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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 2022**

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 2022 together with the comparative figures for the corresponding period in 2021. 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 2022

	NOTES	Six months ended June 30	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue			
Goods and services	3	469,340	1,862,162
Rental of investment properties	3	69,981	64,900
		<u>539,321</u>	<u>1,927,062</u>
Total revenue		539,321	1,927,062
Cost of sales and services		<u>(339,428)</u>	<u>(1,381,667)</u>
		199,893	545,395
Gross profit		199,893	545,395
Other income	5	3,855	2,722
Other gains and losses		2,944	22,364
Change in fair value of investment properties		40,697	24,997
Change in fair value of derivative component of convertible bonds		93,697	41,514
Selling and distribution expenses		(59,923)	(112,044)
Administrative expenses		(81,254)	(113,893)
Finance costs	6	(40,265)	(51,560)
Loss on disposal of subsidiaries, net		<u>(31,466)</u>	<u>—</u>
		128,178	359,495
Profit before tax	7	128,178	359,495
Income tax expense	8	<u>(20,936)</u>	<u>(107,411)</u>
		107,242	252,084
Profit for the period		<u>107,242</u>	<u>252,084</u>
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		6,695	440
<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		—	10,009
Deferred tax arising on change in fair value of right-of-use assets and properties under development upon transfer to investment properties		—	(2,502)
		<u>—</u>	<u>(2,502)</u>
		113,937	260,031
Total comprehensive income for the period		<u>113,937</u>	<u>260,031</u>

		Six months ended June 30	
		2022	2021
	<i>NOTES</i>	RMB'000	<i>RMB'000</i>
		(unaudited)	(unaudited)
Profit for the period attributable to:			
– Owners of the Company		119,827	208,880
– Non-controlling interests		(12,585)	43,204
		<u>107,242</u>	<u>252,084</u>
 Total comprehensive income attributable to:			
– Owners of the Company		126,522	216,827
– Non-controlling interests		(12,585)	43,204
		<u>113,937</u>	<u>260,031</u>
 EARNINGS PER SHARE			
Basic (RMB cents)	<i>10</i>	<u>2.36</u>	<u>4.11</u>
 Diluted (RMB cents)	<i>10</i>	<u>1.01</u>	<u>2.79</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

		At 30 June 2022	At 31 December 2021
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Non-current assets			
Property, plant and equipment		56,723	62,106
Investment properties		10,617,760	10,564,740
Deferred tax assets		56,373	56,373
		10,730,856	10,683,219
Current assets			
Inventories of properties		16,244,887	15,993,608
Contract costs		124,713	121,063
Trade receivables, other receivables and prepayments	<i>11</i>	1,313,026	924,345
Deposits for land use rights for properties under development for sale		105,689	105,689
Prepaid income tax		178,854	187,526
Amounts due from related companies	<i>16(c)</i>	122,071	311,644
Amounts due from non-controlling shareholders of subsidiaries	<i>16(d)</i>	561,566	559,586
Restricted/pledged bank deposits		389,367	509,164
Bank balances and cash		444,577	592,854
		19,484,750	19,305,479
Current liabilities			
Trade payables, other payables and accruals	<i>12</i>	2,202,968	2,396,604
Contract liabilities		11,251,053	10,271,377
Income tax payable		412,850	444,089
Amounts due to related companies	<i>16(c)</i>	778,055	730,337
Amount due to a director	<i>16(d)</i>	99,626	99,626
Bank and other borrowings – due within one year	<i>13</i>	1,590,330	1,798,570
		16,334,882	15,740,603
Net current assets		3,149,868	3,564,876
Total assets less current liabilities		13,880,724	14,248,095

		At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Capital and reserves			
Share capital	<i>14</i>	42,890	42,890
Reserves		<u>4,919,684</u>	<u>4,793,162</u>
Equity attributable to owners of the Company		4,962,574	4,836,052
Non-controlling interests		<u>257,024</u>	<u>269,609</u>
Total equity		<u>5,219,598</u>	<u>5,105,661</u>
Non-current liabilities			
Amount due to a related company	<i>16(c)</i>	443,750	443,750
Debt component of convertible bonds		375,862	344,973
Derivative component of convertible bonds		12,983	102,071
Promissory note		482,669	455,357
Deferred tax liabilities		1,403,542	1,389,621
Bank and other borrowings – due after one year	<i>13</i>	<u>5,942,320</u>	<u>6,406,662</u>
		<u>8,661,126</u>	<u>9,142,434</u>
		<u>13,880,724</u>	<u>14,248,095</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2008, 20th Floor, 118 Connaught Road West, Hong Kong respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are engaged in property development, and holding of properties for investment and rental purposes in the People’s Republic of China (“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 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 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendment to AG5	Merger Accounting for Common Control Combinations
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018 - 2020 Cycle

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

Segments	For the six months ended 30 June 2022 (unaudited)		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or service			
Sales of properties	461,548	–	461,548
Property management and related fee income	–	7,792	7,792
Revenue from contracts with customers	461,548	7,792	469,340
Rental income	–	69,981	69,981
	<u>461,548</u>	<u>77,773</u>	<u>539,321</u>
Geographical market			
Mainland China	<u>461,548</u>	<u>77,773</u>	<u>539,321</u>
Timing of revenue recognition			
At point in time	461,548	–	461,548
Over time	–	7,792	7,792
	<u>461,548</u>	<u>7,792</u>	<u>469,340</u>

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

Segments	For the six months ended 30 June 2022 (unaudited)		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue disclosed in segment information			
External customer	461,548	77,773	539,321
Less: rental income	–	(69,981)	(69,981)
Revenue from contracts with customers	<u>461,548</u>	<u>7,792</u>	<u>469,340</u>

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>
Types of goods or service			
Sales of properties	1,857,001	–	1,857,001
Property management and related fee income	–	5,161	5,161
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>
Geographical market			
Mainland China	<u>1,857,001</u>	<u>70,061</u>	<u>1,927,062</u>
Timing of revenue recognition			
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:

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>
Revenue disclosed in segment information			
External customer	1,857,001	70,061	1,927,062
Less: rental income	–	(64,900)	(64,900)
Revenue from contracts with customers	<u>1,857,001</u>	<u>5,161</u>	<u>1,862,162</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 2022 (unaudited)		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
External sales	461,548	77,773	539,321
Segment profit	<u>41,498</u>	<u>33,177</u>	<u>74,675</u>
Other income			60
Other gains and losses			2,944
Change in fair value of derivative component of convertible bonds			93,697
Unallocated corporate expenses			(3,458)
Finance costs			<u>(39,740)</u>
Profit before tax			<u>128,178</u>

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>
Segment revenue			
External sales	1,857,001	70,061	1,927,062
Segment profit	<u>247,586</u>	<u>88,937</u>	<u>336,523</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>359,495</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 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Property development	19,514,482	19,311,816
Property investment	<u>10,687,621</u>	<u>10,671,468</u>
Total segment assets	30,202,103	29,983,284
Unallocated assets:		
Bank balances and cash	2,006	2,508
Other unallocated assets	<u>11,497</u>	<u>2,906</u>
Consolidated assets	<u><u>30,215,606</u></u>	<u><u>29,988,698</u></u>

Segment liabilities

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Property development	21,672,952	21,672,314
Property investment	<u>2,396,211</u>	<u>2,243,191</u>
Total segment liabilities	24,069,163	23,915,505
Unallocated liabilities:		
Debt component of convertible bonds	375,862	344,973
Derivative component of convertible bonds	12,983	102,071
Promissory note	482,669	455,357
Other unallocated liabilities	<u>55,331</u>	<u>65,131</u>
Consolidated liabilities	<u><u>24,996,008</u></u>	<u><u>24,883,037</u></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 2022 and 2021, 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 2022 and 2021.

5. OTHER INCOME

	Six months ended 30 June	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Interest income from financial assets at amortised cost:		
Bank interest income	1,606	1,806
Government grants	708	99
Others	1,541	817
	<u>3,855</u>	<u>2,722</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interests on bank and other borrowings	302,619	365,618
Effective interests on convertible bonds	17,216	15,757
Effective interests on promissory note	22,524	21,789
Interests on contract liabilities	3,429	40,319
Interests on amount due to a related company	24,435	20,297
Interests on lease liabilities	—	8
	<hr/>	<hr/>
Total borrowing costs	370,223	463,788
Less: amounts capitalised on qualifying assets	(329,958)	(412,228)
	<hr/>	<hr/>
	40,265	51,560
	<hr/> <hr/>	<hr/> <hr/>

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.18% (six months ended 30 June 2021: 7.02%) per annum to expenditure on qualifying assets.

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	1,815	1,650
Other staff costs		
Staff salaries and allowances	44,161	80,793
Retirement benefit contributions	5,275	3,634
	<hr/>	<hr/>
	49,436	84,427
	<hr/>	<hr/>
Cost of inventories recognised as an expense	321,708	1,380,183
Depreciation of property, plant and equipment	5,737	3,687
Depreciation of right-of-use assets	—	12,028
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Current tax:		
Enterprise Income Tax (“EIT”) in the PRC	375	70,481
Land Appreciation Tax (“LAT”) in the PRC	<u>6,641</u>	<u>24,968</u>
	7,016	95,449
Underprovision in prior years:		
EIT in the PRC	–	342
Deferred tax	<u>13,920</u>	<u>11,620</u>
	<u><u>20,936</u></u>	<u><u>107,411</u></u>

Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2021: 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 (six months ended 30 June 2021: Nil).

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 2021: 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 2022, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2021: Nil).

10. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to owners of the Company	119,827	208,880
Effect of dilutive potential ordinary shares on convertible bonds	<u>(55,836)</u>	<u>(32,264)</u>
Earnings for the purpose of diluted earnings per share	<u>63,991</u>	<u>176,616</u>

Number of shares

	Six months ended 30 June	
	2022 '000 (unaudited)	2021 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,088,208	5,087,208
Effect of dilutive potential ordinary shares:		
Convertible bonds	1,213,592	1,213,592
Share options	<u>6,020</u>	<u>26,100</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>6,307,820</u>	<u>6,326,900</u>

For the six months ended 30 June 2022, 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 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 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
0 – 30 days	6,511	1,750
31 – 90 days	7,122	169
Over 90 days	17,451	18,081
	31,084	20,000

As at 30 June 2022, other receivables and prepayments mainly included RMB501,146,000 (31 December 2021: RMB302,042,000) of prepaid construction cost and deposits paid for construction work and RMB414,829,000 (31 December 2021: RMB475,603,000) of other tax prepayment mainly represented prepaid value added tax and other taxes (excluding EIT and LAT).

12. TRADE PAYABLES, 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 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Trade payables		
Unbilled	168,873	229,481
0 – 30 days	113,748	214,393
31 – 90 days	94,527	64,186
91 – 365 days	163,498	113,129
Over 1 year	242,518	256,739
	783,164	877,928

As at 30 June 2022, other payables and accruals mainly included deposits received from tenants, other tax payables and accrued construction costs of RMB886,199,000 (31 December 2021: RMB796,038,000).

13. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings amounting to RMB526,500,000 (six months ended 30 June 2021: RMB3,166,000,000) and repaid bank and other borrowings amounting to RMB1,199,081,000 (six months ended 30 June 2021: RMB2,488,892,000). These bank and other borrowings carry interest at fixed rate ranged from 4.50% to 13.00% (six months ended 30 June 2021: 4.50% to 13.00%) and are repayable in instalments over periods of 1 to 10 years (six months ended 30 June 2021: 1 to 11 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 2022 '000	At 31 December 2021 '000	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Authorised				
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
Issued and fully paid				
At the beginning of period/year	5,088,208	5,087,208	42,890	42,881
Exercise of share options	—	1,000	—	9
At the end of period/year	5,088,208	5,088,208	42,890	42,890

15. FINANCIAL GUARANTEE

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Guarantees given in favour of banks for:		
Mortgage facilities granted to customers of the Group's properties (note a)	6,245,533	6,237,297
Guarantees given to banks in connection with loan facilities granted to related companies (note b)	878,800	896,600
Guarantees given to banks in connection with loan facilities granted to third parties (note c)	<u>237,242</u>	<u>270,000</u>
	<u><u>7,361,575</u></u>	<u><u>7,403,897</u></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, 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, 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	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Fujian Sandi Real Estate Development Co., Ltd. <i>(note)</i>	Rental income received	120	120
	Interest expense	24,435	20,297
Primary Partner International Limited <i>(note)</i>	Interest expense	39,740	37,546
		<u>39,740</u>	<u>37,546</u>

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 RMB3,663,000,000 (31 December 2021: RMB4,179,370,000).
- (c) Except for the amount due to a related company of RMB443,750,000 (31 December 2021: RMB443,750,000) which is non-trade related, unsecured, interest-bearing ranged from 9% to 12% (31 December 2021: 9% to 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 2022 was approximately RMB539.3 million, representing a decrease of approximately 72.0% as compared to approximately RMB1,927.1 million for the corresponding period in 2021.
- Gross profit for the six months ended 30 June 2022 was approximately RMB199.9 million, representing a decrease of approximately 63.3% as compared to approximately RMB545.4 million for the corresponding period in 2021.
- Profit for the six months ended 30 June 2022 was approximately RMB107.2 million, representing a decrease of approximately 57.5% as compared to approximately RMB252.1 million for the corresponding period in 2021.
- Profit attributable to owners for the six months ended 30 June 2022 was approximately RMB119.8 million, representing a decrease of approximately 42.6% as compared to approximately RMB208.9 million for the corresponding period in 2021.
- Contracted sales amount of the Group for the six months ended 30 June 2022 amounted to approximately RMB1,287.6 million, representing a decrease of approximately 48.1% as compared to approximately RMB2,483.1 million for the corresponding period in 2021.
- Contracted sales gross floor area (“GFA”) was approximately 136,302 square meters (“sq.m.”) for the six months ended 30 June 2022, representing a decrease of approximately 41.8% as compared to approximately 234,062 sq.m. for the corresponding period in 2021.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

BUSINESS REVIEW

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

Property development

As at 30 June 2022, the Group had 19 property projects under development which are situated in different cities in the PRC, including key cities such as Shanghai, Fuzhou, Xian, Baoji and Hangzhou. The Group primarily focuses on the development of residential properties, as well as residential and commercial complex properties, product types including apartments, offices, retail shops and villas, etc.

Contracted property sales

During the six months ended 30 June 2022, the Group achieved contracted sales of approximately RMB1,287.6 million with contracted GFA of approximately 136,302 sq.m., representing a decrease of approximately 48.1% in contracted sales and approximately 41.8% in contracted GFA in comparison with the corresponding period in 2021. The decrease in contracted sales is mainly influenced by the COVID-19 epidemic in the first half of 2022.

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 2022:

Property sales

Property projects	Type	Contracted sales amount 30/6/2022 RMB'000	Contracted GFA (sq.m.) 30/6/2022	Average	Percentage	Group interest %
				selling price of contracted sales RMB/sq.m. 30/6/2022	of total contracted sales amount	
Shanghai						
Sandi Manhattan	Commercial	140,230	4,074	34,421	10.9	100
Zhejiang Province						
Sandi Yasong Meizhu	Residential	220,293	15,017	14,520	17.1	100
Shaanxi Province						
Sandi Century New City	Residential/Commercial	145,515	19,620	7,048	11.3	100
Sandi Jinyu Bowan	Residential/Commercial	125,582	24,459	5,134	9.8	51
Sandi Bahe Yihao	Residential	98,460	6,594	14,932	7.6	70
Sandi Jinyunfu	Residential	95,484	16,186	5,899	7.4	51
Sandi Yunding Fengdan	Residential/Commercial	73,799	16,613	4,442	5.7	100
Sandi Jinyu Gaoxin	Residential	44,335	8,513	5,208	3.4	100

Property projects	Type	Contracted sales amount 30/6/2022 RMB'000	Contracted GFA (sq.m.) 30/6/2022	Average	Percentage	Group interest %
				selling price of contracted sales 30/6/2022 RMB/sq.m.	of total contracted sales amount	
Fujian Province						
Wuyishan Sandi New Times Square	Residential/Commercial	107,082	5,312	20,065	8.3	60
Sandi Yunqitai	Residential	100,740	10,322	9,760	7.8	51
Sandi Jinyu Yunjing	Residential	78,919	5,653	13,961	6.1	100
Sandi Jinyu Yunyue	Residential	21,288	1,535	13,868	1.7	100
Others	Residential/Commercial	<u>35,861</u>	<u>2,404</u>	13,484	<u>2.9</u>	
Total		<u>1,287,588</u>	<u>136,302</u>	10,766	<u>100</u>	
Attributable to the Group		<u>1,051,953</u>	<u>106,694</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 2022:

Property Development

Property projects	Expected completion (year)	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.			
Shaanxi Province							
Sandi Century New City	2022	169,923	949,751	57,459	132,864	–	100
Sandi Jinyu Gaoxin	2023	65,157	–	–	178,508	–	100
Qujiang Xiangsong Fengdan • Xian Sandi	2022	124,304	240,290	40,035	153,948	–	100
Sandi Yunding Fengdan	2023	52,870	43,334	–	87,345	–	100
Sandi Bahe Yihao	2024	134,723	–	–	426,176	–	70
Sandi Jinyu Bowan	2023	59,789	–	–	99,573	–	51
Sandi Jinyunfu	2023	40,592	–	–	77,331	–	51
Fujian Province							
Wuyishan Sandi New Times Square	2024	168,669	65,673	13,707	86,761	–	60
Sandi Jiangshan Waterfront	2023	310,176	10,525	–	215,010	40,086	100
Sandi Xishanyuan	2023	177,010	–	–	96,449	–	100
Sandi Yungu Fengdan	2022	57,813	–	–	115,772	–	51
Sandi Fengdan Yazhu	2022	58,169	–	–	136,815	–	100
Sandi Yasong Fengdan Garden	2023	38,539	–	–	39,825	–	100
Sandi Yunqitai	2023	60,928	–	–	96,879	–	51
Sandi Jinyu Yunjing	2023	29,332	–	–	67,193	–	100
Sandi Jinyu Yunyue	2023	17,386	–	–	15,383	–	100

Property projects	Expected completion (year)	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.			
Zhejiang Province							
Sandi Fengdan Yaju	2023	27,491	–	–	54,769	–	100
Sandi Yasong Meizhu	2024	37,252	–	–	66,090	–	100
Shanghai							
Sandi Manhattan	2023	104,251	145,097	72,963	120,280	–	100
Total		<u>1,734,374</u>	<u>1,454,671</u>	<u>184,164</u>	<u>2,266,971</u>	<u>40,086</u>	
Attributable to the Group		<u>1,519,120</u>	<u>1,428,402</u>	<u>178,681</u>	<u>1,913,532</u>	<u>40,086</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(s) 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”, “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.. Gaoxin District is the fourth commercial district in Fuzhou City and Yasong Fengdan is close to 117 County Road, Qishan Avenue and Gaoxin Avenue, the central area of Gaoxin 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 RMB715.5 million was recorded from the pre-sales day up to 30 June 2022.

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 intersection of Gongye Road and Xi’niu 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 RMB287.0 million was recorded from the pre-sales day up to 30 June 2022.

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 RMB861.2 million was recorded from the pre-sales day up to 30 June 2022.

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 RMB371.3 million was recorded from the pre-sales day up to 30 June 2022.

Zhejiang Province

Sandi Yasong Meizhu

Sandi Yasong Meizhu (“Yasong Meizhu”) is located in Qiantang.

New District, Hangzhou City, Zhejiang Province. Qiantang New District is one of the high-speed developing area in Hangzhou City, which is a “Pudong New Area” of Hangzhou planned by the government.

Yasong Meizhu is 12 kilometers from Hangzhou Xiaoshan Airport. Nearby Yasong Meizhu, there are two metro lines in construction and is planning to have a high-speed railway station. In addition, there are national wetland park, commercial areas, school and hospital nearby Yasong Meizhu.

Yasong Meizhu is a privileged quality project of the Group, and planned to be developed into 11 high-rise apartment buildings. The project has been launched for pre-sales in November 2021. The contracted sales amount of approximately RMB292.8 million were recorded from the pre-sales day up to 30 June 2022.

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 approximately 104,251 sq.m.. Sandi Manhattan is a mixed-use development complex, including offices, shopping malls and hotels.

Hyatt Regency Shanghai Songjiang (“Hyatt Regency”) and Shanghai Sandi Xintiandi (“Sandi Xintiandi”), the projects of Sandi Manhattan, opened in July and December 2021, respectively.

Hyatt Regency, an international 5-star hotel, belongs to one of the major investment properties of the Group in Sandi Manhattan. Hyatt Regency is located at the core area of Songjiang New Town International Ecology Business District and provides privileged services to guests. It 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.

Sandi Xintiandi is also located at the core area of Songjiang New Town International Ecology Business District. It is the first ecology semi-open commercial complex project, with approximately 170,000 sq.m. GFA. The contracted sales amount of approximately RMB1,373.8 million were recorded from the pre-sales day up to 30 June 2022.

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 2022, the Group had quality land bank amounting to a total GFA of approximately 2,529,000 sq.m., of which approximately 2,162,000 sq.m. were attributable to the owners of the Company.

The table below summaries the land bank by location as at 30 June 2022:

Land bank

Location	Total GFA	Attributable
	(‘000 sq.m.)	GFA (‘000 sq.m.)
Shannxi Province	1,266	1,052
Fujian Province	948	796
Zhejiang Province	121	121
Shanghai	193	193
Total	<u>2,529</u>	<u>2,162</u>

Property investment

During the six months ended 30 June 2022, the Group recognised rental income and property management and related fee income of approximately RMB77.8 million (six months ended 30 June 2021: approximately RMB70.1 million), which is mainly generated by two furniture malls situated in Fuzhou and Baoji. The Group's investment properties also included hotels, kindergartens, commercial and office premises, all of which were located in the PRC and provided a stable income stream to the Group.

Set out below are the major investment properties held by the Group as at 30 June 2022:

Location	Existing/ Intended use(s)	Approximate GFA sq.m.	Group's interest %
Completed investment properties			
Fujian Province			
Sandi Furniture Plaza, No. 173 Gongye Road, Yizhou Street, Taijiang District, Fuzhou City	Shopping Mall	113,252	100%
Fuzhou Sandi Chuangfu Square Zone B, Fuxia Road, Cangshan District, Fuzhou City	Commercial/Hotel	48,713	100%
Various blocks, Sandi Kaixuan Fengdan, No. 202 Minjiang Avenue, Cangshan District, Fuzhou City	Commercial/Hotel	13,477	100%
Shaanxi Province			
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	12,248	100%

Location	Existing/ Intended use(s)	Approximate GFA sq.m.	Group's interest %
Jinjiang Inn, Block No. 18, No. 8 Bao Guo Road, Jintai District, Baoji City	Hotel	7,094	100%
Shanghai			
Lot N5, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/Hotel	61,434	100%
Lot N11, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial	26,071	100%
Investment properties under construction			
Fujian Province			
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%
Shanghai			
Lot N6, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/Hotel	117,629	100%
Zhejiang Province			
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 2022, the national real estate market experienced unprecedented challenges due to repeated epidemics in many places, with the scale of sales of commercial properties declining. At the same time, the external environment for China's economic operation remains severe and complex, and the downward pressure on the economy has increased, making "stable real estate" very important to "stable economy".

Since this year, the central government and various ministries and commissions have frequently released positive signals, and local policies have been fully implemented around the city, with nearly 500 of policies optimization in the first half of the year, a record high for the same period in history. With the gradual weakening of the impact of the epidemic and the continued emergence of policy effects, the sales in key cities have increased since May 2022, and the market has rebounded from the bottom. Looking ahead, it is expected that policies conducive to the stable and healthy development of the real estate industry will continue to be introduced and the real estate market will gradually recover steadily. The Group will keep abreast of policy changes, grasp changes in the market cycle and adjust its marketing strategies to promote sales returns. We will seize the opportunity of the new round of market restart, make scientific decisions, identify potential regions and cities, seize structural opportunities and enhance our product and service strength to achieve steady development.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The Group's revenue is primarily derived from property sales, which contributed approximately 85.6% of the revenue for the six months ended 30 June 2022. The table below sets forth the breakdown of the Group's revenue by operating segment as indicated:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property sales	461,548	85.6	1,857,001	96.4
Property investment	77,773	14.4	70,061	3.6
	539,321	100.0	1,927,062	100.0

Revenue from property sales

The Group's revenue from property sales decreased to approximately RMB461.5 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RMB1,857.0 million).

The table below summarises the revenue from property sales for the six months ended 30 June 2022:

Property projects	Type	30/6/2022	30/6/2022	30/6/2022	Percentage of total amount
		Sales revenue RMB'000	GFA sold sq.m.	Average price per sq.m. RMB/sq.m.	
Shanghai					
Sandi Manhattan	Commercial	240,690	8,032	29,966	52.1
Shaanxi Province					
Sandi Yunding Fengdan	Residential/Commercial	183,556	43,298	4,239	39.8
Others	Residential/Commercial	37,302	2,220	13,882	8.1
Total		461,548	53,550	8,498	100.0

Notes:

- i. Sales revenue amount and the calculation of average selling price are based on the sales revenue after the deduction of business/value-added tax and other surcharges/taxes.
- ii. 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 RMB77.8 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RMB70.1 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 decreased to approximately RMB321.7 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RMB1,380.2 million). The decrease was primarily attributable to the decrease in the total GFA of properties.

Change in fair value on investment properties

For the six months ended 30 June 2022, the Group recognised a net fair value gain of approximately RMB40.7 million on its investment properties (six months ended 30 June 2021: approximately RMB25.0 million).

Change in fair value of derivative components of convertible bonds

During the six months ended 30 June 2022, the Group recognised a fair value gain of approximately RMB93.7 million (six months ended 30 June 2021: fair value gain of approximately RMB41.5 million) on the derivative components 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 components of the convertible bonds represented the conversion option to convert into shares (the “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 changes in fair value recognised in profit or loss.

Other gains and losses

Other gains and losses for the six months ended 30 June 2022 mainly represented net exchange loss of approximately RMB2.9 million (six months ended 30 June 2021: net exchange gains of approximately RMB14.4 million and impairment loss reversed in respect of other receivables of approximately RMB8.1 million).

Selling and distribution expenses

The Group’s selling and distribution expenses decreased by approximately RMB52.1 million from approximately RMB112.0 million for the six months ended 30 June 2021 to approximately RMB59.9 million for the six months ended 30 June 2022. The decrease was mainly due to contracted sales decreased during the six months 30 June 2022.

Administrative expenses

The Group’s administrative expenses decreased by approximately RMB32.6 million from approximately RMB113.9 million for the six months ended 30 June 2021 to approximately RMB81.3 million for the six months ended 30 June 2022. The decrease was primarily attributable to the overall decrease in staff cost.

Finance costs

Finance costs consist of interest expenses on bank and other borrowings, convertible bonds, promissory note, contract liabilities and lease liabilities. The finance costs amounted to approximately RMB40.3 million (six months ended 30 June 2021: approximately RMB51.6 million) for the six months ended 30 June 2022. The decrease in finance cost was attributable to contract liabilities.

Income tax expense

Income tax expense mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately RMB20.9 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RMB107.4 million). The substantial decrease was mainly attributable to the recognised revenue decreased during the six months ended 30 June 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had bank and other borrowings of approximately RMB7,532.6 million denominated in RMB (31 December 2021: approximately RMB8,205.2 million denominated in RMB) and other debts comprising convertible bonds, promissory note and amount due to a related company in total amount to approximately RMB1,315.3 million denominated in HK\$ and RMB (31 December 2021: approximately RMB1,346.2 million denominated in HK\$ and RMB). As at 30 June 2022 and 31 December 2021, 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 RMB1,590.3 million and RMB5,942.3 million respectively (31 December 2021: approximately RMB1,798.6 million and RMB6,406.6 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 2022, the Group had cash and cash equivalents of approximately RMB444.6 million (31 December 2021: approximately RMB592.9 million) which were mainly denominated in HK\$ and RMB.

As at 30 June 2022, the gearing ratio for the Group was approximately 161.0% (31 December 2021: approximately 175.5%), 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 RMB8,403.3 million (31 December 2021: approximately RMB8,958.5 million) over the total equity of approximately RMB5,219.6 million (31 December 2021: approximately RMB5,105.7 million). The debt ratio was approximately 82.7% (31 December 2021: approximately 83.0%), 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 2022, the Group's net current assets amounted to approximately RMB3,149.9 million (31 December 2021: approximately RMB3,564.9 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to approximately 119.3% (31 December 2021: 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 debt.

CAPITAL STRUCTURE

The capital structure of the Group and fund raising activities during the six months ended 30 June 2022 are summarised as follows:

(i) Bank and other borrowings

As at 30 June 2022, the Group had bank and other borrowings of approximately RMB7,532.6 million (31 December 2021: approximately RMB8,205.2 million), of which approximately RMB1,590.3 million are repayable within one year and approximately RMB5,942.3 million are repayable beyond one year. The Group's bank and other borrowings bears 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 2022 and 31 December 2021, the Company had a 5-year promissory note (the "Promissory Note") with principal amount to HK\$600 million issued to Mr. Guo, 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 fall 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 2022.

(iii) Convertible bonds

As at 30 June 2022 and 31 December 2021, the Company had a 5-year convertible bonds (the "CB") with principal amount to HK\$500 million to Primary Partner, which is wholly-owned by Mr. Guo, 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 Shares, with a 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 2022.

(iv) Amount due to a related company

As at 30 June 2022 and 31 December 2021, Nanping Sandi Yungu Real Estate Development Co., Limited ("Nanping Sandi Yungu"), an indirectly owned subsidiary of the Company, had a 3-year borrowing with principal amount of RMB233.75 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.

As at 30 June 2022 and 31 December 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.

As at 30 June 2022 and 31 December 2021, Wuyishan Gaojia Real Estate Development Co., Limited, a subsidiary of the Company, had a 2-year borrowing with principal amount of RMB32.0 million, from Fujian Sandi. Interest is payable monthly with interest of 9% per annum.

There is no early repayment of the borrowings requested by Fujian Sandi during the six months ended 30 June 2022.

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 2022.

The Group had no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2022 and up to the date of this announcement.

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2022, 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 RMB19,665.8 million (31 December 2021: approximately RMB22,182.3 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 purchasers of the Group's properties. As at 30 June 2022, the Group provided guarantees for mortgage loans in an amount of approximately RMB6,245.5 million (31 December 2021: approximately RMB6,237.3 million) to banks in respect of such agreements. Certain subsidiaries of the Group have provided corporate guarantees of approximately RMB878.8 million (31 December 2021: approximately RMB896.6 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 had also provided corporate guarantees amounting to approximately RMB237.2 million (31 December 2021: approximately RMB270.0 million) to certain financial institutions in respect of loan facilities granted to certain independent third parties during the six months ended 30 June 2022.

COMMITMENTS

As at 30 June 2022, the Group had commitments in respect of investment properties, properties under development, properties for sales and land use rights amounted to approximately RMB1,102.8 million (31 December 2021: approximately RMB1,098.4 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 holdings companies is HK\$. The functional currency of its principal operating subsidiaries in the PRC is RMB. As at 30 June 2022, 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 2022, 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 2022, the Group employed a total of 417 employees (31 December 2021: 490 employees) of which 415 employees (31 December 2021: 488 employees) were hired in the PRC and 2 employees (31 December 2021: 2 employees) in Hong Kong. Total remuneration paid to the employees for the six months ended 30 June 2022 amount to approximately RMB49.4 million (six months ended 30 June 2021: approximately RMB84.4 million). In addition to competitive remuneration package offered to the employees, the Group also provided 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 2022.

PURCHASE, REDEMPTION OR SALE OF LISTING SECURITIES BY THE COMPANY

During the six months ended 30 June 2022, 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 2022 and up to date of this announcement, the Company has complied with the CG Code except for the following deviation:

Code Provision C.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 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.

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 STATEMENT

The Company has established an 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 comprised Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Lam Wai Fung, Dominic 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 six months ended 30 June 2022, 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) and the Company (www.chinasandi.com.cn). The interim report of the Company for the six months ended 30 June 2022 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, 30 August, 2022

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.