announcement.

As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB376.2 million (31 December 2020: approximately RMB838.0 million) which were mainly denominated in HK\$ and RMB.

As at 30 June 2021, the gearing ratio for the Group was approximately 196.5% (31 December 2020: approximately 181.2%), calculated based on the net debts (comprising bank and other borrowings and other debts comprising convertible bonds, promissory note and amount due to a related company less cash and cash equivalent) of approximately RMB10,150.8 million (31 December 2020: approximately RMB8,891.6 million) over the total equity of approximately RMB5,166.7 million (31 December 2020: approximately RMB4,906.7 million). The debt ratio was approximately 82.0% (31 December 2020: approximately 81.9%), calculated as total liabilities over total assets of the Group.

The Group's current available liquidity resources are sufficient to meet its capital commitments. As at 30 June 2021, the Group's net current assets amounted to approximately RMB5,393.3 million (31 December 2020: approximately RMB3,178.6 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to approximately 142.1% (31 December 2020: approximately 122.6%).

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders of the Company (the "Shareholders"), issue new shares or sell assets to reduce the debt.

## **CAPITAL STRUCTURE**

The capital structure of the Group and fund raising activities during the six months ended 30 June 2021 are summarised as follows:

### **(i) Bank and other borrowings**

As at 30 June 2021, the Group had bank and other borrowings of approximately RMB9,107.1 million (31 December 2020: approximately RMB8,429.9 million), of which approximately RMB1,124.1 million are repayable within one year and approximately RMB7,982.9 million are repayable beyond one year. The Group's bank and other borrowings bear interest rates ranging from approximately 4.5% to 13.0% per annum. All the bank and other borrowings were denominated in RMB.

### **(ii) Promissory note**

As at 30 June 2021 and 31 December 2020, the Company had a 5-year promissory note (the "Promissory Note") with principal amount to HK\$600 million issued to Mr. Guo, the chairman of the Board and an executive Director, with interest to be 3% per annum for the first and second years after the date of issuance, 4.5% per annum for the third and fourth years after the date of issuance and 6% per annum for the fifth year after the date of issuance, with interest payable annually in arrears and the principal will be repaid when the Promissory Note falls due on 30 January 2024. Promissory Note is denominated in HK\$. There was no early redemption of the Promissory Note requested by the Company or Mr. Guo during the six months ended 30 June 2021.

### **(iii) Convertible bonds**

As at 30 June 2021 and 31 December 2020, the Company had a 5-year convertible bonds (the “CBs”) with principal amount of HK\$500 million to Primary Partner, which is wholly-owned by Mr. Guo, the chairman of the Board and an executive Director, with interest to be 1% per annum payable annually in arrears and carrying a conversion price of HK\$0.412 per conversion share, with conversion rights to convert into a maximum of 1,213,592,233 shares. The principal will be repaid when the CBs fall due on 30 January 2024 if no conversion happened on or before 30 January 2024. The CBs are denominated in HK\$. There was no early redemption of the CBs requested by the Company or Mr. Guo during the six months ended 30 June 2021.

### **(iv) Amount due to a related company**

As at 30 June 2021 and 31 December 2020, Nanping Sandi Yungu Real Estate Development Co., Limited (“Nanping Sandi Yungu”), a subsidiary of the Company, had a 3-year borrowing with principal amount of RMB275.0 million, from Fujian Sandi Real Estate Development Co., Limited (“Fujian Sandi”), which is ultimately controlled by Mr. Guo. Interest is payable quarterly with interest rate of 12% per annum and the principal will be required to be fully repaid when the borrowing falls due on 14 April 2023.

As at 30 June 2021, Nanping Sandi Yungu had a 1-year borrowing with principal amount of RMB82.0 million, and a 2-year borrowing with principal amount of RMB96.0 million, from Fujian Sandi. Interest is payable quarterly with interest of 9% and 11% per annum, respectively. The principal will be required to be fully repaid when the borrowings fall due on 6 January 2022 and 28 April 2023, respectively.

There is no early repayment of the borrowings requested by Fujian Sandi during the six months ended 30 June 2021.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Except for investment in subsidiaries, there were no significant investments held by the Group as at 30 June 2021.

The Group had no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2021 and up to the date of this announcement.

## **CHARGE ON THE GROUP’S ASSETS**

As at 30 June 2021, the Group had certain investment properties, land use rights, properties under development, certain inventories of properties and certain property, plant and equipment of an aggregate carrying value of approximately RMB18,684.0 million (31 December 2020: approximately RMB18,587.0 million) which had been pledged to secure the Group’s bank borrowings. Besides, shares of certain subsidiaries of the Group were pledged to secure loans facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group had entered into agreements with certain banks to provide guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties. As at 30 June 2021, the Group provided guarantees for mortgage loans in an amount of approximately RMB4,652.2 million (31 December 2020: approximately RMB5,433.6 million) to banks in respect of such agreements. Certain subsidiaries of the Group provided corporate guarantees of approximately RMB963.4 million (31 December 2020: approximately RMB981.2 million) to certain financial institutions in respect of loan facilities granted to certain companies that were indirectly wholly-owned or controlled by Mr. Guo. In addition, certain subsidiaries of the Group also provided corporate guarantees amounting to approximately RMB40.7 million (31 December 2020: RMB122.9 million) to certain financial institutions in respect of loan facilities granted to certain independent third parties during the six months ended 30 June 2021.

## **COMMITMENTS**

As at 30 June 2021, the Group had commitments in respect of investment properties, properties under development, properties for sales and land use rights amounted to approximately RMB4,907.1 million (31 December 2020: approximately RMB5,663.4 million).

## **FOREIGN EXCHANGE EXPOSURE**

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and HK\$, respectively. The functional currency of the Company and its subsidiaries which operate in Hong Kong as investment holding companies is HK\$. The functional currency of its principal operating subsidiaries in the PRC is RMB. As at 30 June 2021, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate. As at 30 June 2021, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

## **EMPLOYEES**

As at 30 June 2021, the Group employed a total of 662 employees (31 December 2020: 702 employees) of which 659 employees (31 December 2020: 700 employees) were hired in the PRC and 3 employees (31 December 2020: 2 employees) in Hong Kong. Total remuneration paid to the employees for the six months ended 30 June 2021 amounted to approximately RMB84.4 million (six months ended 30 June 2020: approximately RMB59.8 million). In addition to competitive remuneration package offered to the employees, the Group also provides other benefits including contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

## **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 out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its code of conduct in respect of the securities dealing by the Directors. The Company has made specific enquiry to all Directors in respect of the securities dealing by the Directors and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2021.

## **PURCHASE, REDEMPTION OR SALE OF LISTING SECURITIES BY THE COMPANY**

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

## **CORPORATE GOVERNANCE**

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability so as to safeguard the interests of the Shareholders.

The Board is committed to comply with the code provisions (the “Code Provisions”) set out in the Corporate Governance Code (the “CG Code”) under Appendix 14 to the Listing Rules to the extent that the Directors consider it to be practical and applicable to the Company. During the six months ended 30 June 2021 and up to date of this announcement, the Company has complied with the CG Code except for the following deviations:

### **Code Provision A.2.1**

The roles of the chairman and the chief executive officer should be segregated and not be exercised by the same individual. The chairman is responsible for the corporate strategic planning and formulation of corporate policies for the Group, while the chief executive officer is responsible for overseeing day-to-day management of the Group’s business. Mr. Guo currently serves as the chairman of the Board (the “Chairman”). Up to the date of this announcement, no individual was appointed as the chief executive officer of the Company (the “CEO”). The day-to-day management of the Group’s business is monitored by the executive Directors and senior management. Given the size of the Group, the current business operations and administration have been stable, the Board is of the view that the current management structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time and separate the roles of the Chairman and the CEO when necessary.



## **Code Provision E.1.2**

Code provision E.1.2 currently in force stipulates, among other things, that the chairman of the issuer should attend the annual general meeting. Mr. Guo being the Chairman, was unable to attend the annual general meeting of the Company held on 28 May 2021 (the “2021 AGM”) due to other commitment and Mr. Guo appointed Mr. Chan Yee Ping, Michael, an independent non-executive Director, to act as his representative and take the chair of the 2021 AGM to ensure that proceedings of the meeting would be conducted in order. This constitutes a deviation of code provision E.1.2.

The Company considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are no less exacting than those in the CG Code. The Board will continue to monitor and review the Company’s corporate governance practices in order to ensure that such practices may meet the general rules and standards as required by the Listing Rules. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for benefit of the Group and the Shareholders as a whole.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Company has established the Audit Committee for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The Audit Committee which comprises Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Lam Wai Fung, Dominic, all being independent non-executive Directors, has reviewed the accompanying financial statements prior to their publication.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements and the interim report for the period, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinasandi.com.cn](http://www.chinasandi.com.cn)). The interim report of the Company for the six months ended 30 June 2021 will be despatched to the Shareholders and published on the aforesaid websites in due course.

By order of the Board  
**China Sandi Holdings Limited**  
**Guo Jiadi**  
*Chairman*

Hong Kong, 27 August, 2021

*As at the date of this announcement, members of the Board comprise Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; and Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Lam Wai Fung, Dominic, being the independent non-executive Directors.*