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**GUANGDONG – HONG KONG GREATER BAY AREA
HOLDINGS LIMITED**

粵 港 灣 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1396)

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

2021 INTERIM RESULTS HIGHLIGHTS

- Contracted sales amount for the period achieved RMB3,049.3 million.
- Revenue for the period was RMB2,604.3 million, representing a year-on-year increase of 255.2% and amongst which, revenue from property development and related services was RMB1,902.3 million, representing a year-on-year increase of 159.5%.
- Gross profit for the period was RMB573.3 million, representing a year-on-year increase of 59.5%.
- Selling and administrative expenses ratio¹ decreased to 8.6% for the period, from 27.6% for the corresponding period in the last year.
- Net profit for the period was RMB161.1 million, representing a year-on-year increase of 68.2%.
- As at 30 June 2021, the Group's net gearing ratio² is 36.7%, the cash to short-term debt ratio³ is 1.14, and the liabilities to assets ratio excluding receipts in advance⁴ is 69.6% respectively.

Notes:

- ¹ Selling and administrative expenses ratio is calculated by dividing total selling and administrative expenses by revenue.
- ² Net gearing ratio is calculated by dividing bank loans and other borrowings, senior notes and other financial liabilities measured at amortised cost minus total cash by total equity.
- ³ Cash to short-term debt ratio is calculated by dividing total cash by current portion of bank loans and other borrowings and senior notes.
- ⁴ Liabilities to assets ratio excluding receipts in advance is calculated by subtracting receipts in advance (including contract liabilities) from total liabilities and dividing by total assets minus receipts in advance (including contract liabilities).

INTERIM RESULTS

The board of directors (the “**Board**”) of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“**GHKGBA Holdings**”, the “**Company**”, “**we**”, or “**our**”) hereby announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”), together with comparative figures for the preceding period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2021	2020
		RMB'000	RMB'000
Revenue	3	2,604,255	733,154
Cost of sales		<u>(2,030,915)</u>	<u>(373,716)</u>
Gross profit		573,340	359,438
Other income	4	70,249	22,600
Selling and distribution expenses		(71,984)	(24,814)
Administrative and other operating expenses		(152,407)	(177,670)
Impairment loss on financial assets measured at amortisation cost	5(b)	<u>(10,203)</u>	<u>(16,235)</u>
Profit from operations before fair value gain on investment properties		408,995	163,319
Fair value gain on investment properties	8(b)	<u>10,497</u>	<u>204,014</u>
Profit from operation after fair value gain on investment properties		419,492	367,333
Share of profits less losses of joint ventures		319	(244)
Finance income	5(a)	19,382	26,850
Finance costs	5(a)	<u>(173,289)</u>	<u>(182,866)</u>
Profit before taxation	5	265,904	211,073
Income tax	6	<u>(104,820)</u>	<u>(115,282)</u>
Profit for the period		<u>161,084</u>	<u>95,791</u>
Attributable to:			
Equity shareholders of the Company		75,900	100,675
Non-controlling interests		<u>85,184</u>	<u>(4,884)</u>
Profit for the period		<u>161,084</u>	<u>95,791</u>
Earnings per share			
Basic and diluted (<i>RMB cents</i>)	7	<u>1.7</u>	<u>2.5</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit for the period	161,084	95,791
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	31,110	(14,666)
Other comprehensive income for the period	31,110	(14,666)
Total comprehensive income for the period	192,194	81,125
Attributable to:		
Equity shareholders of the Company	99,959	86,009
Non-controlling interests	92,235	(4,884)
Total comprehensive income for the period	192,194	81,125

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 – unaudited

(Expressed in Renminbi)

	<i>Note</i>	30 June 2021 RMB'000	31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment		389,357	397,280
Investment properties	8	3,154,470	3,144,270
Intangible assets		15,353	16,098
Goodwill		2,252	2,252
Interest in an associate		–	–
Interests in joint ventures	9	132,784	131,583
Deferred tax assets		217,897	215,325
Finance lease receivable		6,133	8,210
Other non-current assets	10	358,081	337,888
		4,276,327	4,252,906
Current assets			
Inventories and other contract costs	11	14,125,032	9,369,347
Other financial assets	12	1,248	9,000
Trade and other receivables	13	3,080,500	2,849,403
Prepaid tax		264,187	144,949
Pledged and restricted cash		546,166	568,161
Cash and cash equivalents		2,661,155	1,783,235
		20,678,288	14,724,095
Current liabilities			
Trade and other payables	14	5,705,217	5,450,950
Contract liabilities		4,303,403	1,971,295
Bank loans and other borrowings		453,138	481,029
Senior notes	15	2,367,847	1,820,524
Amounts due to controlling shareholders		1,349,586	867,000
Lease liabilities		14,573	10,562
Current tax liabilities		793,077	736,413
Deferred income		286,918	349,119
Other current liabilities		318,334	300,000
		15,592,093	11,986,892
Net current assets		5,086,195	2,737,203
Total assets less current liabilities		9,362,522	6,990,109

	<i>Note</i>	30 June 2021 RMB'000	31 December 2020 RMB'000
Non-current liabilities			
Bank loans and other borrowings		1,900,946	829,230
Lease liabilities		23,511	29,546
Deferred tax liabilities		297,485	194,636
Other financial liabilities	16	869,038	78,333
		3,090,980	1,131,745
NET ASSETS			
		6,271,542	5,858,364
Capital and reserves			
Share capital		36,598	36,598
Reserves		5,664,196	5,555,799
Total equity attributable to equity shareholders of the Company			
		5,700,794	5,592,397
Non-controlling interests		570,748	265,967
TOTAL EQUITY			
		6,271,542	5,858,364

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2021 but are extracted from that financial report.

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on 27 August 2021.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“**the Company**”) and its subsidiaries (collectively referred to as “**the Group**”) since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim results announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistic centers and residential properties, and trading business in the PRC.

Revenue represents income from sales of properties, trading business, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of properties	1,792,809	659,382
– Property management services	45,842	31,455
– Trading business	701,986	–
– Others	39,796	18,515
	<u>2,580,433</u>	<u>709,352</u>
Revenue from other sources		
– Rental income	<u>23,822</u>	<u>23,802</u>
	<u><u>2,604,255</u></u>	<u><u>733,154</u></u>

Disaggregation of revenue from contracts with customers and revenue from other sources by divisions is disclosed in note 3(b).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments.

- Property development and related services: this segment mainly provides revenue arising from the sale of properties developed for sale in the ordinary course of business, also provides value-added business such as property management services and rental services.
- Trading business: this segment mainly operates supply chain business.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in joint ventures, deferred tax assets, other non-current assets, other financial assets and prepaid tax. Segment liabilities include trade and other payables, amounts due to controlling shareholders, deferred income, contract liabilities and lease liabilities attributable to the sales activities of the individual segments and senior notes, other current liabilities and other financial liabilities measured at amortised cost and bank loans and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as other income, impairment loss on financial assets measured at amortisation cost, fair value gain on investment properties and share of profits less losses of joint ventures.

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Property development and related services		Trading business		Total	
For the six months ended						
30 June	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue	<u>1,902,269</u>	<u>733,154</u>	<u>701,986</u>	<u>–</u>	<u>2,604,255</u>	<u>733,154</u>
Reportable segment profit (adjusted EBITDA)	<u>363,779</u>	<u>174,540</u>	<u>868</u>	<u>–</u>	<u>364,647</u>	<u>174,540</u>
Finance income	17,702	26,850	1,680	–	19,382	26,850
Finance costs	167,553	182,866	5,736	–	173,289	182,866
Depreciation and amortisation for the period	15,698	17,586	–	–	15,698	17,586
Impairment loss on financial assets measured at amortisation cost	10,203	16,235	–	–	10,203	16,235
Fair value gain on investment properties	<u>10,497</u>	<u>204,014</u>	<u>–</u>	<u>–</u>	<u>10,497</u>	<u>204,014</u>
As at 30 June/31 December						
Reportable segment assets	<u>23,534,516</u>	<u>18,138,256</u>	<u>586,302</u>	<u>–</u>	<u>24,120,818</u>	<u>18,138,256</u>
Reportable segment liabilities	<u>17,028,506</u>	<u>12,109,255</u>	<u>488,494</u>	<u>–</u>	<u>17,517,000</u>	<u>12,109,255</u>

(c) **Reconciliations of reportable segment revenue and profit**

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue		
Reportable segment revenue and consolidated revenue	2,604,255	733,154
Profit		
Reportable segment profit derived from Group's external customers	364,647	174,540
Other income	70,249	22,600
Impairment loss on financial assets measured at amortisation cost	(10,203)	(16,235)
Depreciation and amortisation	(15,698)	(17,586)
Fair value gain on investment properties	10,497	204,014
Share of profits less losses of joint ventures	319	(244)
Finance costs	(173,289)	(182,866)
Finance income	19,382	26,850
Consolidated profit before taxation	265,904	211,073

4 OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Net realised and unrealised fair value (loss)/gain from financial assets and liabilities measured at fair value through profit and loss ("FVTPL")	(1,918)	22,023
Net loss on disposal of investment properties (note 8)	(22)	(6,355)
Net gain on disposal of subsidiaries	4,098	–
Gain on bargain purchase of subsidiaries (note)	66,148	–
Net gain on disposal of property, plant and equipment	377	37
Government grants	952	5,231
Others	614	1,664
	70,249	22,600

Note: During the period, based on a co-operation agreement signed and revised articles of association of certain entities, the Group exercised control over these entities, which then became non-wholly owned subsidiaries of the Group. As a result, RMB66,148,000 of gain on bargain purchase of subsidiaries was recognised.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Finance income		
Interest income	(19,382)	(26,850)
Finance costs		
Interest on bank loans and other borrowings	83,905	63,687
Interest on senior notes	148,557	137,770
Interest on amounts due to a non-controlling interest	19,821	–
Interest on lease liabilities	2,158	1,976
Interest on corporate bonds	–	5,717
Accrued interest on significant financing component of contract liabilities	31,513	25,486
Other borrowing costs	13,154	–
	299,108	234,636
Less: interest expense capitalised into properties under development	(125,627)	(59,031)
	173,481	175,605
Net foreign exchange (gain)/loss	(192)	7,261
	<u>173,289</u>	<u>182,866</u>

(b) Other items

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Depreciation and amortisation		
– plant and equipment	7,137	9,407
– right-of-use assets	7,253	7,049
– intangible assets	1,308	1,130
	<u>15,698</u>	<u>17,586</u>
Impairment losses		
– trade and other receivables	10,013	14,377
– finance lease receivables	190	660
– loans to third parties	–	1,198
	<u>10,203</u>	<u>16,235</u>
Cost of inventories sold		
– properties (i)	1,311,200	341,905
– commodities	701,201	–
	<u>2,012,401</u>	<u>341,905</u>

Note:

- (i) Cost of properties sold is after netting off the utilisation of deferred income in respect of government grants of RMB93,984,000 during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB155,049,000).

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax (“PRC CIT”)	65,484	44,216
PRC Land Appreciation Tax (“PRC LAT”)	36,668	34,786
	<u>102,152</u>	<u>79,002</u>
Deferred tax		
Origination and reversal of temporary differences	2,668	36,280
	<u>104,820</u>	<u>115,282</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (b) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the period (six months ended 30 June 2020: Nil).

(c) **PRC CIT**

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

(d) **PRC LAT**

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB75,900,000 (six months ended 30 June 2020: RMB100,675,000) and the weighted average of 4,537,354,000 ordinary shares (six months ended 30 June 2020: 4,058,260,000 ordinary shares) during the period, calculated as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit attributable to equity shareholders of the Company	75,900	100,675
	'000	'000
Weighted average number of shares (thousand shares)		
Issued ordinary shares	4,537,354	4,058,260

For the period ended 30 June 2021 and 2020, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive.

8 INVESTMENT PROPERTIES

(a) Disposals

During the six months ended 30 June 2021, items of investment properties with a net book value of RMB297,000 (six months ended 30 June 2020: RMB17,151,000) were disposed, resulting in a loss of RMB22,000 (six months ended 30 June 2020: RMB6,355,000).

(b) Valuations

The Group's investment properties carried at fair value were revalued as at 30 June 2021 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent firm of surveyors. In valuing the property interest in the PRC, JLL has adopted the investment approach (income approach) by taking into account the current rental income of the property interest and the reversionary potential of the tenancy, and also adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc., between the comparable properties and the subject property.

During the six months ended 30 June 2021, a fair value gain of RMB10,497,000 (six months ended 30 June 2020: loss of RMB5,455,000) in respect of existing investment properties, with the total corresponding deferred tax of RMB2,624,000 (six months ended 30 June 2020: RMB39,000), had been recognised in the consolidated statement of profit or loss for the period.

In addition, during the six months ended 30 June 2020, a fair value gain of RMB209,469,000 upon the transfer with the total corresponding deferred tax of RMB35,851,000, had been recognised in the consolidated statement of profit or loss. There is no such transfer for the period ended 30 June 2021.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,161,000,000 (31 December 2020: RMB1,147,500,000).

The Group's investment properties are held on leases of between 1 to 12 years in the PRC.

9 INTEREST IN JOINT VENTURES

As at 30 June 2021, the Group's interest in Hydoo Best Group Co. Ltd. ("Hydoo Best") amounted to RMB126,240,000 (31 December 2020: RMB125,359,000).

In 2018, Hydoo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydoo Best was obligated to repurchase certain shares in Hydoo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydoo Best held by the Group.

The directors expect that the Group will be able to recover part of its interest in Hydoo Best by applying public auction of the land pieces still held by Hydoo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydoo Best and a specific loss allowance of RMB19,613,000 on the amount due from that joint venture in 2018. Based on the fair value of the land pieces assessed as at 30 June 2021, the directors considered that no further provision for impairment loss was necessary during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

10 OTHER NON-CURRENT ASSETS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Financial assets measured at FVTPL		
– Unlisted equity investments not held for trading	253,062	253,062
– Amount due from an associate (a)	88,759	84,826
	<u>341,821</u>	<u>337,888</u>
Deposit and prepayment (b)	<u>16,260</u>	<u>–</u>
	<u>358,081</u>	<u>337,888</u>

- (a) As at 30 June 2021, the amount due from an associate measured at FVTPL included consideration receivables of disposed entities amounted RMB56,579,000 (31 December 2020: RMB52,646,000) and the amounts due from disposed entities of RMB32,180,000 (31 December 2020: RMB32,180,000). The amount due from an associate measured at FVTPL will be recovered according to the development progress of the underlying projects in the disposed project companies.
- (b) As at 30 June 2021, deposit and prepayment mainly included an earnest payment for purchase of properties for own use.

11 INVENTORIES AND OTHER CONTRACT COSTS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Inventories		
Property development		
– Leasehold land held for and under development for sale	9,184,615	5,758,835
– Completed properties held for sale	4,905,386	3,597,357
	<u>14,090,001</u>	<u>9,356,192</u>
Others	<u>11,524</u>	<u>2,319</u>
	<u>14,101,525</u>	<u>9,358,511</u>
Other contract costs	<u>23,507</u>	<u>10,836</u>
	<u>14,125,032</u>	<u>9,369,347</u>

As at 30 June 2021, certain properties under development for sale, completed properties held for sale and leasehold land held for future development for sale were pledged for certain bank loans granted to the Group and parking lots financing arrangement.

12 OTHER FINANCIAL ASSETS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Financial assets measured at FVTPL		
– Wealth management products	1,248	9,000

13 TRADE AND OTHER RECEIVABLES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Within 1 month	52,655	19,236
1 to 3 months	18,734	12,749
3 to 6 months	12,546	4,095
Over 6 months	217,064	199,837
Trade and bill receivables, net of loss allowance	300,999	235,917
Finance lease receivables	31,567	34,144
Less: loss allowance	(11,817)	(11,989)
	19,750	22,155
Amounts due from joint ventures (b)	63,683	62,837
Less: loss allowance (note 9)	(19,613)	(19,613)
	44,070	43,224
Other debtors, net of loss allowance (a)	627,440	574,605
Financial assets measured at amortised cost	992,259	875,901
Prepaid sales related tax and other taxes	212,446	295,603
Deposits and prepayments (c)	1,875,795	1,677,899
	3,080,500	2,849,403

- (a) The details on the other debtors, net of loss allowance are set out in below:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Loans to the third parties (i)	182,725	256,101
Amounts due from non-controlling interests (ii)	332,484	230,086
Others	112,231	88,418
	627,440	574,605

- (i) As at 30 June 2021, loans to the third parties are interest-bearing at weighted average rate of 15.40% (31 December 2020: 14.76% per annum) per annum, unsecured and to be recovered within one year.
- (ii) The balances at 30 June 2021 represented amounts due from non-controlling interests recorded by subsidiaries acquired by the Group during 2020 and 2021, which had occurred before such acquisitions were finished.
- (b) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms. The Group has fully provided loss allowance on the amount due from a joint venture partner amounted to RMB19,613,000 in prior year.
- (c) The details on the deposits and prepayments are set out in below:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Deposits and prepayments for purchase of land use right	739,436	640,529
Deposits and prepayments for acquisition of development projects	427,210	526,289
Others (note)	709,149	511,081
	1,875,795	1,677,899

Note: As at 30 June 2021, other deposits and prepayments mainly included prepaid construction costs and deposits for properties sales on behalf of property developers.

14 TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Due within 1 month or on demand	235,630	251,012
Due after 1 month but within 3 months	362,445	347,108
Due after 3 months but within 6 months	571,808	537,094
Due after 6 months	1,190,008	1,273,995
Trade and bills payables	2,359,891	2,409,209
Other payables and accruals (a)	2,587,654	1,505,525
Financial liabilities measured at amortised cost	4,947,545	3,914,734
Deposits (b)	750,688	1,520,261
Receipts in advance	6,984	15,955
	5,705,217	5,450,950

(a) The details of other payables and accruals are set out below:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Amounts due to the non-controlling interests (i)	1,275,673	323,808
Amounts due to a related party (ii)	50,000	57,230
Amounts due to the third parties (ii)	606,506	281,435
Other tax payables	155,137	300,497
Others (iii)	500,338	542,555
	2,587,654	1,505,525

- (i) As at 30 June 2021, apart from the amount due to a non-controlling interest of RMB900,000,000 (31 December 2020: Nil) which is interest-free and repayable within one year, the amounts due to non-controlling interests are unsecured, interest-free and repayable on demand.
- (ii) As at 30 June 2021, apart from the amount due to a third party of RMB40,000,000 which are interest-bearing at 7% per annum (31 December 2020: Nil), the amount due to a related party and the amounts due to the third parties are unsecured, interest-free and repayable within one year.
- (iii) The balance mainly included earnest payments of RMB182,616,000 (31 December 2020: RMB185,456,000) from potential clients and advances from parking lots financing arrangement of RMB75,528,000 (31 December 2020: RMB77,075,000) which are pledged by parking lots held by subsidiaries of the Group.

- (b) The details of deposits are set out below:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Deposits for cooperative development of properties	660,115	1,401,032
Others	90,573	119,229
	750,688	1,520,261

15 SENIOR NOTES

	30 June 2021 RMB'000	31 December 2020 RMB'000
US\$293.5 million senior notes due in 2021		
– Tranche 1 (i)	1,247,322	1,257,105
– Tranche 2 (ii)	322,757	325,693
– Tranche 3 (iii)	83,841	84,555
– Tranche 4 (iv)	151,727	153,171
– Tranche 5 (v)	86,854	–
	1,892,501	1,820,524
US\$75 million senior notes due in 2022	475,346	–
	2,367,847	1,820,524

- (i) On 12 December 2019, the Company offered its 14% senior notes due December 2021 in an exchange offer to existing holders of 12% Senior Notes due May 2020 (the “**2020 Senior Notes**”). US\$111,673,000 (approximately 71.1%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$81,827,000 of additional 2021 senior notes, which, together with the US\$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$193,500,000, 14% due 2021 senior notes (the “**2021 Senior Notes**”). The exchange offer and the concurrent new issue were completed on 19 December 2019, and the net proceeds from the new issue, after deducting the transaction costs, of US\$80,214,000 (equivalent to RMB561,661,000) was received by the Company on 20 December 2019. Interest expense on the 2021 Senior Notes is calculated using effective interest rate of 14.49% per annum.
- (ii) On 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$50,000,000 (equivalent to RMB348,450,000), which are consolidated and formed a single class with the US\$193,500,000 aggregate principal amount of 14% 2020 Senior Notes due 2021 issued by the Company on 19 December 2019. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$50,163,000 (equivalent to RMB349,585,000) was received by the Company on 7 January 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.20% per annum.

- (iii) On 28 October 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$13,000,000 (equivalent to RMB85,517,000), which are consolidated and formed a single class with the 14% Senior Notes due 2021 issued by the Company on 19 December 2019 and 6 January 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$13,562,000 (equivalent to RMB89,214,000) was received by the Company on 30 October 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.38% per annum.
- (iv) On 23 November 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$23,500,000 (equivalent to RMB154,586,000), which are consolidated and formed a single class with the 14% 2021 Senior Notes issued by the Company on 19 December 2019, 6 January 2020 and 30 October 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$24,691,000 (equivalent to RMB162,420,000) was received by the Company on 25 November 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.13% per annum.
- (v) On 27 January 2021, the Company entered into a placement agent agreement to issue additional 2021 Senior Notes with an aggregate principal amount of US\$13,500,000 (equivalent to RMB87,394,000), which are consolidated and formed a single class with the 14% 2021 Senior Notes issued by the Company on 19 December 2019, 6 January 2020, 30 October 2020 and 25 November 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$13,966,000 (equivalent to RMB90,378,000) was received by the Company on 1 February 2021. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.88% per annum.
- (vi) On 20 May 2021, the Company entered into a purchase agreement to issue a senior note of US\$75,000,000 (equivalent to RMB483,480,000) at par with a coupon rate of 12% per annum. The senior note was issued on 25 May 2021 and will be due in 2022. The net proceeds from the senior note, after deducting the transaction costs, of US\$73,500,000 (equivalent to RMB473,810,000) was received by the Company on 26 May 2021. Interest expense on the senior note is calculated using the effective interest rate of 13.2% per annum.

16 OTHER FINANCIAL LIABILITIES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Financial liabilities measured at amortised cost (i)		
– amount due to a non-controlling interest	784,854	–
Financial liabilities measured at FVTPL (ii)		
– contingent consideration payable	18,101	16,843
– estimated compensation payable	66,083	61,490
	84,184	78,333
	869,038	78,333

- (i) As at 30 June 2021, the amount due to a non-controlling interest with an aggregate principal amount of SGD173,498,000 (equivalent to RMB847,390,000) is unsecured, interest-bearing from 12% to 15% and repayable after one year.

- (ii) In 2019, the Group disposed its entire interest in Beijing Hydoo Yingchuang Corporate Management Company Limited, which has a direct wholly owned subsidiary of Lanzhou Hydoo Yingchuang Estate Company Limited (collectively “**Yingchuang**”) with consideration of Nil to an associate, Beijing Sunac Hydoo Corporate Management Company Limited (“**Sunac Hydoo**”), which was established by the Group, Beijing Sunac Construction Investment Real Estate Co., Ltd. (“**Sunac**”) and Mr. Yi Jiming (collectively “**Partners**”).

Pursuant to the agreement, if the Group fails to change the title of the certain purchase documents related to initial land cost to Yingchuang, the Group has to compensate Sunac Hydoo the relevant future tax expenses to be incurred. As the potential payment obligation would be measured based on future matters, it is the contingent consideration payable recorded as financial liability at FVTPL. The fair value of this contingent consideration payable at 30 June 2021 was RMB18,101,000 (31 December 2020: RMB16,843,000).

Subsequent to the completion of the disposal, Yingchuang was requested by the local government authority to pay additional land costs, and the Group agreed to compensate Sunac Hydoo for the reduction of profit due to the additional land cost of Yingchuang. The estimated compensation amount as at 30 June 2021 was RMB66,083,000 (31 December 2020: RMB61,490,000) and the Group recorded this amount as financial liabilities measured at FVTPL.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2021, the Chinese government coordinated the prevention and control of the COVID-19 Pandemic with social and economic development. The gross domestic product (“GDP”) reached approximately RMB53.2 trillion with a year-on-year increase of 12.7%. China’s economy, which has undergone the “Major Challenge” of the COVID-19 Pandemic, is gradually improving and moving forward steadily on the road to recovery, showing strong resilience and vitality.

According to the National Bureau of Statistics, with the recovery of the economy, in the first half of 2021, the sales area of commercial housing nationwide was approximately 870 million square meters (“sq.m.”) with a year-on-year increase of 27.7%, and the sales amount of commercial housing was approximately RMB9.3 trillion with a year-on-year increase of 38.9%. The national real estate development investment was approximately RMB7.2 trillion with a year-on-year increase of 15.0%. The central and local governments continue to vigorously introduce control policies to stabilize market expectations, further focus on the supplier side, and continually strengthen the real estate financial supervision in order to ensure the stable and healthy development of the real estate market.

OVERALL PERFORMANCE

Profitability

The Group’s revenue was approximately RMB2,604.3 million for the Period, representing an increase of 255.2% from approximately RMB733.2 million in the same period of 2020, the gross profit was approximately RMB573.3 million for the Period, representing an increase of 59.5% from approximately RMB359.4 million in the same period of 2020, the net profit was approximately RMB161.1 million for the Period, representing an increase of 68.2% from approximately RMB95.8 million in the same period of 2020.

Liquidity and Leverage

In the first half of 2021, the Group continued to adopt prudent financial policy and strengthen cash flow management, improve the efficiency of capital returns of projects and stringently control the cost and various expenses. As at 30 June 2021, the Group’s total cash balances amounted to approximately RMB3,207.3 million against current portion of bank loans and other borrowings and senior notes of approximately RMB2,821.0 million, which shows the cash to short-term debt ratio is 1.14. In addition, the Group’s liabilities to assets ratio excluding receipts in advance is 69.6% and the net gearing ratio is 36.7%, respectively as at 30 June 2021.

Updates on Projects in the Greater Bay Area

As at 30 June 2021, the Group is operating and following up with eleven projects in the Greater Bay Area and areas adjacent to it, with a total estimated saleable area and saleable amount of approximately 2.5 million sq.m. and RMB45.0 billion, respectively. Amongst the eleven projects, seven projects are urban renewal projects in the Greater Bay Area.

The Group closely follows the urban renewal policies and city development plans in the Greater Bay Area, and expects to achieve a full coverage of “Three Olds” 三舊 urban redevelopment – old towns, old villages and old factories. Recently, various favourable policies for urban renewal development were launched in cities in the Greater Bay Area, which are of significant importance for the development of the Group’s urban renewal projects in the Greater Bay Area. As at 30 June 2021, the Group is operating and following up with seven urban renewal projects in the Greater Bay Area with a total estimated saleable area and saleable amount of approximately 1.1 million sq.m. and RMB30.0 billion, respectively. Among the seven urban renewal projects, five of those projects (including Pingshan project in Shenzhen, Humen project in Dongguan, Dajiang project in Tangxia town of Dongguan, Dahu project in Tangxia town of Dongguan and Huahai project in Tangxia town of Dongguan) have been successfully converted into land bank, with a total estimated saleable area and saleable amount of approximately 0.35 million sq.m. and RMB14.0 billion, respectively. The aforesaid five urban renewal projects (four of them had acquired “Four Certificates”) are expected to generate sales in the fourth quarter of 2021. The other two urban renewal projects are locked in with a total estimated saleable area and saleable amount of approximately 0.75 million sq.m. and RMB16.0 billion, respectively.

In addition, the Group is also following up with several potential projects in the Greater Bay Area with a total estimated saleable amount of RMB20.0 billion.

Acceleration of Cash Receipt from the Old Projects

Regarding our old trade centres business, we proactively revitalize the assets and accelerate the turnover through various ways, including changing the land usage from commercial to residential, changing the product type from trade centres to service apartments and commercial villas with living function, co-developing with other partners, and customizing products to certain customers and so forth. As at 30 June 2021, the Group has acquired the approval for the land usage change from commercial usage to residential usage for land with site area of approximately 700,000 sq.m., which accounted for approximately 90% of the total undeveloped land in Lanzhou project, and the Group is also planning to bulk-sell all its remaining properties with gross floor area (“GFA”) of approximately 130,000 sq.m. in Ningxiang project.

BUSINESS REVIEW

Contracted Sales Performance

The Group established an efficient marketing team for constant innovation as well as improvement of marketing capabilities, and took proactive and flexible sales and pricing strategies to improve the sales. In the first half of 2021, the Group achieved contracted sales amount of approximately RMB3,049.3 million.

In the first half of 2021, the Group continued to optimize the product portfolio to increase the portion of residential products, and among the total contracted sales amount of the Group, contracted sales amount from residential properties accounted for approximately 79% (six months ended 30 June 2020: 46%).

The Group has upgraded its business strategy in the second half of 2020, and strategically focused its business layout on the Greater Bay Area. In the first half of 2021, the Group continued to strategically focus on the Greater Bay Area, and among the total contracted sales amount of the Group, contracted sales amount from the Greater Bay Area and areas adjacent to it accounted for approximately 37% (six months ended 30 June 2020: 0%).

Five new urban renewal projects acquired at the end of 2020 and during the Period in Shenzhen and Dongguan are expected to generate contracted sales amount in the fourth quarter of 2021 and are expected to result in further increase in proportion of sales growth from residential properties and in sales growth from the Greater Bay Area.

Cash collection from property sales of the Group during the Period represented over 90% of contracted sales amount of the Group in the first half of 2021.

Projects and Land Bank

The Group remained cautious in replenishing its land bank by making reference to the development of the Group, availability of land supply and its existing land bank. Under the principle of maintaining a reasonable asset scale and prudent risk management, the Group insists on investing in land resources with promising prospects and high turn-over rates in the Greater Bay Areas and areas adjacent to it, and the provincial capital cities of the Mainland China, to further enrich its land bank structure.

Maintaining adequate land bank is the foundation of the Group's sustainable growth. The Group has upgraded its business strategy in the second half of 2020, and strategically focused its business layout on the Greater Bay Area.

In the first half of 2021, the Group acquired eight projects with planned GFA of approximately 2.1 million sq.m., and an expected saleable amount of RMB25.0 billion. In terms of newly acquired land bank, approximately 76% of which locates in the Greater Bay Area and areas adjacent to it, and approximately 24% of which locates in the provincial capital cities other than the Greater Bay Area and areas adjacent to it, which reflected the Group's determination and capability in the transformation of the strategic layout to the Greater Bay Area. As at 30 June 2021, the Group had a total land bank of approximately 13.7 million sq.m.

In addition, among the Group's total land bank as at 30 June 2021, the land bank for residential usage accounting for 48% (30 June 2020: 16%). The increased proportion of land bank for residential usage was in line with the Group's new business strategy.

FINANCIAL REVIEW

Revenue

In the first half of 2021, the Group's revenue mainly generated from property development and related services and trading business, which contributed approximately 73.0% and 27.0% of the Group's total revenue for the Period, respectively. In the first half of 2021, the Group's total revenue was approximately RMB2,604.3 million, representing an increase of 255.2% from approximately RMB733.2 million in the same period of 2020, which was mainly due to an increase in recognized property sales revenue and revenue generated from the trading business. Breakdown of revenue by categories was as follows:

(1) Property Development and Related Services

In the first half of 2021, revenue generated from property development and related services was approximately RMB1,902.3 million (six months ended 30 June 2020: approximately RMB733.2 million), representing a year-on-year increase of 159.5%. It mainly comprised property sales income, property management income and commercial operating income, and among which, property sales income accounted for approximately 94.2%. As a result of the enhanced property contracted sales, and the timely delivery of property units benefit from the efficient project construction management system, the Group's property sales income for the Period achieved a large growth. In the first half of 2021, the Group's property sales income was approximately RMB1,792.8 million, representing an increase of 171.9% from approximately RMB659.4 million in the same period of 2020.

(2) Trading Business

The Group committed to develop diversified business to generate stable income and disperse operational risk, and developed the trading business in year 2020. The Group generated gross transaction amount of approximately RMB702.0 million from the trading business in the first half of 2021, which was recorded as revenue of the Group.

Cost of Sales

The Group's cost of sales mainly encompassed land cost, construction cost, cost generated from trading business, capitalized interest and government grants credited to cost of sales. In the first half of 2021, the cost of sales of the Group was approximately RMB2,030.9 million, representing an increase of 443.4% from approximately RMB373.7 million in the same period of 2020. The increase in the cost of sales was mainly due to the increase in GFA of properties delivered by the Group and the cost generated from trading business during the Period. Amongst the total cost of sales of the Group for the Period, the cost of sales for the property development and related services accounted for approximately 65.5% and the cost of sales for the trading business accounted for approximately 34.5%, and the cost of sales for the property development and related services increased approximately 255.8% from approximately RMB373.7 million for the six months ended 30 June 2020 to approximately RMB1,329.7 million for the Period.

Gross Profit and Margin

In the first half of 2021, the Group's gross profit was approximately RMB573.3 million, representing an increase of 59.5% from approximately RMB359.4 million in the same period of 2020. The increase was in line with the increase in sales of properties during the Period, and amongst the total gross profit of the Group recorded for the Period, the gross profit generated from property development and related services accounted for approximately 99.9%. The gross profit margin for property development and related services was 30.1% in the first half of 2021, which was slightly decreased compared to that recorded in 2020 (2020: 34.4%).

Other Income

In the first half of 2021, the Group's other income was approximately RMB70.2 million, representing an increase of 210.8% from approximately RMB22.6 million in the same period of 2020. The increase was mainly due to that a net gain on bargain purchase of subsidiaries of approximately RMB66.1 million was recognised by the Group during the Period.

Cost Control

In the first half of 2021, the Group continued to put emphasis on refined management, and implemented a series of measures to reduce expenses and improve efficiency. As a result, the total amount of selling and administrative expenses of the Group was approximately RMB224.4 million for the Period, representing a proportion of revenue of approximately 8.6%, whilst the proportion of total amount of selling and administrative expenses to revenue for the corresponding period of last year was approximately 27.6%.

Impairment Loss on Financial Assets Measured at Amortised Cost

In the first half of 2021, the impairment loss on financial assets measured at amortised cost was approximately RMB10.2 million, representing a decrease of 37.2% from approximately RMB16.2 million in the same period of 2020. The amount reflected the expected credit loss recognized for financial assets measured at amortised cost during the Period.

Fair Value Gain on Investment Properties

The Group's investment properties carried at fair value as at 30 June 2021 were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of surveyors.

In the first half of 2021, a fair value gain of RMB10.5 million was recognised for the existing investment properties by the Group, while a fair gain of RMB209.5 million upon the transfer and a loss of RMB5.5 million in respect of the existing investment properties was recognised in the same period of 2020 by the Group.

Finance Costs

Financial cost mainly included interest expense on bank loans, senior notes and other borrowings. In the first half of 2021, the Group's finance costs was approximately RMB173.3 million, representing a decrease of 5.2% from approximately RMB182.9 million in the same period of 2020.

Taxation

Income tax expense comprised PRC enterprise income tax, land appreciation tax and deferred taxation. The effective tax rate was 39.4% for the first half of 2021, while the effective tax rate was 54.6% for the same period of 2020.

Profitability

In the first half of 2021, the Group recorded net profit of approximately RMB161.1 million (six months ended 30 June 2020: approximately RMB95.8 million). The increase in net profit was mainly due to the increase in revenue and the effective cost control.

Liquidity and Capital Resources

In the first half of 2021, the Group's capital resources primarily included cash flow generated from business operations, cash from bank loans and other borrowings, advances from controlling shareholders, as well as issuance of senior notes in US dollar, which were used in our business operations and investment in development of projects.

The Group expects that cash flow generated from business operations and borrowings will continue to be the main sources of funds in the coming year. Therefore, the Group will continue to strengthen cash flow management, improve the efficiency of capital returns of projects and stringently control the cost and various expenses. Meanwhile, the Group will make investment only after conducting stringent scientific assessment and considering changes in policies and markets. Besides, the Group will continue to explore the opportunities to cooperate with foreign and domestic investors, in order to provide other sources of funding for the business development.

Cash Position

As at 30 June 2021, the Group's total cash balances (including pledged and restricted cash) amounted to approximately RMB3,207.3 million (31 December 2020: approximately RMB2,351.4 million). The pledged and restricted cash was mainly pledged to banks for certain mortgage facilities granted to purchasers of the Group's properties, pledged for bank loans and pledged for bills payables.

Borrowings

The Group adopts a prudent financial policy for proactive conduct of debt management and optimizing debt structure to ensure balance in financial risks and cut-down of finance costs. As at 30 June 2021, the Group had bank loans and other borrowings of approximately RMB2,354.1 million (as at 31 December 2020: approximately RMB1,310.3 million) and senior notes of approximately RMB2,367.8 million (31 December 2020: approximately RMB1,820.5 million), and financial liabilities measured at amortised cost of approximately RMB784.9 million (31 December 2020: RMB Nil) as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Repayment Period		
Repayable on demand and within one year	2,820,985	2,301,553
Repayable after 1 year but within 2 years	519,368	327,002
Repayable after 2 years but within 5 years	1,891,138	331,178
Repayable after 5 years	275,294	171,050
	<hr/>	<hr/>
Total	5,506,785	3,130,783
	<hr/> <hr/>	<hr/> <hr/>

A portion of the bank loans and other borrowings were secured by a pledge of properties and equipment, land use rights, investment properties, properties under development, completed properties held for sale and cash at bank of the Group.

Contingent Liabilities

As at 30 June 2021, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB6,090.8 million (31 December 2020: approximately RMB2,648.3 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the due registration of the mortgage interest held by the commercial bank upon the subject property; or (ii) the satisfaction of the mortgage loan by the purchaser of the property.

Commitments

Capital commitments outstanding at the end of Period contracted but not provided for in the financial statements were as follows:

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Construction and development contracts	4,849,505	2,130,295
Land agreements	544,695	1,578,273
Total	5,394,200	3,708,568

Key Financial Ratios

The following table sets out our key financial ratios as of the end of the reporting periods indicated.

	As at 30 June 2021	As at 31 December 2020
Current ratio ⁽¹⁾	1.33	1.23
Gearing ratio ⁽²⁾	22.1%	16.5%
Leverage ratio ⁽³⁾	9.2%	4.1%
Net gearing ratio ⁽⁴⁾	36.7%	13.3%
Cash to short-term debt ratio ⁽⁵⁾	1.14	1.02
Liabilities to assets ratio excluding receipts in advance ⁽⁶⁾	69.6%	65.5%

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities.
- (2) Gearing ratio is calculated by dividing bank loans and other borrowings, senior notes and other financial liabilities measured at amortised cost by total assets.
- (3) Leverage ratio is calculated by dividing bank loans and other borrowings, senior notes and other financial liabilities measured at amortised cost minus total cash by total assets.
- (4) Net gearing ratio is calculated by dividing bank loans and other borrowings, senior notes and other financial liabilities measured at amortised cost minus total cash by total equity.
- (5) Cash to short-term debt ratio is calculated by dividing total cash by current portion of bank loans and other borrowings and senior notes.
- (6) Liabilities to assets ratio excluding receipts in advance is calculated by subtracting receipts in advance (including contract liabilities) from total liabilities and dividing by total assets minus receipts in advance (including contract liabilities).

Foreign Exchange Exposure

The Group's businesses are principally conducted in Renminbi. Other than certain overseas bank deposits, interests in joint ventures, the senior notes and other borrowings denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The management will continue to closely monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Period, the Group had subscribed for 51% of the equity interests in Dongguan Bohe Industrial Investment Co., Ltd. and acquired the entire equity interests in Dongguan Xingtong Property Investment Co., Ltd.. For details, please refer to the Company's announcements dated 1 February 2021 and 22 April 2021, respectively.

Employment and Remuneration Policy

Human resource has always been the most valuable resource of the Group. In terms of the remuneration system, the Group built comprehensive value chains and diversified incentive mechanism, and formed a comprehensive remuneration system with basic salary, performance based salary, short term incentives as well as medium and long term incentives covering various businesses, which have greatly enhanced the enthusiasm of operation units and employees. The remuneration committee of the Company reviews such packages annually, or when occasion requires. The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details in relation to the share option scheme will be set out in section headed "Share Option Scheme" in the 2021 interim report of the Company to be issued in due course.

The Group also organized various culture-building activities from multiple dimensions so as to establish good channels for training and enhancement, cross-field development and remodeling for its employees. The Group firmly believes that talent is the most important corporate resource and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff. As at 30 June 2021, the Group had 1,153 employees.

OUTLOOK

In the long run, it is expected that the PRC government will continue to implement a long-term mechanism for real estate market for its steady and healthy development. Facing the new landscape of future real estate development, the Group will implement a prudent land acquisition strategy on the investment side and develop projects through cooperation, to realise complementary strengths, reduce investment risks, lower land expenditures, and ensure sufficient cash flow. On the sales side, the Group will continue to accelerate collection of sales proceeds and boost sales through proactive and flexible sales strategies to strengthen operating cash flows and ensure return on investment. On the operation side, the Group will strengthen the implementation of quality improvement strategy to greatly improve the product quality and service quality, and meanwhile, the Group will continue to apply strict cost control, which in turn will enhance product price premium and ensure the coordinated development of profitability and high quality. On the financing side, the Company will strive to actively expand financing channels, improve maturity profile and reduce financing costs.

As urbanisation continues to benefit China's real estate industry and with the ongoing advantages provided by the government's favourable policies regarding the Greater Bay Area, the Group will ride the tide of time to keep on actively exploring investment opportunities in the Greater Bay Area, grasp the potential of regional economic and industrial development and population policy, and achieve balance between the development of scale and profit enhancement in order to steadily forge ahead.

CORPORATE GOVERNANCE

Save as disclosed in the paragraphs below, the Board is of the opinion that the Company had complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules during the Period.

Following the passing away of Mr. Zhao Lihua (“**Mr. Zhao**”) on 23 December 2020, the Nomination Committee comprised only two members and did not have a chairman, which constitutes a deviation from code provision A.5.1 of the CG Code as it requires the Nomination Committee to be chaired by the chairman of the Board or an independent non-executive Director and comprising a majority of independent non-executive Directors. On 19 March 2021, with the appointment of Mr. Dai Yiyi as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee (the “**INED Appointment**”), the Company has re-complied with the requirements of relevant Listing Rules above.

Compliance with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules

Following the passing away of Mr. Zhao on 23 December 2020, the Board comprised only two independent non-executive Directors, each of the Audit Committee and the Nomination Committee comprised only two members and the Nomination Committee did not have a chairman. The Company has re-complied with the requirements of relevant Listing Rules above after the INED Appointment.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions Conducted by the Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 of the Listing Rules as the code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or its shares are prohibited from dealing in the shares of the Company during the black-out period.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results and financial report for the Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

In addition, the interim financial information for the Period has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

ADDITIONAL ISSUANCE OF 14% SENIOR NOTES DUE 2021

The Company issued 14.00% senior notes due 2021 with principal of US\$193,500,000 on 19 December 2019 (“**2021 Senior Notes**”), and additionally issued 2021 Senior Notes with principal of US\$86,500,000 during the year ended 31 December 2020. The 2021 Senior Notes are listed and traded on The Singapore Exchange Securities Trading Limited. The Company had subsequently issued additional 2021 Senior Notes with an aggregate principal amount of US\$13,500,000 during the Period. For details of the issuance of additional 2021 Senior Notes, please refer to the Company’s announcement dated 2 February 2021.

The proceeds of the 2021 Senior Notes was primarily used for the repayment of debts, financing acquisition or development of assets or property in the ordinary course of business, and general corporate purposes.

EVENTS AFTER THE REPORTING PERIOD

There were no material events affecting the Group which had taken place since 30 June 2021 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.youngogroup.com. The 2021 interim report will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

By order of the Board
Guangdong – Hong Kong Greater Bay Area Holdings Limited
WONG Choi Hing
Chairman and Executive Director

Hong Kong, 27 August 2021

As at the date of this announcement, our executive Directors of the Company are Mr. Wong Choi Hing, Mr. Zeng Yunshu, Mr. Cai Hongwen, Mr. Yang Sanming and Mr. Wang Dewen; and our independent non-executive Directors of the Company are Mr. Lam Chi Yuen Nelson, Mr. Yue Zheng and Mr. Dai Yiyi.