

Stock Code : 726



DIT Group Limited
(Incorporated in Bermuda with limited liability)

INTERIM REPORT
2022

A LEADING INTEGRATED
SERVICE PROVIDER IN
SMART BUILDING



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. LIU Weixing (*Chairman*)
Mr. GUO Weiqiang (*Chief Executive Officer*)
Ms. WANG Jing

Non-executive Director

Ms. WU Wallis (alias LI Hua)
Mr. WANG Jun
Mr. GUO Jianfeng (appointed on 7 January 2022)

Independent Non-executive Directors

Mr. JIANG Hongqing
Mr. LEE Chi Ming
Mr. MA Lishan

Board Committees

Audit Committee

Mr. LEE Chi Ming (*Chairman*)
Mr. JIANG Hongqing
Mr. MA Lishan

Nomination Committee

Mr. LIU Weixing (*Chairman*)
Mr. JIANG Hongqing
Mr. LEE Chi Ming

Remuneration Committee

Mr. JIANG Hongqing (*Chairman*)
Mr. LIU Weixing
Mr. LEE Chi Ming

Company Secretary

Mr. TSANG Ho Pong

Authorised Representatives

Mr. GUO Weiqiang
Mr. TSANG Ho Pong

Registered Office

Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM 10, Bermuda

Principal Place of Business in the PRC

10 Zhongshi Road, Changsha City
Hunan Province, the PRC

Head office and Principal Place of Business in Hong Kong

Room 7707-7708
77th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Legal Advisor

O'Melveny & Myers
(as to Hong Kong Law)

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited
The Bank of China Limited

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke, HM08
Bermuda

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited
(the "Stock Exchange"): 00726

Website

<http://dit.aconnect.com.hk>

Shareholders' Information

Share listing

The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited

Ordinary Share (as at 30 June 2022)

Shares outstanding: 3,102,400,730 shares
Nominal value: HK\$0.40 per share

DIT Group Limited (hereinafter referred to as “the Company”, together with its subsidiaries, collectively, “the Group”) (stock code: 726HK) is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The Group positions itself as a leading service provider of comprehensive and integrated solutions to intelligent buildings as well as an innovative high-tech enterprise engaging in the ecological chain construction of intelligent buildings and we are the first listed company in the prefabricated construction industry. The Group is mainly engaged in the business of modernization of construction industry and prefabricated construction business encompassing a wide coverage ranging from the research and development as well as operation of prefabricated construction technology, the expansion and operation of intelligent prefabricated construction plants to the manufacture of precast components for prefabricated construction.

The key mission of the Group lies in the provision of both green buildings and the comprehensive solutions to urban households whereas the Group is dedicated to the strategic business layout in the geographical locations nationwide with seizure of the advantages of industrialization of the construction industry in China during the golden era of ten years to achieve such industrialization, informationalization and technologicalization of the construction industry with the leverage of technology collaborations among various parties so as to elicit the unprecedented huge transformation of the traditional construction industry in China with such a shift from the mode of “building conventions” to that of “precast components + on-the site prefabrication”.

The core values of the Group of “the establishment of our business with sophistication and delicacy in our products based on the justified conscientiousness and consciousness of the farreaching expansion of our business with our mutual respect for any contribution and input for a shared experience in growth of our business prosperity” together with our unwavering motto “to create a promising life with intelligence” facilitate the upgrade and transformation with modernization of the construction industry. With our commitment to the creation of the largest modernized operating platform of the construction industry in China, we strive to give shape to the new construction industry which is environmentally friendly, highly efficient and at top quality by the process of informationalization with the seamless combination of technology and building. The Group, with its business location layout which is strategized to the smart digitalized plants across various provinces and municipalities directly administered by the central government in China, is the enterprise equipped with the most smart production lines. With the integration of the world’s first business mode of Engineering, Manufacture, Procurement, and Construction (“EMPC”) as exclusively innovated by its parent company, the Company’s technology and its products receive a great variety of approvals from the communities and the clients.



CORPORATE PROFILE *(Continued)*

With the consistent adherence persevered by the Group to its development strategy of “Top Priority for Leading Edge of Technology”, the Group is equipped with the five most advanced core technology systems specific to the industry of prefabrication construction in the world with the Group’s possession of a plenitude of core technologies ranging from Building Information Modeling (“BIM”) in the context of intelligent building construction, the Internet of Things, Big Data to artificial intelligence. The number of the Company’s patents has been continuously securing top-ranked in the prefabricated construction industry. The Company’s scientific research institutes include the one and the only one research centre at provincial level for the engineering projects specific to the industry as well as the scientific research platforms such as the demonstration enterprise models of intelligent manufacturing and the production bases for the national-level prefabricated construction industry.

The Group is determined to assist in the realization of the safer, more comfortable and smarter living experiences for the people in general by virtue of continuing technological innovation with an aim to culminate in an ever more open ecological system for intelligent buildings.

Dear Shareholders,

On behalf of the board of directors, I am pleased to report the unaudited consolidated results of the Group and present a business review for the six months ended 30 June 2022 (the "Reporting Period").

In the first half of 2022, with the domestic pandemic spreading in many places, the global economic growth continued to slow down, and inflation soared. However, China's economy withstood the pressure and rose to the challenge. The gross domestic product in China increased by 2.5% year-on-year, showing a strong resilience again. In terms of real estate, the GFA of commodity houses sold across China was 689.23 million square meters, a year-on-year decrease of 22.2%; the sales amount was RMB6,607.2 billion, a year-on-year decrease of 28.9%. The downward adjustment of the real estate market has also brought a certain impact to the construction industry.

However, we are also pleased to see that China is continuing to vigorously develop green and low-carbon industries, and various favourable policies have been introduced intensively. From January to June 2022, 31 provinces, municipalities and autonomous regions across China issued a total of 83 policies related to prefabricated buildings. "Pursue carbon peaking and carbon neutrality plans in an orderly manner" was set out in the government work report, which was also the second year in a row that China has formally included the "dual carbon" work in the government work report after it clearly put forward the goal of "carbon peaking and carbon neutrality". In July 2022, the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission issued the Implementation Plan for Carbon Peaking in Urban-Rural Development, proposing that, by 2030, prefabricated buildings would account for 40% of new urban buildings that year. The central government and local governments will further encourage and support the industrialization and intelligent transformation of construction, and the prefabricated construction industry will also usher in a golden period of development, bringing a huge growth potential to the Group.

With the support of favourable policies, the Group made every effort to overcome the adverse effects of the global pandemic and the intertwined and superimposed changes of the century, and broke through against the trend. For the six months ended 30 June 2022, the Group achieved sales revenue of approximately HK\$825.9 million, a year-on-year increase of approximately 39.1%. Its gross margin was approximately HK\$198.2 million, a year-on-year increase of approximately 16.7%.

The The business setup in key regions was strengthened key regions was deepened, and PC production capacity was steadily increased. The Group has so far built up 21 PC factories and 1 Decoration Industrial Park across China, with a design capacity of 1.41 million cubic meters. Among them, 3 factories (Ruyang, Queshan and Wuhan) were newly put into operation in the first half of 2022.



CHAIRMAN'S STATEMENT *(Continued)*

At the same time, the Group further strengthened its setup in regions with polices in place and better market prospects. In the future, Hainan, Tianjin, the Yangtze River Delta, the Greater Bay Area and other regions of China will continue to provide a vast space for growth to the Group. Especially in the Greater Bay Area, the Group's market share continued to maintain its leading position and its competitive advantage was obvious. Huizhou factory even obtained the "Quality Scheme for the Production and Supply of Concrete" certification issued by the Hong Kong Quality Assurance Agency. Its component products can be directly supplied to construction projects in Hong Kong.

The Group continued to focus on technology genes and has achieved several breakthroughs in research and development. With technological innovation as an inexhaustible driving force for corporate development, the Group continued to increase investment in scientific research. As of 30 June 2022, the total number of prefabricated building technology patents has reached 1,912, so that the Group continued to lead the industry in terms of number of patents held. The Group independently developed "digital platform for construction project management" to promote and form digitally intelligent closed-loop management. It conducted research on the integrative application of more than 40 green and low-carbon technologies in the whole life cycle of building product design, manufacturing, construction and operation and maintenance. It released the "Residential Green Technology Application Guidelines 1.0", promoted the upgrade of low-carbon green building products, maximized resource utilization efficiency, and helped China to achieve the "dual carbon" goals. It developed a digital and intelligent management platform for intelligent factories, instantly grasped factory management data to achieve efficient production.

The Group won numerous awards and set a new benchmark in the industry. A total of nine factories including four new factories (Zhoukou, Equipment, Foshan, Xiangtan) were rated as "SME of Specialty, Refinement, Uniqueness and Novelty" at the provincial and municipal levels; a total of seven factories including two new factories (Huai'an and Queshan) were rated as provincial and municipal technology-based SMEs; a total of seven factories including three new factories (Huai'an, Zhoukou and Queshan) were rated as municipal engineering technology research centres; the Group's Decoration Industrial Park gave full play to the development potential of industrialization and intelligence, and has been awarded as "2022 Demonstration Enterprise of Henan Province in Energy and Carbon Management" and "2022 Henan Province Smart Workshop"; as a member of the expert group of the Henan Provincial Department of Housing and Urban-rural Development, Drawin Intelligent Manufacture Technology Investment Limited actively participated in the research on the implementation of the prefabricated building policy in Henan Province.

Deepen the cooperation with Glodon to speed up the digitalization process. Since Glodon joined the Group as a shareholder in 2021, both parties have leveraged their respective advantages in "digitalization" and "industrialization" to continue to deepen the content of cooperation and to achieve the synergy effect of "1+1>2". The Group signed the "Business Promotion Cooperation Agreement" with Glodon to jointly promote the development of industry information technology and the application of refined management of projects. To solve the pain-points and difficulties of engineering construction, both parties jointly developed a digital project management platform (PMS) for prefabricated building construction sites and a quick quotation system (QQS) for prefabricated buildings.



CHAIRMAN'S STATEMENT *(Continued)*

With the gradual and effective control of the pandemic in China, the real estate market has gradually improved under the blessing of favourable policies. With the accelerated implementation of policies related to prefabricated buildings in various places, the prefabricated construction industry is also expected to achieve stable development.

The Group will continue to deepen its cultivation and adhere to the corporate positioning as “a provider of integrated smart building solutions” through research and development breakthroughs, design leadership, cost reduction and efficiency improvement, and investment in a scientific way. We will deepen the layout of the industrial chain, promote the implementation of digital intelligence, promote the development of standardized product lines, and increase market share. The Group will continue to practice the strategy of “home intelligence” to realize standardized design, factory manufacturing, specialized construction, platform-based procurement, refined management, and intelligent operation in the whole industry chain by means of assembly, so as to achieve a comprehensive upgrade of building quality, construction period and cost. In terms of digital intelligence, the Group continued to improve the manufacturing management platform and online shopping mall platform to consolidate the Group’s leading position in digital intelligence. At the same time, the Group attaches significant importance to the opportunities of affordable housing, public buildings and infrastructure construction, strengthens cooperation with national platform companies and other institutions, and continuously focuses on the large-scale production of standardized components to expand the competitiveness of the prefabricated building business.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the staff for their hard work and dedication over the past six months. I would also like to express our gratitude to all shareholders, investors and other business partners for their continuing support and trust.

BY ORDER OF THE BOARD

DIT Group Limited

Liu Weixing

Chairman

9 September 2022, Hong Kong



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2022, affected by the new wave of global pandemic caused by the novel coronavirus variants, coupled with the continued domestic and overseas debt and liquidity problems in the real estate industry, China's national economic and social uncertainty have increased. However, under the orderly and appropriate prevention and control of the pandemic, the economic operation has been stable with progress. At the same time, China adhered to the general principle that "houses are for living in, not speculation", promoted the construction of affordable housing, and consolidated the prominent position of the construction industry as the pillar industry in the national economy. Benefiting from China's increased efforts to achieve high-quality development of the construction industry, the promotion of goals of carbon peaking and carbon neutrality, and the intensive implementation of prefabricated construction industry policies in various provinces and cities, the market demand has further increased. Based on the Group's well-established whole-industry chain business model and scientific research advantages, we optimized and upgraded the production capacity of precast concrete ("PC") components. In the first half of 2022, the Group's business scale grew steadily, and business and operational efficiency continued to improve. As of 30 June 2022, the Group recorded sales revenue of approximately HK\$825.9 million, a year-on-year increase of approximately 39.1%. Its gross margin was approximately HK\$198.2 million, a year-on-year increase of approximately 16.7%.

I. Perfect business setup throughout the value chain, and steady growth of core business

During the Reporting Period, the Group continued to develop prefabricated building, and actively expanded the smart landscaping and smart decoration business, forming a business setup throughout the value chain, and driving the steady growth of the business. In addition, the Group continued to deepen its PC business setup and strengthened its regional setup in the Yangtze River Delta and the Greater Bay Area, among which the Group's market share in the Greater Bay Area continued to be industry-leading, providing a solid foundation for business orders. In the first half of 2022, contract sales of prefabricated components were approximately RMB1.6 billion; the output of prefabricated components business reached 184,200 cubic meters, a year-on-year increase of approximately 19.14%. As of 30 June 2022, the Group had a total of 21 self-run smart PC factories and 1 Prefabricated Decoration Industrial Park nationwide. During the Reporting Period, new factories in Ruyang, Queshan and Wuhan were put into operation, and further improved the Group's production capacity across China.

The Group has been committed to the pursuit of high-quality component products and continued to provide overall solution services for smart buildings. It has won many awards and recognitions, setting a new benchmark for the development of the prefabricated building industry. In the first half of 2022, Huizhou factory obtained the "Quality Scheme for the Production and Supply of Concrete" certification issued by the Hong Kong Quality Assurance Agency. Its component products can be directly supplied to construction projects in Hong Kong, which fully reflects the Group's competitive advantage in product quality. As a technologically innovative enterprise in the construction industry, the Group's Decoration Industrial Park has given full play to the development potential of industrialization

Business Review *(continued)*

and digitalization, and has been awarded as “2022 Demonstration Enterprise of Henan Province in Energy and Carbon Management” and “2022 Henan Province Smart Workshop”, its “Replacing People with Machines” demonstration application project also won the highest special award of RMB 5 million; Foshan factory and Zhoukou factory were rated as “SME of Specialty, Refinement, Uniqueness and Novelty”, highlighting the Group’s independent innovation capability and core competitiveness. In addition, the pandemic situation in Henan Province was severe in early April. During the Reporting Period, the Group’s Special Project Department No. 1 actively assumed social responsibilities and responded to the construction of the makeshift hospital in Shangqiu City, and was recognised by the government.

II. Official launch of strategic cooperation with Glodon to accelerate digital transformation of construction

In line with China’s “14th Five-Year Plan for the Development of the Digital Economy” and the “Dual Carbon” goals of “carbon peaking” and “carbon neutrality”, the digitalization of the construction industry has become an indispensable part of the industry development. To realize the digital and intelligent transformation and upgrading of the whole industry chain of the construction industry, the Company signed an equity subscription agreement with Glodon (Hong Kong) Software Limited, a wholly-owned subsidiary of Glodon Company Limited (“Glodon”), the largest project cost software company in China, in August 2021, and completed the closing at the end of November 2021. Glodon then was introduced as the second largest shareholder of the Company, by subscribing for approximately 9.67% of the Company’s enlarged share capital in issue for an amount of HK\$288 million, of which HK\$90 million was earmarked for digitalization and software development related to the construction industry, and the remaining fund was mainly used for the operation of directly-operated factories under the Group and working capital.

In the first half of 2022, based on the SaaS prefabricated construction industry Internet platform, and centred on the integrated development of “digitalization + industrialization”, the Group and Glodon officially launched strategic cooperation of operations. The Group used its own industrialized technology system, combined with Glodon’s digital construction solutions, to create a vertical integration platform for the industry, jointly developed with Glodon the project management system (PMS) for prefabricated building construction sites, and applied in the EMPC general contracting project. In terms of project cost, the Group leveraged on Glodon’s traditional advantages to effectively improve the Group’s Quick Quotation System (QQS) for prefabricated buildings, formed market linkages and jointly conducted market expansion with Glodon, marking a new milestone in the Group’s digital transformation.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(continued)*

III. Focusing on scientific research, highlighting the advantages of digital intelligence

The Group is committed to becoming a leading smart building comprehensive solution provider, adhering to the development strategy of “being a technological leader”, and leveraging its own advantages with a leading core technology system, mastering the core technologies of digital intelligence such as BIM, Internet of Things, big data, and artificial intelligence in the field of smart buildings. At the same time, the Group actively realizes the strategic goal of “home intelligence”, strives to expand the technological innovation of the whole industry chain such as smart housing, creates an innovative synergy model of the whole industry chain, and promotes the digital and intelligent development of the prefabricated construction industry. In the first half of 2022, the Group added four self-developed prefabricated technology patents. As of 30 June 2022, the Group’s total number of patents reached 1,912, continuing to rank the first in the industry.

In terms of research and development (“R&D”), the Group has continuously focused on scientific research and innovation, and has made intensive efforts in R&D and smart construction to promote prefabricated building technologies that reduce carbon emissions from construction activities. In the first half of 2022, the Group released the “CCRE Residential Green Technology Application Guidelines 1.0” through the integrated application research on the integrative application of more than 40 green and low-carbon technologies in the whole life cycle of building product design, manufacturing, construction and operation and maintenance, promoted the upgrade of low-carbon green building products, maximized resource utilization efficiency, protected the environment and reduced pollution, effectively controlled the carbon emissions of the construction industry, and helped China to achieve the “dual carbon” goals. In addition, in terms of smart construction, the Group independently developed “digitalization of construction project management”. From project initiation to delivery, the entire process adopted digital and intelligent management, forming a digitally-intelligent closed-loop management model for “online construction standards, automated progress management, visualization of construction quality, and remote monitoring and management” of projects.

Business Outlook

I. China’s dual-carbon policy drives accelerated growth of the prefabricated building industry

With the strategic goals of “carbon peaking” and “carbon neutrality”, and the fact that carbon emission of the construction industry accounts for more than half of China’s carbon emission, the prefabricated building industry is regarded as an important solution for energy conservation and carbon reduction in the construction industry which can help achieve the “dual carbon” goals. The comprehensive advantages in green environmental protection will be further highlighted.

Business Outlook *(continued)*

In 2021, the GFA of newly constructed prefabricated buildings nationwide increased by 18% compared with 2020 to 740 million square meters from 2020, accounting for 24.5% of the newly constructed building area. To accelerate the realization of the “dual carbon” goals and promote the transformation and upgrading of the construction industry, the industry has issued a total of more than 1,500 policies in the past six years, building a complete industry policy system. In March 2022, the Ministry of Housing and Urban-Rural Development issued the “14th Five-Year Plan for Building Energy Efficiency and Green Building Development”, which requires that by 2025, all new urban buildings will be fully constructed as green buildings, and prefabricated buildings will account for 30% of the new urban buildings that year. In mid-July 2022, the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission issued the Implementation Plan for Carbon Peaking in Urban-Rural Development, proposing to vigorously develop prefabricated buildings. By 2030, prefabricated buildings will account for 40% of new urban buildings that year. At present, twenty-five provinces (autonomous regions and municipalities) have issued the “14th Five-Year Plan” related to the construction industry, among which, ten provinces indicated that the proportion of prefabricated buildings in new buildings in 2025 will be higher than the national planning target. Hainan Province, which is the key target of the Group, has made it clear that by 2030, the proportion of prefabricated buildings in the newly built buildings will reach more than 95%. In Shenzhen and Beijing, during the “14th Five-Year Plan” period, the penetration rate of prefabricated buildings will reach 60% and 55% respectively, which is beneficial to the Group’s future setup and business expansion.

Under the background of intensive policy introduction and with the “dual carbon” goals, the traditional construction industry will accelerate its transformation and upgrading, strengthen building energy conservation, implement green construction methods, and promote energy-efficient green building materials; on the other hand, prefabricated buildings have become the future development trend of construction in China so that the Group can further expand and develop its business.

II. Deepen the setup throughout the industry chain, and boost the development of the industry with low-carbon green building

The Group covers the whole industry chain of prefabricated buildings including R&D, design, general contracting of construction and landscaping, with six core technology systems, mastering core technologies such as BIM, Internet of Things, big data, and artificial intelligence in the field of smart buildings, and has industry-leading technology research and development capabilities. In addition to dedicating to the development of the core business of prefabricated buildings, the Group has also accelerated the setup of the landscaping business and decoration business, which have brought profit contribution to the Group since the second half of 2021, driving the Group’s whole industry chain business to achieve high-quality growth, and serving the whole life cycle of prefabricated buildings.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Outlook *(continued)*

In the future, the Group will continue to focus on the development of prefabricated building technology, combined with the whole industry chain business including PC components, landscaping and decoration, to deploy intelligent digital factories across China, and to improve the production capacity distribution. The Group will actively accelerate the setup of its PC factories by means, such as direct sales, franchise and asset-light model, focusing on the Greater Bay Area, the Yangtze River Delta, Beijing-Tianjin-Hebei and Great Central China markets, expanding the customer base of third-party manufacturers, increasing the Group's local market share, propelling growth momentum into business development, helping the promotion of energy-efficient and carbon-reducing green buildings, and accelerating the upgrading, transformation and development of the construction industry. At the same time, the Group attaches significant importance to the opportunities of affordable housing, public buildings and infrastructure construction, steadily strengthens cooperation with national platform companies and other institutions, and continuously focuses on the large-scale production of standardized components to enhance the competitiveness of the assembly building business.

III. Implementation of the strategy of “Home Intelligence” to boost the application of the industry through digitalization

Since the launch of the “home intelligence” strategy, the Group has been committed to creating an innovative whole-industry chain synergy model, relying on the technological innovation and integration of the core production links (i.e. design, manufacturing, and construction) in the whole industry chain of prefabricated buildings, and through digital technologies such as BIM technology, cloud computing, big data, and the Internet of Things, the technology is connected in series to realize standardized design, factory manufacturing, specialized construction, platform-based procurement, refined management, and intelligent operation in the whole industry chain by means of assembly, so as to achieve an overall upgrade of building quality, construction period and cost. In terms of digital intelligence, the Group continued to improve the manufacturing management platform and online shopping mall platform, promote the construction of a smart community R&D platform, build product analysis models to support data decision-making, and consolidate the Group's leading position in digital intelligence.

The Group adhered to the development policy of “be a technological leader” while implementing the strategy of “home intelligence”, and with the fact that Glodon has also been introduced as a strategic shareholder of the Company, the “digitalization” and “industrialization” advantages of both parties are combined to achieve the synergy effect of “1+1>2”. In the future, both parties will continue to combine their strengths. Glodon's top digital technology and big data, as well as information solutions and application services for the entire life cycle of buildings empower the Group's whole industry chain system of prefabricated buildings to cover design, decoration, landscaping and smart homes, and working together with Glodon to develop SaaS software for digital product enables the Group to create a digital overall solution for the prefabricated construction industry, integrate digital construction and construction industrialization, and carry out industrialization platform planning, promote the marketization of digital products, and lead the construction industry into digital and intelligent upgrade.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Outlook *(continued)*

As of 30 June 2022, the Group has signed contracts with third parties for the sale of prefabricated components with a total contract amount of approximately RMB1,324.83 million and a total volume of 889,962 cubic metres.

Sales revenue of prefabricated construction units

– by region

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Foshan	105,483	57,926
Nanjing	86,915	69,254
Changsha	57,607	57,141
Hefei	55,927	34,235
Huizhou	45,751	63,030
Zhengzhou	41,142	15,238
Luoyang	39,834	5,982
Tongxu	25,102	–
Chongqing	21,679	1,114
Jiaozhou	20,330	773
Xiangtan	18,738	23,840
Jiaozuo	16,413	49,602
Zhoukou	13,573	34,188
Huaian	9,771	3,498
Nantong	9,249	5,667
Zhumadian	8,076	1,622
Kunshan	3,476	13,048
Yuxi	2,937	1,884
Dongli	2,468	–
Wuhan	1,064	–
Hengyang	43	6,875
Total	585,578	444,917

Sales revenue of prefabricated construction units

Six months ended 30 June

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Sales revenue from third parties	538,438	378,331
Sales revenue from related parties	47,140	66,586
Total	585,578	444,917

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Outlook (continued)

Technology trademarks and patents obtained by the Group during the first half of 2022

Patents: For the six months ended 30 June 2022, 4 applications for patents have been made, and 55 patents were granted. As at 30 June 2022, there were approximately 1,912 applications for patents in aggregate, and 1,372 patents were granted.

Plants in operations

Regions	Annual estimated capacity (approximate '000 cubic metre)	Area of land (approximate mu)	Area of plants (approximate square metre)
Changsha Technology Park	110	352	33,433
Nanjing Technology Park	110	151	35,981
Hefei Technology Park	80	154	22,398
Hengyang Technology Park	70	150	24,905
Foshan Technology Park	70	123	36,550
Huizhou Technology Park	70	61	22,284
Zhengzhou Technology Park	60	143	49,954
Zhoukou Technology Park	60	135	20,639
Qingdao Jiaozhou Technology Park	60	92	19,339
Huidong Technology Park	60	30	12,593
Luoyang Technology Park	50	308	55,260
Jiaozuo Technology Park	50	81	19,383
Zhumadian Technology Park	40	130	26,873
Huaian Technology Park	40	120	19,356
Nantong Technology Park	40	100	26,154
Xiangtan Technology Park	40	100	19,310
Shipeng Technology Park	30	35	11,952
Chongqing Technology Park	20	134	19,659
Wuhan Technology Park	20	116	29,767
Total	1,080	2,515	505,790

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Outlook (continued)

Plants under construction

Regions	Proportion of attributable equity interest	Amount of investment (approximate RMB100 million)	Area of land (approximate mu)	Area of plants (approximate square metre)	Annual estimated capacity (approximate '000 cubic metre)
Tianjin Technology Park	100%	1.9	94	26,154	20
Yuxi Technology Park	100%	1.7	124	18,191	60
Total		3.6	218	44,345	80

Incorporation of a new subsidiary for the six months ended 30 June 2022

Name	Place of incorporation and operation and kind of legal entity	Principal activities	Particulars of authorised share capital	Proportion of ordinary shares held by the Group (%)
Henan DIT Green Technology Limited* 河南築友綠色科技有限公司	China, limited liability company	Construction industrialisation	RMB10,000,000	100%

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Outlook (continued)

Government grants in the first half of 2022

As prefabricated construction industry has received strong support from central government of People's Republic of China (the "PRC"), local governments are initiating relevant ancillary policies, offering honorary awards and fund subsidies. As a national high-tech enterprise, the technology innovation capability of the Group is widely recognized by the government authorities. The Group has been granted honorary awards such as Changsha Engineering Research Center and National Intellectual Property Advantageous Enterprises. We have also made great contributions to environmental energy-saving engineering, promotion of industry upgrade and transformation, and intelligent manufacturing, while encouraging local employment and industry development. In this regard, local governments offer direct cash incentives.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Government grants	10,350	15,322

The Group has satisfied and complied with the relevant requirements and regulations in the PRC necessary for the receipt of the above government grants.

Financial Review

Review of results

The principal activities of the Group are prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the People's Republic of China.

Revenue

The revenue of the Group increased by approximately HK\$232.1 million from approximately HK\$593.8 million for the six months ended 30 June 2021 to approximately HK\$825.9 million for the six months ended 30 June 2022. The increase in revenue was mainly attributable to (i) the increase in revenue from sales of prefabricated construction units and consulting services as a result of the increasing number of customers for the six months ended 30 June 2022; and (ii) the increase in revenue from the smart landscaping business and smart decoration business as a result of the increasing number of customers for the six months ended 30 June 2022. As a result, the Group recorded sales revenue for the six months ended 30 June 2022 of prefabricated construction units of approximately HK\$585.6 million (six months ended 30 June 2021: approximately HK\$444.9 million), revenue from decoration and landscaping services of approximately HK\$154.1 million (six months ended 30 June 2021: approximately HK\$63.7 million), revenue from granting licenses of approximately HK\$41.9 million (six months ended 30 June 2021: approximately HK\$53.4 million), revenue from consulting services of approximately HK\$24.3 million (six months ended 30 June 2021: approximately HK\$17.7 million), rental income from investment properties of approximately HK\$9.7 million (six months ended 30 June 2021: approximately HK\$10.8 million) and revenue from sales of prefabricated construction equipments of approximately HK\$10.3 million (six months ended 30 June 2021: approximately HK\$3.3 million).

Financial Review *(continued)*

Cost of sales

The Group recorded cost of sales of approximately HK\$627.7 million (six months ended 30 June 2021: approximately HK\$424.0 million) for the six months ended 30 June 2022. The increase was primarily attributable to the increase in sales of prefabricated construction units, and new costs brought by the newly deployed smart landscaping business and smart decoration business.

Other income

The other income of the Group increased by approximately HK\$1.5 million from approximately HK\$7.6 million for the six months ended 30 June 2021 to approximately HK\$9.2 million for the six months ended 30 June 2022. Other income mainly came from financing component from a related party, interest income generated from bank deposits and dividend income.

Other gains — net

For the six months ended 30 June 2022, other gains — net amounting to approximately HK\$0.6 million mainly comprised of (i) gains on disposal of equipments amounting to approximately HK\$0.05 million; (ii) net exchange gains amounting to approximately HK\$0.2 million; and (iii) non-business expenditures of approximately HK\$0.4 million.

Selling and distribution expenses

For the six months ended 30 June 2022, the selling and distribution expenses increased by approximately HK\$13.1 million to approximately HK\$43.8 million for the six months ended 30 June 2022 from approximately HK\$30.7 million for the six months ended 30 June 2021, such expenses are directly related to the sale of prefabricated construction units.

Administrative expenses

For the six months ended 30 June 2022, the administrative expenses increased by approximately 5.8% from approximately HK\$90.1 million for the six months ended 30 June 2021 to approximately HK\$95.3 million for the six months ended 30 June 2022. Such increase was due to the increase in other general administrative expenses such as professional fees, entertainment, travelling expenses, and office expenses.

Finance costs

For the six months ended 30 June 2022, the finance costs increased by approximately HK\$8.4 million from approximately HK\$23.7 million for the six months ended 30 June 2021 to approximately HK\$32.1 million for the six months ended 30 June 2022. Such increase was mainly attributable to (i) the interest expenses of approximately HK\$51.1 million for the bank borrowings; (ii) the interest expenses of approximately HK\$2.9 million for the lease liabilities; and (iii) capitalisation interest of approximately HK\$21.8 million in plant under development for prefabricated construction business for the period.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(continued)*

Profit for the period

As a result of the foregoing, our profit decreased by approximately HK\$10.0 million to approximately HK\$20.2 million for the six months ended 30 June 2022 as compared to a profit of approximately HK\$30.2 million for the corresponding period of 2021.

Liquidity and financial resources

As at 30 June 2022, the Group had current assets of approximately HK\$2,754.8 million (31 December 2021: approximately HK\$3,111.7 million) and current liabilities of approximately HK\$2,739.3 million (31 December 2021: approximately HK\$2,735.9 million). The current ratio (which is calculated by dividing total current assets by total current liabilities) was approximately 1.0 as at 30 June 2022 (31 December 2021: 1.1).

As at 30 June 2022, the Group held borrowings amounted to approximately HK\$1,849.4 million (31 December 2021: approximately HK\$2,179.3 million) and the net gearing ratio (calculated as net debt divided by total equity) was 52.5% (31 December 2021: 50.8%).

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$144.1 million, which include approximately HK\$133.1 million denominated in RMB and approximately HK\$10.9 million denominated in HKD (31 December 2021: approximately HK\$461.4 million, in which approximately HK\$443.3 million denominated in RMB and approximately HK\$18.0 million denominated in HKD). As at 30 June 2022, the Group had restricted cash of approximately HK\$157.1 million, which include HK\$130.0 million denominated in HKD and approximately HK\$27.1 million denominated in RMB (31 December 2021: approximately HK\$187.7 million, in which HK\$130.0 million denominated in HKD and approximately HK\$57.7 million denominated in RMB).

As at 30 June 2022, the Group had interest-bearing bank and other borrowings of approximately HK\$1,849.4 million, all denominated in RMB with interest rate in a range of 3.75% to 12.00% per annum (31 December 2021: approximately HK\$2,179.3 million, all denominated in RMB with interest rate in a range of 3.75% to 7.02% per annum). Please refer to note 20 and note 25 to the consolidated financial statements for detailed information.

Other than the matters above, there has been no material change from the information published in the annual report of the Company for the year ended 31 December 2021.

Capital structure

As at 30 June 2022, the total number of issued shares of the Company (the "Share(s)") was 3,102,400,730 Shares with a par value of HK\$0.4 each. Based on the closing price of HK\$0.510 per Share as at 30 June 2022, the Company's market value as at 30 June 2022 was approximately HK\$1,582,224,000.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(continued)*

Structure of Borrowings and Deposits

The Group continued to adopt a prudent principle on financial management and centralise our funding and financial management. Therefore, we maintained a high proportion of cash with a reasonable level of borrowings. As at 30 June 2022, the repayment schedule of the Group's loans and lease liabilities was as follows:

Repayment Schedule	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Borrowings		
Within one year	777,939	838,158
More than one year, but not exceeding two years	352,550	412,626
More than two year, but not exceeding five years	668,463	784,516
More than five years	50,466	143,978
	1,849,418	2,179,278
Lease Liabilities		
Within one year	12,535	13,749
More than one year, but not exceeding two years	9,402	10,946
More than two year, but not exceeding five years	29,402	30,297
More than five years	60,497	64,229
	111,836	119,221
Total debt	1,961,254	2,298,499
Interest payable	123	256
Less: restricted cash for borrowings	(130,000)	(130,000)
Less: cash and cash equivalents	(144,070)	(461,351)
Net debt	1,687,307	1,707,404
Total equity	3,213,596	3,361,297
Net gearing ratio	52.5%	50.8%

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(continued)*

Exposures to exchange rates

Presently, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The board of directors of the Company (the "Board") is of the view that the Group's exposure to currency risk is minimal and hence the Group does not have any currency hedging policy and has not entered into any hedging or other instruments to reduce currency risk. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Employees and Remuneration Policy

1. Analysis of employees as at 30 June 2022

As at 30 June 2022, the Group had 901 employees (31 December 2021: 847) excluding directors of the Company (the "Directors"), among which, 897 (31 December 2021: 842) of them worked in the PRC and 4 (31 December 2021: 5) of them worked in Hong Kong, with a turnover rate of approximately 6%. The numbers of employees by age, education level and function are set out as below:

Age:

20-30	180
31-40	395
41-50	201
51-60	121
61 or above	4
<hr/>	
Total	901

Employees and Remuneration Policy *(continued)*

1. Analysis of employees as at 30 June 2022 *(continued)*

Education level:

Master degree or above	17
Bachelor degree	183
Associate degree	172
Middle school or below	529

Total	901
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Function:

Construction	606
Administration	89
Design	69
Finance and accounting (finance and costing)	56
Sales, marketing and customer service	49
Management	18
Engineering	9
Investment (investment, preliminary work)	5

Total	901
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2. Remuneration policy

Employees are basically remunerated based on the nature of their job and their performance as well as the prevailing market trend. Other employee benefits include mandatory provident fund, medical benefits and year end discretionary bonus. Following a people-oriented approach, we implement a systematic recruitment, training and incentive platform, providing internal fuel for the growth of the Group. In doing so, we create a desirable workplace for our employees to develop and flourish.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Charges on the Group Assets

As at 30 June 2022, no significant assets of the Group were pledged to banks to secure general banking facilities and bank loan granted to the Group, except for the one as disclosed in the Note 25 to the consolidated financial statements.

Capital Commitments and Contingent Liabilities

As at 30 June 2022, the Group had outstanding capital commitments in the aggregate amount of approximately HK\$71.9 million (31 December 2021: approximately HK\$37.7 million) and no material contingent liabilities (31 December 2021: Nil).

Issue of Equity Securities for Cash by the Group

During the six months ended 30 June 2022, the Group has not issued for cash any equity securities (including securities convertible into equity securities).

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company that makes strategic decisions.

The Group is managed centrally and the Directors are of the view that the whole Group is one single reporting segment and hence no segment information is presented.

Significant Investment, Material Acquisition and Disposal of Subsidiaries

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

Future Plans for Material Investments and Capital Assets

The Group did not have other plans for material investments or capital assets as at 30 June 2022.

Material Events After The Reporting Period

As at the date of this interim report, there were no significant events after the Reporting Period.

Corporate Governance Practices

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

For the six months ended 30 June 2022, the Company has fully complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. In response to the specific enquiry made by the Company, all the Directors confirmed that they fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2022.

The Company has also adopted a code for dealing in the Company’s securities by relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

GENERAL INFORMATION

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2022, the following Directors and chief executives of the Company had or were deemed to have interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (i) have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) have been entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code to the Listing Rules.

Long positions in the Shares and underlying Shares of the Company

Name of Director or chief executive	Capacity	Number of Share Options held (note 2)	Number of Shares held	Percentage of the Issued Share Capital (note 1)
Mr. Liu Weixing	Director	28,000,000	4,840,000	1.06%
Mr. Guo Weiqiang	Director	21,000,000	2,930,000	0.77%
Ms. Wang Jing	Director	8,000,000	–	0.26%

Notes:

1. It was based on 3,102,400,730 Shares as at 30 June 2022.
2. Such interest in the Shares is held pursuant to the share options granted under the New Scheme (as defined below), the details of which are disclosed on pages 27 to 29.

Save as disclosed above or under the section headed "Share Option Scheme" below, as at 30 June 2022, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interest and Short Positions in Shares and Underlying Shares

As at 30 June 2022, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares and underlying Shares of the Company as at 30 June 2022

Name of Shareholders	Capacity	Number of Shares held	Percentage of the Issued Share Capital (note 1)
Jiayao Global Investments Limited ("Jiayao")	Beneficial owner	1,470,110,000	47.39%
Jiamin (Holding) Investment Limited	Beneficial owner	80,000,000	2.58%
Jianuo (Holding) Investment Limited	Beneficial owner	77,500,000	2.50%
Jiaxin (Holding) Investment Limited	Beneficial owner	68,500,000	2.21%
Jiaheng (Holding) Investment Limited	Beneficial owner	67,250,000	2.17%
Jiacheng (Holding) Investment Limited	Beneficial owner	16,250,000	0.51%
Jialing (International) Investment Limited	Interest of controlled corporation	309,500,000	9.97%
Jiayao	Interest of controlled corporation	309,500,000	9.97%
Jiaye Summit Global Investments Limited	Interest of controlled corporation	1,779,610,000	57.36%
Drawin Intelligent Manufacture Technology Industry Group Limited	Interest of controlled corporation	1,779,610,000	57.36%
Henan Drawin Intelligent Manufacture Technology Industry Group Limited	Interest of controlled corporation	1,779,610,000	57.36%
Henan Hongdao Business Information Consultancy Company Limited	Interest of controlled corporation	1,779,610,000	57.36%

GENERAL INFORMATION *(Continued)*

Substantial Shareholders' Interest and Short Positions in Shares and Underlying Shares *(continued)*

Long positions in the Shares and underlying Shares of the Company as at 30 June 2022
(continued)

Name of Shareholders	Capacity	Number of Shares held	Percentage of the Issued Share Capital (note 1)
Henan Jianye Business Information Consultancy Company Limited	Interest of controlled corporation	1,779,610,000	57.36%
Construction Development (H.K.) Company Limited	Interest of controlled corporation	1,779,610,000	57.36%
Construction Housing Group Company Limited	Interest of controlled corporation	1,779,610,000	57.36%
Jianye Holdings Limited	Interest of controlled corporation	1,779,610,000 (Note 2)	57.36%
Joy Bright Investments Limited	Beneficial owner	245,567,425 (Note 2)	7.92%
Mr. Wu Po Sum	Interest of controlled corporation	2,025,177,425 (Note 2)	65.28%
Glodon (Hong Kong) Software Limited	Beneficial owner	300,000,000	9.67%
Glodon Company Limited (Note 3)	Interest of controlled corporation	300,000,000	9.67%

Notes:

1. It was based on 3,102,400,730 Shares as at 30 June 2022.
2. Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright Investments Limited and Jianye Holdings Limited.
3. Glodon Company Limited is a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002410).

Substantial Shareholders' Interest and Short Positions in Shares and Underlying Shares *(continued)*

Long positions in the Shares and underlying Shares of the Company as at 30 June 2022 *(continued)*

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Share Options

The share option scheme adopted by the Company on 7 August 2013 was terminated pursuant to an ordinary resolution passed by the shareholders of the Company (the "Shareholders") on 17 July 2020. A new share option scheme (the "New Scheme") was adopted pursuant to such resolution with effect from 17 July 2020 which has a term of 10 years.

Under the New Scheme, the employees of the Group (including the executive Directors) and such other persons as the Board may consider appropriate may be granted options which entitle them to subscribe for Shares representing, when aggregated with any Shares subject to any other scheme(s) of the Company, up to a maximum of 10% of the Shares in issue of the Company as at 17 July 2020, unless the Company obtains a fresh approval from the Shareholders to renew the limit as described below or the Shareholders specifically approve the grant.

The total number of Shares issued or to be issued upon exercise of the share options granted and yet to be exercised under the New Scheme adopted by the Company must not exceed 30% of the total number of Shares in issue from time to time. The amount payable by a grantee on acceptance of a grant of the option is HK\$1.00 (or its equivalent in RMB or any other currency acceptable to the Company).



GENERAL INFORMATION *(Continued)*

Share Options *(continued)*

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the New Scheme and any other share option scheme(s) of the Company to each participant in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue. Any further grant of options which would result in the number of the Shares issued as aforesaid exceeding the said 1% limit must be approved by the Shareholders in general meeting at which such participant and his or her associates must abstain from voting.

Any grant of share options to a participant who is a Director, chief executive, or substantial Shareholder or any of their respective associate must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is the grantee of the share options.

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant. As at 30 June 2022, share options to subscribe for 178,300,000 Shares (representing approximately 5.75% of the issued share capital of the Company as of 30 June 2022 (i.e. 3,102,400,730 shares)) remained outstanding.

The exercise price of a share option granted under the New Scheme shall be determined by the Board in its absolute discretion and notified to a participant, provided that such price shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of a share option which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of grant; and (iii) the nominal value of a Share (whichever is the highest).

The New Scheme will expire on 16 July 2030.

GENERAL INFORMATION *(Continued)*

Share Options *(continued)*

Movement of share options granted by the Company under the New Scheme for the period from 1 January 2022 to 30 June 2022 was as follows:

Name or category of participants	Date of grant	Exercise price per Share	Vesting period (note 1)	As at 1 January 2022	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	As at 30 June 2022
Directors								
Mr. Liu Weixing	30 November 2020	HK\$1.09	6 years from the date of grant	28,000,000	-	-	-	28,000,000
Mr. Guo Weiqiang	30 November 2020	HK\$1.09	10 years from the date of grant	21,000,000	-	-	-	21,000,000
Ms. Wang Jing	30 November 2020	HK\$1.09	10 years from the date of grant	8,000,000	-	-	-	8,000,000
Senior management and other employees of the Group	30 November 2020	HK\$1.09	10 years from the date of grant	126,710,000	-	-	(17,610,000)	109,100,000
	30 November 2020	HK\$1.09	6 years from the date of grant	12,200,000	-	-	-	12,200,000
				195,910,000	-	-	(17,610,000)	178,300,000

Note:

- The share options granted will vest annually in equal instalments over the vesting period subject to the achievements of the applicable performance targets and the Board's approval. Once vested, the share options are exercisable within 3 years from the vesting date.

Review of Interim Results

The audit committee of the Company has reviewed the interim results and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022.



GENERAL INFORMATION *(Continued)*

Choice of Languages or Means of Receiving Corporate Communications

This interim report is now available in printed form in English and in Chinese, and on the website of the Company and on the website of the Stock Exchange.

If (i) Shareholders, who have received or chosen to receive or are deemed to have consented to receive the Company's corporate communications by electronic means, wish to receive printed copies or vice versa; or (ii) Shareholders for any reason have difficulty in receiving or gaining access to the Company's corporate communications, they may obtain printed copies free of charge by sending a request to the Company c/o the share registrar of the Company, Computershare Hong Kong Investor Services Limited, by post to Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at ditgroup.ecom@computershare.com.hk.

For Shareholders who wish to change their choice of languages or means of receiving the Company's future corporate communications free of charge, they may at any time notify the Company by giving reasonable notice (of not less than 7 days) to the Company c/o the share registrar of the Company by post or by email.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	825,926	593,811
Cost of sales	7	(627,702)	(423,950)
Gross profit		198,224	169,861
Government grants		10,350	15,322
Other income	5	9,161	7,617
Other gains — net	6	643	1,240
Selling and distribution expenses	7	(43,805)	(30,695)
Administrative expenses	7	(95,268)	(90,062)
Share of (losses)/gains of associates		(8,809)	2,067
Net impairment losses on financial assets		(7,292)	(4,859)
Operating profit		63,204	70,491
Finance costs	8	(32,124)	(23,740)
Profit before income tax		31,080	46,751
Income tax expenses	9	(10,896)	(16,546)
Profit for the period		20,184	30,205
Profit for the period, attributable to			
— Owners of the Company		20,969	26,288
— Non-controlling interests		(785)	3,917
		20,184	30,205
Earnings per share attributable to owners of the Company (expressed in HK\$ cents per share)			
— Basic and diluted	11	0.68	0.94

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	20,184	30,205
Other comprehensive (loss)/income, which may be reclassified subsequently to profit or loss		
— Currency translation differences	(139,913)	31,532
Other comprehensive (loss)/income for the period, net of tax	(139,913)	31,532
Total comprehensive (loss)/income for the period	(119,729)	61,737
Total comprehensive (loss)/income for the period, attributable to		
— Owners of the Company	(118,968)	57,866
— Non-controlling interests	(761)	3,871
	(119,729)	61,737

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,067,008	2,951,508
Right-of-use assets	13	1,051,775	1,119,436
Investment properties	14	17,497	18,591
Intangible assets		4,085	4,346
Deferred income tax assets	23	52,377	61,745
Investments in associates	15	227,054	241,514
Financial assets at fair value through profit or loss	18	49,717	52,003
		4,469,513	4,449,143
Current assets			
Inventories	17	166,478	211,424
Trade and other receivables and prepayments	16	2,287,099	2,238,936
Financial assets at fair value through profit or loss	18	–	12,231
Cash and cash equivalents	19	144,070	461,351
Restricted cash	20	157,128	187,717
		2,754,775	3,111,659
Total assets		7,224,288	7,560,802
EQUITY			
Equity attributable to owners of the Company			
Share capital (nominal value)	21	1,240,960	1,240,960
Reserves		1,278,679	1,425,619
		2,519,639	2,666,579
Non-controlling interests	22	693,957	694,718
Total equity		3,213,596	3,361,297

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2022

		30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
	Notes		
LIABILITIES			
Non-current liabilities			
Amount due to a related party	27	81,438	–
Deferred income		1,631	2,672
Deferred income tax liabilities	23	17,495	14,323
Lease liabilities		99,301	105,472
Borrowings	25	1,071,479	1,341,120
		1,271,344	1,463,587
Current liabilities			
Trade and other payables	24	1,842,792	1,772,008
Contract liabilities		67,406	60,890
Current income tax liabilities		38,676	51,113
Lease liabilities		12,535	13,749
Borrowings	25	777,939	838,158
		2,739,348	2,735,918
Total liabilities		4,010,692	4,199,505
Total equity and liabilities		7,224,288	7,560,802

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company								
	Share capital	Share premium	Exchange reserve	Contributed surplus reserve	Other reserve	Undistributed profits/ (Accumulated losses)	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2021	1,120,960	863,905	87,340	131,166	24,810	(78,162)	2,150,019	671,565	2,821,584
Profit for the period	-	-	-	-	-	26,288	26,288	3,917	30,205
Other comprehensive income:									
Currency translation difference	-	-	31,578	-	-	-	31,578	(46)	31,532
Total comprehensive income for the period	-	-	31,578	-	-	26,288	57,866	3,871	61,737
Transactions with owners in their capacity as owners:									
Share-based compensation	-	-	-	-	5,790	-	5,790	-	5,790
Transactions with NCI:									
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	16,220	16,220
Total transactions with owners	-	-	-	-	5,790	-	5,790	16,220	22,010
Balance at 30 June 2021 (unaudited)	1,120,960	863,905	118,918	131,166	30,600	(51,874)	2,213,675	691,656	2,905,331
Balance at 1 January 2022	1,240,960	1,031,905	171,944	131,166	36,391	54,213	2,666,579	694,718	3,361,297
Profit for the period	-	-	-	-	-	20,969	20,969	(785)	20,184
Other comprehensive income:									
Currency translation difference	-	-	(139,937)	-	-	-	(139,937)	24	(139,913)
Total comprehensive income for the period	-	-	(139,937)	-	-	20,969	(118,968)	(761)	(119,729)
Transactions with owners in their capacity as owners:									
Share-based compensation	-	-	-	-	2,978	-	2,978	-	2,978
Capital injection by ownership interests	-	74	-	-	-	-	74	-	74
Dividends paid	-	-	-	(31,024)	-	-	(31,024)	-	(31,024)
Transactions with NCI:									
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	74	-	(31,024)	2,978	-	(27,972)	-	(27,972)
Balance at 30 June 2022 (unaudited)	1,240,960	1,031,979	32,007	100,142	39,369	75,182	2,519,639	693,957	3,213,596

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Operating activities			
Cash generated from operations		62,618	53,336
Income tax paid		(19,351)	(50,048)
Net cash generated from operating activities		43,267	3,288
Investing activities			
Purchase of properties, plants and equipments		(266,381)	(561,354)
Purchase of intangible assets		(102)	–
Investment in an associate		(10,261)	–
Proceeds from disposal of wealth management product		12,072	–
Proceeds from disposal of equipments		1,999	3,306
Proceeds from disposal of investment properties		286	268
Interest received		1,706	2,988
Net cash used in investing activities		(260,681)	(554,792)
Financing activities			
Amounts due to related parties		189,515	–
Proceeds from borrowings		89,380	705,697
Repayments of borrowings		(266,719)	(291,081)
Interest paid		(51,204)	(44,763)
Payment of lease liabilities		(5,316)	(9,311)
Capital contributions by non-controlling interests		–	16,220
Dividends paid to Company's shareholders		(31,024)	–
Net cash (used in)/generated from financing activities		(75,368)	376,762
Net decrease in cash and cash equivalents		(292,782)	(174,742)
Cash and cash equivalents at beginning of the period		461,351	443,882
Net exchange (losses)/gains on cash and cash equivalents		(24,499)	12,746
Cash and cash equivalents at end of the period	19	144,070	281,886

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and investment properties, which are carried at fair value, and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2021, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings, and the adoption of the new and amended standards of HKFRSs effective for the financial year ending 31 December 2022, which did not have any significant impact on the Group’s financial statements and did not require retrospective adjustments.

There are no standards, amendments and interpretations to existing standards that are not effective and would be expected to result in any significant impact on the Group’s financial positions and results of operations.

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

The Group is managed centrally and the Directors are of the view that the whole Group is one single business segment and hence no segment information is presented.

4. REVENUE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from sales of prefabricated construction units	585,578	444,917
Revenue from decoration and landscaping services	154,061	63,721
Revenue from granting licenses	41,911	53,403
Revenue from consulting services	24,341	17,720
Revenue from sales of prefabricated construction equipments	10,325	3,280
Rental income	9,710	10,770
	825,926	593,811

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

5. OTHER INCOME

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Financing component from a related party	6,461	4,313
Interest income on bank deposits	1,706	2,988
Dividends	577	–
Others	417	316
	9,161	7,617

6. OTHER GAINS – NET

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net exchange gain/(losses)	205	(142)
Gains on disposal of equipments	45	2,068
Others	393	(686)
	643	1,240

7. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Raw materials and consumables used	334,193	277,111
Changes in inventories of finished goods, goods in transit and work in progress	11,928	(54,936)
Employee benefits expenses	122,166	120,993
Labour outsourcing	33,895	27,093
Subcontracting charges in relation to decoration and landscaping services	103,614	49,902
Depreciation	67,971	46,249
Amortisation of right-of-use assets	14,892	16,008
Transportation	34,475	23,443
Land use tax and value-added tax surcharges	11,964	10,900
Legal and professional fees	9,411	4,260
Entertainment and travelling expenses	3,520	2,892
Repairs and maintenance	2,185	916
Office expenses	599	316
Provision for inventories impairment	65	3,632
Others	15,897	15,928
Total of cost of sales, selling and distribution expenses and administrative expenses	766,775	544,707

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

8. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on borrowings	51,071	44,678
Finance charges on lease liabilities	2,888	1,680
Less: Interest capitalised (Note 12)	(21,835)	(22,618)
	32,124	23,740

9. INCOME TAX EXPENSES

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). Taxation on PRC profits is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

Under the Corporate Income Tax ("CIT") Law of the PRC, the CIT rate applicable to the Group's subsidiaries established in mainland China is 25%, while certain subsidiaries are applicable to the preferential tax rate of 15%.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax — PRC corporate income tax	6,914	24,843
Deferred income tax	3,982	(8,297)
Total income tax expenses for the period	10,896	16,546

10. DIVIDEND

The Board of Directors did not recommend any payment of dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the period is calculated by dividing the consolidated profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Consolidated profit attributable to owners of the Company (HK\$'000)	20,969	26,288
Weighted average number of ordinary shares in issue ('000)	3,102,401	2,802,401
Basic earnings per share (HK cents)	0.68	0.94

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2022 and 2021, the calculation of diluted earnings per share excluded the share options granted to directors, senior management and other employees on 30 November 2020, as their inclusion would have been antidilutive. Therefore, diluted earnings per share for the six months ended 30 June 2022 and 2021 is equal to basic earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Balance as at 1 January	2,951,508	1,978,312
Additions	323,104	646,615
Disposals	(1,954)	(5,374)
Depreciation charge	(67,971)	(46,249)
Currency translation differences	(137,679)	22,843
Balance as at 30 June (unaudited)	3,067,008	2,596,147

As at 30 June 2022, property, plant and equipment with a net book value of HK\$337.2 million (31 December 2021: HK\$400.8 million) were pledged as collateral for the Group's borrowings of HK\$183.6 million (31 December 2021: HK\$210.4 million). Among the collateral, property ownership certificate of the Group's buildings with a net book value of HK\$263.6 million (31 December 2021: HK\$281.1 million) is under China Minsheng Drawin Co., Ltd.. These buildings were pledged as collateral for the Group's two bank borrowings of HK\$163.7 million (31 December 2021: HK\$171.2 million) which were secured by China Minsheng Drawin Co., Ltd..

For the six months ended 30 June 2022, depreciation of property, plant and equipment of approximately HK\$68.0 million (six months ended 30 June 2021: HK\$46.2 million) has been charged to cost of sales and administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income (Note 7).

Interest expenses of HK\$21.8 million were capitalised in plants under development for prefabricated construction business for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$22.6 million) (Note 8).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

13. RIGHT-OF-USE ASSETS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Balance as at 1 January	1,119,436	991,017
Additions	–	31,582
Disposals	–	(241)
Amortisation charged into profit or loss	(14,892)	(16,008)
Amortisation capitalised to plant under development	(4,358)	(3,254)
Currency translation differences	(48,411)	11,287
Balance as at 30 June (unaudited)	1,051,775	1,014,383

As at 30 June 2022, right-of-use assets with a net book value of HK\$423.9 million (31 December 2021: HK\$433.8 million) were pledged as collateral for the Group's borrowings of HK\$1,346.2 million (31 December 2021: HK\$1,532.8 million).

14. INVESTMENT PROPERTIES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Balance as at 1 January	18,591	18,298
Disposals	(286)	(268)
Currency translation differences	(808)	209
Balance as at 30 June (unaudited)	17,497	18,239

Investment properties held by the Group are all commercial properties located in Shandong, the PRC.

15. INVESTMENT IN ASSOCIATES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Share of net assets	227,054	241,514
Less: Provision for impairment	–	–
	227,054	241,514

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

15. INVESTMENT IN ASSOCIATES *(continued)*

As at 30 June 2022, the Group had indirect interests in the following associates:

Name	Place of incorporation and operation	Proportion of ownership interest		Issued share capital	Principal activities
		Held by the Company	Indirectly held		
Zhejiang Anju Drawin Technology Company Limited	China	–	49%	HK\$200,000,000	Construction industrialisation
YMCI China Minsheng Kunming Technology Construction Limited	China	–	30%	RMB100,000,000	Construction industrialisation
Xiangxi China Minsheng Drawin Technology Company Limited	China	–	49%	RMB20,420,000	Construction industrialisation
Hainan Haikong Drawin Technology Company Limited	China	–	40%	RMB15,000,000	Construction industrialisation
Nanyang Drawin Intelligent Manufacture Technology Limited	China	–	20%	RMB100,000,000	Construction industrialisation
Baoying Maizheng Drawin Intelligent Manufacture Technology Limited	China	–	20%	RMB100,000,000	Construction industrialisation
Shaoguan Drawin Intelligent Manufacture Technology Limited	China	–	20%	RMB50,000,000	Construction industrialisation
Shangqiu Jinyao Drawin Intelligent Manufacture Technology Limited	China	–	10%	RMB100,000,000	Construction industrialisation
Henan Dongzhu Drawin Ecological Environment Protection Limited	China	–	49%	RMB10,000,000	Construction industrialisation

The financial year end dates of the above associates are coterminous with that of the Group.

(a) Commitments in respect of associates

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Commitments to pay up the subscription capital	45,113	57,583

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade receivables — third parties	1,337,152	1,217,674
Trade receivables — related parties	807,277	795,443
Amounts due from related parties	47,036	39,638
Prepayments	30,670	22,569
Value-added tax recoverable	20,257	119,873
Land auction deposits	19,129	20,008
Deposits	18,289	17,292
Notes receivable	14,572	31,118
Receivables relating to disposal of subsidiaries	1,980	2,071
Government grants receivable	292	2,630
Others	57,046	34,700
	2,353,700	2,303,016
Less: Provision for impairment of trade receivables and other receivables	(66,601)	(64,080)
	2,287,099	2,238,936

The ageing analysis of trade receivables as at 30 June 2022 and 31 December 2021 based on the invoice issue date or demand note were as follows:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Less than 1 year	2,033,099	1,912,328
1 to 2 years	97,945	74,610
Over 2 years	13,385	26,179
	2,144,429	2,013,117

The maximum exposure to credit risk as at 30 June 2022 and 31 December 2021 is the carrying value of each class of receivables mentioned above.

As at 30 June 2022 and 31 December 2021, the fair values of trade and other receivables approximate their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

The carrying amounts of the Group's trade and other receivables and prepayments are denominated in the following currencies:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
HK dollar	13,476	10,907
Renminbi	2,273,623	2,228,029
	2,287,099	2,238,936

The creation of provision for impairment of receivables has been included in "Net impairment losses on financial assets" in the condensed consolidated statement of profit or loss and other comprehensive income.

17. INVENTORIES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Raw materials	75,406	107,897
Finished goods	73,980	79,121
Work in progress	17,789	14,785
Goods in transit	2,567	12,358
Low value articles	24	33
Inventory provision	(3,288)	(2,770)
	166,478	211,424

Inventories recognised as cost of sales during the six months ended 30 June 2022 amounted to HK\$346.1 million (six months ended 30 June 2021: HK\$222.2 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include the following:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Current:		
— Wealth management product	–	12,231
Non-current:		
— Unlisted equity instruments (note (a))	49,717	52,003
	49,717	64,234

note:

- (a) Equity instruments are related to investments in seven unlisted companies in Mainland China which are measured at fair value.

19. CASH AND CASH EQUIVALENTS

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Cash at bank and on hand		
— Denominated in RMB	133,140	443,327
— Denominated in HKD	10,930	18,024
	144,070	461,351

20. RESTRICTED CASH

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Restricted cash		
— Deposit for bank borrowings (note (a))	130,000	130,000
— Deposit for bank notes	21,735	46,654
— Others	5,393	11,063
	157,128	187,717

note:

- (a) As at 30 June 2022, certificate of deposit of HK\$130.0 million (31 December 2021: HK\$130.0 million) was pledged as collateral for the Group's borrowings of HK\$114.9 million (31 December 2021: HK\$122.8 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

21. SHARE CAPITAL

Authorised shares

	Number of authorised shares
As at 1 January 2022 and 30 June 2022	6,250,000,000

Issued shares

	Number of issued shares (at HK\$0.4 each)	Ordinary shares (nominal value) HK\$'000
As at 1 January 2021	2,802,400,730	1,120,960
Issue of ordinary shares in 2021	300,000,000	120,000
As at 1 January 2022 and 30 June 2022	3,102,400,730	1,240,960

All the shares issued rank pari passu in all respects.

On 19 November 2021, the Company issued 300,000,000 new ordinary shares at subscription price of HK\$0.96 per share, and received proceed of HK\$288,000,000 approximately.

22. NON-CONTROLLING INTERESTS

The non-controlling interests of the Group are as follows:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Changsha DIT Limited	564,610	563,004
Qingdao Shi Jiaozhou DIT Limited	73,740	74,829
Nantong DIT Limited	48,462	49,779
Nanjing DIT Limited	7,145	7,106
	693,957	694,718

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

23. DEFERRED INCOME TAX

The gross movement in deferred income tax assets and liabilities for the six months ended 30 June 2022 and six months ended 30 June 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Opening balance at 1 January	61,745	39,067
(Charged)/credit to profit or loss (Note 9)	(5,712)	7,916
Currency translation differences	(3,656)	466
Closing balance at 30 June (unaudited)	52,377	47,449

Deferred income tax liabilities

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Opening balance at 1 January	14,323	13,613
Credit to profit or loss (Note 9)	(1,730)	(381)
Currency translation differences	4,902	141
Closing balance at 30 June (unaudited)	17,495	13,373

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

24. TRADE AND OTHER PAYABLES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade payables — third parties	1,154,907	1,223,820
Trade payables — related parties	16,099	10,015
Accrued payable for property, plant and equipment construction — third parties	64,991	68,338
Accrued payable for property, plant and equipment construction — related parties	71,894	64,786
Notes payable	54,922	58,977
Amounts due to related parties	338,196	205,769
Accrued tax payable	80,927	62,399
Accrued payroll	10,151	11,493
Deposits	9,293	15,989
Provision for onerous contract	2,216	2,318
Interest payable	123	256
Others	39,073	47,848
	1,842,792	1,772,008

The ageing analysis of trade payables as at 30 June 2022 and 31 December 2021 based on the invoice issue date or demand note were as follows:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Less than 1 year	1,059,920	1,182,500
Over 1 year	111,086	51,335
	1,171,006	1,233,835

As at 30 June 2022 and 31 December 2021, the fair values of trade and other payables approximate their carrying amounts.

The carrying amounts of the Group's trade and other payables are primarily denominated in Renminbi.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

25. BORROWINGS

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Non-current, secured		
— Bank borrowings	1,535,772	1,672,723
— Other financial institution borrowings	–	18,366
Non-current, unsecured		
— Bank borrowings	49,697	64,212
	1,585,469	1,755,301
Less: Current portion of non-current borrowings	(513,990)	(414,181)
Non-current, total	1,071,479	1,341,120
Current, secured		
— Bank borrowings	106,538	174,902
— Other financial institution borrowings	4,093	–
Current, unsecured		
— Bank borrowings	153,318	249,075
	263,949	423,977
Current portion of non-current borrowings	513,990	414,181
Current, total	777,939	838,158

Notes:

- (a) These borrowings of the Group are secured by property, plant and equipment (Note 12), right-of-use assets (Note 13) and restricted cash deposit (Note 20) of the Group and/or guaranteed by subsidiaries of the Company or related parties (Note 27(c)).
- (b) The borrowings are all denominated in RMB and their fair values approximate their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

26. CAPITAL COMMITMENTS

As at 30 June 2022 and 31 December 2021, capital expenditure contracted for but not yet incurred is as follows:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Property, plant and equipment	71,891	37,664

27. RELATED-PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Drawin Intelligent Construction Technology Group Co., Ltd.*	Controlled by the same ultimate controlling shareholder
China Minsheng Drawin Co., Ltd.*	Controlled by the same ultimate controlling shareholder
Drawin Intelligent Construction Design Co., Ltd.*	Controlled by the same ultimate controlling shareholder
Henan Drawin Labour Center Construction Development Co., Ltd.*	Controlled by the same ultimate controlling shareholder
Drawin Intelligent Manufacture Technology Industry Group Limited*	Controlled by the same ultimate controlling shareholder
Drawin Intelligent Construction New Material Company Limited*	Controlled by the same ultimate controlling shareholder
Central China Properties development Ltd.	Controlled by the same ultimate controlling shareholder
China Minsheng Drawin Culture Co., Ltd.*	Controlled by the same ultimate controlling shareholder

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Name	Relationship
Henan Drawin Construction Engineering Company Limited*	Controlled by the same ultimate controlling shareholder
Henan Drawin Intelligent Manufacture Technology Industry Limited*	Controlled by the same ultimate controlling shareholder
Henan Ruida Engineering Management Company Limited*	Controlled by the same ultimate controlling shareholder
Hunan Drawin Green Construction Investment Company Limited*	Controlled by the same ultimate controlling shareholder
Linzhou Ruida Engineering Management Company Limited*	Controlled by the same ultimate controlling shareholder
Jiayao Global Investments Limited	Controlled by the same ultimate controlling shareholder
Henan Drawin Garden Engineering Company Limited*	Controlled by the same ultimate controlling shareholder
Tongxu Jianxiang Occupational Training School*	Controlled by the same ultimate controlling shareholder
Henan Rongjiang Construction Labor Service Company Limited*	Controlled by the same ultimate controlling shareholder
Henan Jianxiang Decoration Engineering Company Limited*	Controlled by the same ultimate controlling shareholder

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Central China Real Estate Limited and its affiliate companies	Controlled by the same ultimate controlling shareholder
YMCI China Minsheng Kunming Technology Group Co., Ltd.*	An associate company of the Group
Xiangxi China Minsheng Drawin Technology Company Limited*	An associate company of the Group
Hainan Haikong Drawin Technology Company Limited*	An associate company of the Group
Baoying Maizheng Drawin Intelligent Manufacture Technology Limited*	An associate company of the Group
Zhejiang Anju Drawin Technology Company Limited*	An associate company of the Group
Shaoguan Drawin Intelligent Manufacture Technology Limited*	An associate company of the Group
Nanyang Drawin Intelligent Manufacture Technology Limited*	An associate company of the Group
Shangqiu Jinyao Drawin Intelligent Manufacture Technology Limited*	An associate company of the Group

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

During the six months ended 30 June 2022 and 2021, the Group has the following related party transactions:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Supply of prefabricated construction components and products by the Group, including financing component recognized in other income		
Central China Real Estate Limited and its affiliate companies	25,063	–
Drawin Intelligent Construction Technology Group Co., Ltd.	15,705	59,651
Xiangxi China Minsheng Drawin Technology Company Limited	6,372	–
YMCI China Minsheng Kunming Technology Group Co., Ltd.	–	1,894
Hainan Haikong Drawin Technology Company Limited	–	6,252
China Minsheng Drawin Co., Ltd.	–	1,338
	47,140	69,135
Supply of granting licenses by the Group		
Drawin Intelligent Construction Design Co., Ltd.	17,083	–
Henan Drawin Labour Center Construction Development Co., Ltd.	17,083	–
Baoying Maizheng Drawin Intelligent Manufacture Technology Limited	7,745	–
Xiangxi China Minsheng Drawin Technology Company Limited	–	11,540
	41,911	11,540
Supply of decoration and landscaping services by the Group		
Central China Real Estate Limited and its affiliate companies	150,540	–
Drawin Intelligent Construction Technology Group Co., Ltd.	94	20,245
	150,634	20,245

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS (continued)

(b) Transactions with related parties (continued)

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Leasing of properties to related parties		
Drawin Intelligent Construction Technology Group Co., Ltd.	3,937	4,903
Drawin Intelligent Construction Design Co., Ltd.	1,959	2,239
Drawin Intelligent Manufacture Technology Industry Group Limited	1,250	1,225
Drawin Intelligent Construction New Material Company Limited	758	753
	7,904	9,120
Supply of consulting services by the Group		
Drawin Intelligent Construction Technology Group Co., Ltd.	4,554	2,489
Central China Real Estate Limited and its affiliate companies	4,322	–
Drawin Intelligent Construction Design Co., Ltd.	187	2,693
China Minsheng Drawin Co., Ltd.	–	2,240
	9,063	7,422
Provision of engineering, procurement and construction general contracting services by a related party		
Drawin Intelligent Construction Technology Group Co., Ltd.	40,716	371,806
	40,716	371,806
Provision of design services by a related party		
Drawin Intelligent Construction Design Co., Ltd.	3,761	4,101
	3,761	4,101
Leasing of properties by a related party		
Central China Properties Development Ltd.	2,359	2,219
	2,359	2,219

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties *(continued)*

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Leasing of equipment by a related party		
China Minsheng Drawin Co., Ltd.	1,177	1,234
	1,177	1,234
Payment on behalf of related parties by the Group		
Drawin Intelligent Construction Technology Group Co., Ltd.	5,219	1,691
Drawin Intelligent Construction Design Co., Ltd.	4,332	272
Drawin Intelligent Manufacture Technology Industry Group Limited	4,015	125
China Minsheng Drawin Co., Ltd.	1,135	1,127
Henan Drawin Construction Engineering Company Limited	241	–
China Minsheng Drawin Culture Co., Ltd.	93	–
Central China Real Estate Limited and its affiliate companies	68	–
Drawin Intelligent Construction New Material Company Limited	7	–
Henan Drawin Labour Center Construction Development Co., Ltd.	2	–
Hainan Haikong Drawin Technology Company Limited	–	185
	15,112	3,400
Payment on behalf of the Group by related parties		
Drawin Intelligent Manufacture Technology Industry Group Limited	6,565	22,343
Drawin Intelligent Construction Technology Group Co., Ltd.	3,464	1,351
Drawin Intelligent Construction Design Co., Ltd.	1,471	–
Hainan Haikong Drawin Technology Company Limited	443	–
Henan Drawin Intelligent Manufacture Technology Industry Limited	116	–
Drawin Intelligent Construction New Material Company Limited	33	–
Henan Ruida Engineering Management Company Limited	2	–
China Minsheng Drawin Co., Ltd.	–	130
	12,094	23,824

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS (continued)

(c) Related-party balances

	As at 30 June 2022 HK\$000 (unaudited)	As at 31 December 2021 HK\$000 (audited)
Amount due from related parties		
Central China Real Estate Limited and its affiliate companies	447,267	363,135
Drawin Intelligent Construction Technology Group Co., Ltd.	355,941	136,909
Drawin Intelligent Construction Design Co., Ltd.	36,199	21,531
Xiangxi China Minsheng Drawin Technology Company Limited	20,625	12,162
Drawin Intelligent Construction New Material Company Limited	11,601	11,298
Drawin China Minsheng Drawin Co., Ltd.	9,706	14,685
Drawin Intelligent Manufacture Technology Industry Group Limited	8,788	7,775
YMCI China Minsheng Kunming Technology Group Co., Ltd.	7,458	7,801
Zhejiang Anju Drawin Technology Company Limited	4,429	6,019
Hainan Haikong Drawin Technology Company Limited	1,281	1,340
China Minsheng Drawin Culture Co., Ltd.	1,130	1,088
Hunan Drawin Green Construction Investment Company Limited	1,086	1,136
Linzhou Ruida Engineering Management Company Limited	257	–
Shaoguan Drawin Intelligent Manufacture Technology Limited	–	13,454
Nanyang Drawin Intelligent Manufacture Technology Limited	–	29,354
Shangqiu Jinyao Drawin Intelligent Manufacture Technology Limited	–	22,016
Baoying Maizheng Drawin Intelligent Manufacture Technology Limited	–	24,462
	905,768	674,206

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS (continued)

(c) Related-party balances (continued)

	As at 30 June 2022 HK\$000 (unaudited)	As at 31 December 2021 HK\$000 (audited)
Amount due to related parties		
Henan Drawin Garden Engineering Company Limited	167,320	–
Drawin Intelligent Construction Technology Group Co., Ltd.	82,603	309,108
Jiayao Global Investments Limited	81,438	81,438
Henan Drawin Intelligent Manufacture Technology Industry Limited	80,805	–
Drawin Intelligent Manufacture Technology Industry Group Limited	66,892	101,683
Drawin Intelligent Construction Design Co., Ltd.	13,333	7,094
China Minsheng Drawin Co., Ltd.	6,526	6,838
Central China Real Estate Limited and its affiliate companies	6,153	9,791
Zhejiang Anju Drawin Technology Company Limited	2,166	2,266
Tongxu Jianxiang Occupational Training School	143	–
Henan Jianxiang Decoration Engineering Company Limited	120	–
Henan Rongjiang Construction Labor Service Company Limited	68	–
Drawin Intelligent Construction New Material Company Limited	60	34
Hainan Haikong Drawin Technology Company Limited	–	265
	507,627	518,517

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2022

27. RELATED-PARTY TRANSACTIONS *(continued)*

(c) Related-party balances *(continued)*

note:

- (a) As at 30 June 2022, the amount due to Jiayao Global Investments Limited of US\$10.0 million (equivalent to HK\$77.4 million) and HK\$4.0 million were unsecured and bore no interest, of which HK\$77.4 million will be matured till May 2024 and HK\$4.0 million will be matured till August 2023.

Saved as disclosed in note(a), all other amounts due from or due to related parties are unsecured, bear no interest and are repayable on demand or within one year.

	As at 30 June 2022 HK\$000 (unaudited)	As at 31 December 2021 HK\$000 (audited)
Guarantee/security for borrowings provided by related parties		
Drawwin Intelligent Manufacture Technology Industry Group Limited	612,748	732,338
China Minsheng Drawwin Co., Ltd.	163,706	171,233
Drawwin Intelligent Construction Technology Group Co., Ltd.	11,694	36,693
	788,148	940,264

(d) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents and assistant presidents. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2022 HK\$000 (unaudited)	2021 HK\$000 (unaudited)
Salaries and other short-term employee benefits	3,062	5,206
Share-based compensation	1,954	4,057
	5,016	9,263