

**YIDA** 亿达

**億達中國控股有限公司**

**YIDA CHINA HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

股份代號 Stock Code : 3639.HK

**2020** INTERIM  
REPORT

**中 期 報 告**





Dalian Yida Information Software Park

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# CORPORATE OVERVIEW

**Yida China Holdings Limited (the “Company”), together with its subsidiaries (collectively referred to as the “Group”), founded in 1988, headquartered in Shanghai, is China’s largest business park developer and leading business park operator. The main business involves business park operation, residential properties within and outside business parks and office properties sales, business park entrusted operation and management, construction, decoration and landscaping services and property management service. On 27 June 2014, the Company was successfully listed (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).**

During the early stage of corporate development, the Group established its foothold in Dalian and relied on its local knowledge advantages. Meanwhile, it catered to the international development trends and enjoyed the advantages of its unique business model. Since 1998, the Group had been firmly seizing the international industrial relocation opportunities of service outsourcing industry and IT outsourcing industry, implementing “Private Investment + Government Support”, Internationalization and “IndustryUniversities” integration strategies, creating the business model of City-Industry Integration, and constructing and operating Dalian Software Park at a high standard. The Group had become a pioneer in the field of China’s service outsourcing business park development and operation and had determined its future development direction.

During the business expansion stage, the Group improved its capacities in all fields, raised abruptly based on its accumulated strength and established its own core competitiveness. The Group, by relying on its successful experiences in the operation of Dalian Software Park and the government’s economic development and industrial upgrading strategies, fully integrated internal and external resources, further developed and operated Dalian Ascendas IT Park, Tianjin Seafont Service Outsourcing Industrial Park, Suzhou Hightech Software Park, Wuhan Optics Valley Software Park, Dalian Tiandi, Dalian BEST City, Wuhan First City, Yida Information Software Park and many other software parks and technology parks. It helped the Group to achieve its preliminary strategic goals of “National Expansion, Business Model Exploration and Diversified Cooperation”. For over 20 years, the Group had provided its services to nearly 70 Fortune Global 500 Companies. The Group had accumulated rich client base and operation experiences, forming a blue ocean for business development featuring high entry threshold, high customer loyalty, whole production chain coverage and immunity to cyclical risk.

After the Listing, the Group clearly strived towards the goal to be “China’s leading business park operator”. It pursued its national expansion goal through the strategy of “leading the development of asset-light business to actuate asset-heavy business, and developing asset-light and asset-heavy businesses simultaneously”. Thus, the Group, by virtue of using the development mode of “CityIndustry Integration”, had been consolidating its business in Dalian, greatly expanding its business in Wuhan, and fully exploring its business in major first-tier and second-tier cities and economically vital regions. The Group had seized the development opportunity during the new era by obtaining the strategic investment from China Minsheng Jiaye Investment Co., Ltd. (“**CMIG Jiaye**”), the current controlling shareholder.

In the “second half” of the real estate industry, the Group will cater to the trends and, by virtue of its strong internal and external resources, enhance its core competitiveness as to its business park development and operation to finally achieve scale development and performance improvement.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Jiang Xiuwen (*Chairman and Chief Executive Officer*)

Mr. Chen Donghui

(*suspended on 12 March 2020 and removed on 15 June 2020*)

Mr. Yu Shiping

Ms. Zheng Xiaohua

Mr. Xu Beinan

(*appointed on 29 March 2019 and resigned on 1 April 2020*)

### Non-executive Directors

Mr. Wang Gang

Mr. Zong Shihua

(*Appointed on 24 October 2019 and resigned on 4 June 2020*)

Mr. Zhou Yaogen

### Independent Non-executive Directors

Mr. Yip Wai Ming

Mr. Guo Shaomu

Mr. Wang Yinping

Mr. Han Gensheng

## JOINT COMPANY SECRETARY

Ms. Wang Huiting

Ms. Kwong Yin Ping, Yvonne

## AUTHORISED REPRESENTATIVES

Mr. Jiang Xiuwen

Ms. Wang Huiting

## BOARD COMMITTEES

### Audit Committee

Mr. Yip Wai Ming (*Chairman*)

Mr. Guo Shaomu

Mr. Wang Yinping

Mr. Han Gensheng

### Remuneration Committee

Mr. Wang Yinping (*Chairman*)

Mr. Jiang Xiuwen

Mr. Guo Shaomu

Mr. Han Gensheng

### Nomination Committee

Mr. Jiang Xiuwen (*Chairman*)

Mr. Yip Wai Ming

Mr. Wang Yinping

Mr. Han Gensheng

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

5/F, People's Insurance Mansion

No. 8, Fuyou Road

Huangpu District

Shanghai

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1215, 12th Floor

Two Pacific Place

88 Queensway

Admiralty

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HONG KONG BRANCH 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

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

## LEGAL ADVISORS

*As to Hong Kong Law*

Sidley Austin

*As to PRC Law*

Commerce & Finance Law Offices

*As to Cayman Islands Law*

Conyers Dill & Pearman (Cayman) Limited

## PRINCIPAL BANKERS

Bank of Dalian

Harbin Bank

Industrial and Commercial Bank of China

Bank of Communications

Shanghai Pudong Development Bank

## STOCK CODE

3639

## COMPANY'S WEBSITE

[www.yidachina.com](http://www.yidachina.com)

# CHAIRMAN'S STATEMENT



*Dear shareholders,*

I am pleased to present you the Group's interim results for the six months ended 30 June 2020 (the "Period").

**Jiang Xiuwen**

**Yida China Holdings Limited**  
*Chairman and chief executive officer*

## CHAIRMAN'S STATEMENT (CONTINUED)

During the Period, the Group recorded revenue of RMB1,715 million, of which sales income from residential properties within and outside business parks, office properties and standalone residential properties was RMB1,044 million. Rental income from business parks was RMB266 million; business park operation and management income was RMB28.40 million; construction, decoration and landscaping income was RMB107 million; and property management income was RMB270 million, with a gross profit margin of 29.7%. Net profit attributable to shareholders of the Company was RMB298 million.

### REVIEW OF THE FIRST HALF OF 2020

The outbreak of the COVID-19 pandemic has become a major global systemic crisis during the Period, creating unprecedented challenges to economies, societies, and lifestyles around the world. The Chinese government responded with timely measures which brought the pandemic quickly under control. However, the suspension of construction sites, overall decline in property prices, overall slowdown in sales, significant decline in land transactions and rising inventory cycle brought great challenges to the national real estate market. Dalian and Wuhan, where the Group has been deeply involved in development, have suffered from multiple new outbreaks and repeated occurrence of the epidemic.

At the same time, the epidemic has provided a historic opportunity for economic transformation and upgrading in China. In order to fully release the population's consumption potential, the coordinated development of regional economies and new urbanisation strategies will be further strengthened. High-quality, large-scale business parks have pronounced advantages in supporting high-tech industrial clusters, incubating advantageous industries and driving regional economic recovery. The operation of business parks will play an important role in improving the business environment and leading China's economic growth.

As a leading business park operator and city-industry integration project developer with more than 20 years of experience, the Group has developed a unique business model as well as certain industrial advantages for further establishing its leading position in the industry.

#### 1. Cooperation with enterprises within business parks to resume work and production, revitalising the regional economy

Following the guidance of local municipal governments and medical experts, the Group took quick actions with careful planning for thorough disinfection of the business parks to maintain the usual life pattern and ensure adequate supplies within the park and the community. The Group devised *Guidelines for Enterprise Resumption of Work and Production during the Epidemic Prevention and Control* based on the conditions in each park to ensure a safe and efficient resumption of work among enterprises within the parks, and provide enterprises with targeted and detailed resumption application services to solve operational difficulties encountered during the process.

## CHAIRMAN'S STATEMENT (CONTINUED)

### 2. Optimising business park operation and management systems, realising digitally driven intelligent parks

Through years of practice and accumulation of experience, the Group has formed a full-spectrum digitalised operational solution for business parks, resulting in an intelligent structure of “one body, two wings, three eco-systems and four cloud systems”. This will achieve an online comprehensive resources platform, empower the industry-targeted tenant recruitment function and facilitate the application of operational data and data-based decision making, so as to realise our operational goals of standardised operation, collaboration in tenant recruitment, integration of Internet of Things (“IoT”) construction, ecological approach to business service, and digitalised decision-making and innovation process, for the building of our core competitiveness in the new digital era.

### 3. Replenishing high-quality land resources, brand reputation well recognised by the market

During the Period, the Group successfully acquired Glory of the City (青雲天下) residential project, a project in Zhongshan District, Dalian. After the completion of acquisition in June, the project became wholly-owned and operated by the Group, which will effectively replenish the Group's resources of properties for sale and help improve its mid- to long-term performance. Located in the core area of Dalian, the Glory of the City (青雲天下) project covers an area of approximately 96,000 sq. m. with a total gross floor area (“GFA”) of approximately 501,000 sq. m.. In May 2020, the Group also successfully acquired a land parcel of the phase two Changsha Intelligent Manufacturing Industrial Village project in Changsha Wangcheng Economic and Technological Development Zone, with a total area of approximately 82,000 sq. m., and a capacity building area of approximately 192,000 sq. m., of which residential building area is about 110,000 sq. m.. The Group continued to deepen its “city-industry integration” development pattern to realise its core competitiveness in business park development.

## OUTLOOK FOR THE SECOND HALF OF 2020

With the successful implementation of the 13th Five-Year Plan, the transformation and upgrade of China's economy have made positive progress, and its economic development has entered a new norm of “a more advanced form of growth, improved division of labour, and a more rational structure”. In the second half of the year, the Group will continue to adhere to the corporate operating principle of “market-oriented, customer-centric, and profit-based”, fully utilise its core competitiveness of city-industry integration development and operation of business parks, face and overcome difficulties with a positive attitude so as to ensure the steady development of the Company's various businesses during the year.

### 1. Adhering to the development strategy of city-industry integration, enhancing the national expansion, and creating the new momentum for development

Under the guidance of the development strategy of “developing asset-light and asset-heavy businesses simultaneously”, the Group puts forward a new project expansion blueprint of “Put the arrow on the string and draw the bow”. The “bow” refers to the three major metropolitan coastal areas, namely Beijing-Tianjin-Hebei, Yangtze River Delta and the Greater Bay Area which are all economically highly developed, and the “arrow” refers to the Yangtze River Economic Region. The Group has established city-industry integration projects in key cities in the Yangtze River Economic Belt such as Chengdu, Chongqing, Changsha and Wuhan; the arrow has been placed on the bow. In addition to its planning for the core first and second tier cities, the Group will focus primarily on five national-level city clusters and nine regional city clusters to identify those for central cities and sub-central cities with special attention for development. At the same time, the Group will look for expansion opportunities in the surrounding satellite cities, and make early entrance into key non-capitals and surrounding cities if appropriate.



## CHAIRMAN'S STATEMENT (CONTINUED)

### 2. Integrating business resources, building a digitalised full-spectrum platform, and improving the quality and efficiency of tenant-related services

Through the construction of digitalised platform for intelligent parks, the Group has adapted to the “multi-city, multi-park, multi-business, multi-model and multi-organisation” business characteristics under the “developing asset-light and asset-heavy businesses simultaneously” model. Through the construction of a big data platform, comprehensive and reliable information can be provided for decision-making for running an innovative business model, and an industrial operation ecosystem combining digital, technology, finance and service will be ultimately formed, so as to provide better service for regional business development, improve the overall service efficiency and loyalty of corporate clients, all for the realisation of our vision of “creating industry-wise synergy effect and building intelligent new cities”.

### 3. Improving the management efficiency of assets, building a dynamic management system and strengthening cash flow management

The Group will comprehensively review its assets and build an all-process management system for “reservation, construction, supply, sale and storage”. The Group sets a clear regime for asset management and actively monitors the asset turnover. Through dynamic value management and land resource management, the Company will be able to accelerate the asset turnover and cash collections with better categorization of assets based on different inventory ages.

On behalf of the Board, I would like to express our heartfelt thanks to all shareholders, investors, business partners and customers for their support to the Group, and to the management and employees for their unremitting efforts and contributions.

**Jiang Xiuwen**  
**Yida China Holdings Limited**  
*Chairman and Chief Executive Officer*

14 August 2020



# MAJOR EVENTS



The Group was named as a “Responsible Enterprise of the 2019 China Real Estate Annual Red List” at the “11th China Real Estate Seminar and 2019 China Real Estate Annual Awards Presentation Ceremony” hosted by China Internet News Centre and House. china.com.cn.



More than 10 AI companies from Zhongguancun No. 1, a business park operated by the Group, participated in the 2020 International CES in Las Vegas, USA. The event helps companies stay abreast of the latest scientific and technological developments, engage in international collaboration, and enter new international markets.

The Group was selected as one of the “2020 Top 100 Chinese Real Estate Development Enterprises”, and ranked No. 3 in “2020 China’s Top 10 Real Estate Development Companies in Innovation Capability”. Additionally, the Changsha Yida Intelligent Manufacturing Industrial Village was awarded the “2020 Typical Project of China Real Estate Developers” by China Real Estate Association and Shanghai E-house China R&D Institute.



To help the park’s new IT companies resume work online, Wuhan First City initiated a “First City Cloud Alliance for Resumption of Work” and a cloud service platform for free online courses through the First City Cloud Classroom and First City Enterprise Guide. Meanwhile, Wuhan First City also took epidemic prevention and control measures, and intelligent renovation of apartments to accelerate the upgrading to intelligent parks.



## FEBRUARY

## JANUARY



Zhengzhou Yida Creation City was recognised as one of 19 key construction projects for technology services in Henan Province in 2020. The project mainly focused on software and information service industries, and extended to the upstream and downstream of the industrial chain to constitute business clusters. Sectors served include the Internet of Things, big data, intelligent manufacturing, artificial intelligence, and the internet. The facilities include enterprise headquarters for the information technology industry, regional headquarters, administrative R&D centres, bases for innovation and incubation, and bases for domestic and foreign intelligent manufacturing and achievement transformation.

## MARCH



## MAJOR EVENTS

The Group won the “Excellent City-industry Integration Operator” award at the 17th Session of China’s (2020) Blue Chip Real Estate Annual Meeting hosted by the Jingguan News, Economic Observer and eeo.com.cn online.



The Group completed the acquisition of a 75% equity interest in the Dalian Glory of the City project and a 50% equity interest in Dalian Qingyun Sky Property Service Co., Ltd. held by Sumitomo R&D at a consideration of RMB3.03 billion. The Glory of the City is a residential property in the core area of Zhongshan District, Dalian. After the transaction is completed, the joint venture and the property service company will become wholly-owned subsidiaries of the Group, increasing the Group’s land bank by approximately 450,000 sq.m..



Yida Yuntu, a wholly-owned subsidiary of the Group, launched its Yida Intelligent Site Selection (億達慧選址) cloud service. The platform offers corporate tenants flexible site selection to help their businesses get stationed efficiently and conveniently by making use of its internal asset management system to connect all high-quality office space across the country.

Yida Yuntu and Shenzhen Runlian Smart Technology Co., Ltd., a wholly-owned subsidiary of China Resources Group, formally entered into a business cooperation framework agreement in the fields of digital real estate and smart parks. Both parties will integrate Runlian Technology’s cloud computing, Internet of Things, big data, IT operation and maintenance and information security resources to jointly construct digital real estate and smart parks, reshape the digital real estate and smart park management model, and create a new ecological for smart cities.



MAY

APRIL

JUNE



The Group ranked 68th in “2020 China’s Top 100 Listed Real Estate Companies in Comprehensive Strength” and “2020 China’s Top 5 Listed Real Estate Companies in Innovation Capability” at the “2020 Chinese Listed Real Estate Companies Assessment Result Announcement” organised by the China Real Estate Association and the Shanghai E-House Real Estate R&D Institute’s China Real Estate Evaluation Centre. This was the sixth consecutive year that the Group was named in the billboards since its listing.



In the “2020 China’s Top 100 Property Service Companies” survey, the China Index Academy named Yida Service Group Co., Ltd., a wholly-owned subsidiary of the Group, as one of the “Top 20 Property Management Companies”, “2020 China’s Outstanding Enterprises for Business Park Property Management”, “2020 Top 10 Enterprises among China’s Top 100 Property Service Companies in Business Performance”, and as a “2020 Leading Enterprise in Property Services with Chinese Characteristics-Urban Supporting Logistics Service Operators”.



Changsha Yida Intelligent Manufacturing Industrial Village Development Co., Ltd. won its bid for land plot No.008 in Wangcheng District [2020] for its high-quality commercial and residential purposes. With a total GFA of approximately 192,000 square-metres, it will be developed as a city-industry integration demonstration project in Hunan to expand the strategic coverage of Changsha Yida Intelligent Manufacturing Industrial Village.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### I. Operation of Business Parks Owned by the Group

During the Period, the Group's wholly-owned business parks included Dalian Software Park, Dalian BEST City, Dalian Tiandi and Yida Information Software Park; the Group's partially owned business parks included Wuhan First City (50% stake) and Dalian Ascendas IT Park (50% stake). The total completed gross floor area in the above parks was approximately 2,011 thousand square metres, and the area available for leasing was approximately 1,944 thousand square metres. During the Period, the Group recorded a rental income of approximately RMB265.67 million, remaining substantially at the same level as that of the corresponding period of last year.

The following table shows the business parks owned by the Group (unit: '000 sq.m.):

Business Parks	Equity Interests Held by the Group	Completed Gross Floor Area	Leasable Area			Parking Spaces	Occupancy Rate
			Office Buildings	Apartments	Shops		
Dalian Software Park	100%	637	391	180	33	42	95%
Dalian BEST City	100%	147	99	–	7	41	79%
Yida Information Software Park	100%	155	131	–	4	20	95%
Dalian Tiandi	100%	451	329	37	41	44	79%
Wuhan First City	50%	272	109	40	22	101	37%
Dalian Ascendas IT Park <sup>1</sup>	50%	349	206	–	3	64	85%
Total		2,011		1,944			

Note:

- The financial statements of Dalian Ascendas IT Park are not consolidated, therefore the rental income of the Group excludes the rental income from such park.



Dalian Software Park



Dalian Yida Information Software Park

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Under the challenge of the serious pandemic, other commercial properties across the country experienced the situation of uncollectable rents or significant increase in vacancy rate mainly related to lessees of small and medium enterprises in retail, food and beverage and entertainment sectors. This was not only reflected in the revenue of commercial properties but also seriously affected the overall balance of commercial sectors. On the contrary, although the business parks of the Group are all located in Wuhan which had the most severe outbreak, and Dalian which experienced resurgences of infections, the collection of rents was not affected significantly and the business parks had been operated as normal. This is an overall indication of the leading business model of the Group which enables its business parks to attract enterprises of large scale, with great strength and high resistance to systematic risk as well as departments with strong irreplaceability.

Since resumption of work has been officially approved on 25 March 2020, tenants of the Wuhan First City gradually resumed full operation and production. During the post-epidemic stage, as thousands of employees and hundreds of enterprises operate in our business parks, the resumption of operation and production had to be arranged by phases and to proceed in an orderly manner, taking into consideration of the development of the pandemic, government policies, needs of the enterprises and measures to be taken by the business parks. Based on the practice of pandemic control in its business parks, the Group worked with Yida Yuntu's digital solutions to generate valuable information resources and knowledge services through multi-source fusion and analysis of relevant data which was in huge quantity, with complex structure and a variety of categories. Such effort has promoted the full visualization of park properties, efficient and reliable operation and decision-making and sustainable development of the park economy. The Group promptly launched five major intelligent management systems for smart-park pandemic prevention and control, in an effort to provide tenants with a safe and confident environment for resumption of work.



Wuhan First City

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## II. Sale of Properties

During the Period, the Group achieved contracted sales of RMB2,556 million, representing a decrease of 42.7% over the corresponding period last year, mainly due to the outbreak of the COVID-19 pandemic, Dalian and Wuhan sales have been seriously affected. The average contracted sales price was RMB10,076 per square metre, representing an increase of 10.2% over the corresponding period last year, mainly due to the increase in the proportion of residential property sales and the price of office property sales. The majority of projects sold were located in Dalian (59.9% of total contracted sales), Wuhan (15.9% of total contracted sales) and Changsha (15.2% of total contracted sales), of which residential property sales accounted for approximately 66.0% of total contracted sales.

During the Period, the segment recorded revenue of RMB1,043.89 million, representing a decrease of 38.7% over the corresponding period last year. The average sales price was RMB11,603 per square metre, representing a year-on-year decrease of 30.6%. These are mainly due to a decrease in projects delivered and the decrease in the average price over the corresponding period last year as a result of different product structures. The projects carried forward during the Period were mainly ordinary residential properties. Revenue-recognised projects were mainly located in Dalian (95.0% of revenue) and Changsha (3.9% of revenue).

While consolidating its business in Dalian and focusing on the strategic target of “developing asset-light and asset-heavy businesses simultaneously”, the Group implemented city-industry integration projects in Changsha and Zhengzhou and developed landmark projects including Changsha Yida Intelligent Manufacturing Industrial Village, Changsha Yida & CSCEC Intelligent Technology Centre and Zhengzhou Yida Creation City.

### Dalian

During the Period, Dalian was severely affected by multiple outbreaks and repeated occurrence of the epidemic and its property market experienced unprecedented difficulty. Overall slowdown of sales was seen in the whole city and the inventory cycle increased in the short-term. The land supply in central urban area slowed down significantly. Although the number of property transactions decreased in the short term due to the pandemic, the general trend of lagged price and volume increase remained steady in the property market of Dalian. After the pandemic, there is an unprecedented increase in the preference and confidence of general consumers in residential projects with high-quality property management services and developed by branded and local-region focused property enterprises. With the widespread implementation of nucleic acid testing in Dalian, the pandemic is under control and the resumption of work and production of large enterprises progress well, the transaction volume is likely to catch up in the second half of the year.

In June 2020, the Group completed the acquisition of equity interests in the Glory of the City (青雲天下) project which is located in the mature financial and economic core area of Dalian and the supply of such property in the urban area has been rare for years. As the Group has a complete control of the project, it has leveraged on its strength in design, development, construction, property services as well as its reputable brand to create a new landmark of the district.



Dalian Tiandi Hekou Bay



Dalian Glory of the City

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Changsha

In the first half of 2020, the impact of the pandemic on the city was limited and the economy recovered rapidly. The Group's Changsha Yida Intelligent Manufacturing Industrial Village is an important platform to help build a "National Intelligent Manufacturing Centre" of Changsha in the Wangcheng Economic Development Zone. Upon completion, it will become the first town in Central China with the unique feature of city-industry integration which is suitable for businesses, living and tourism. The project will target software and information service sectors, new generation semi-conductors, precision manufacturing and electronic information. After a four to five-year construction period, it will attract more tenants of domestic and foreign renowned enterprises and Fortune Global 500 enterprises which will create an industrial clustering effect in line with the vision of "Made in China 2025". The project will seize a new round of development opportunities and contribute to the formation of a smart manufacturing cluster in Changsha.

The Group's Changsha Yida & CSCEC Intelligent Technology Centre at Meixihu International New City (Phase II) focuses on the medical and health, information technology, cultural creativity and artificial intelligence industries, which aims to create a "business highland of Central China and engine of intelligent industry", and integrates related industries such as scientific R&D to build a whole industry chain, low-carbon green ecosystem, and a dynamic and diverse full life-cycle service system. It is planned to develop a range of properties such as independent courtyard style enterprise headquarters, low density multi-storey office building, mid- to high-rise smart business office building, waterfront international style shopping street and mini condos.

### Zhengzhou

In the first half of 2020, in order to mitigate the impact of the pandemic in the first quarter, Zhengzhou implemented the policies of increasing talent subsidies and contract tax subsidies, promoting development of hi-tech industries and attracting investment. After being listed as key construction project, Zhengzhou Yida Creation City was further listed as one of the provincial and municipal key projects which Zhengzhou will ensure their commencement of construction. Zhengzhou Yida Creation City will take software and information service industries as its core and extend upstream and downstream of such industries to create a multiple of clusters comprising IOT, big data, intelligent manufacturing, AI, internet, etc. It will develop into a base of companies or regional headquarters, a centre of administration and R&D and a base of innovation, entrepreneurship and incubation for enterprises in the IT industry, as well as a base for intelligent manufacturing and achievement transformation, to help realise the vision of building the high-tech zone into a RMB100 billion level world class high-tech park by 2025.



Changsha Yida Intelligent Manufacturing Industrial Village



Zhengzhou Yida Creation City

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

	<b>Contracted Sales Floor Area</b> (sq.m.)	<b>Contracted Sales Amount</b> (RMB ten thousand)	<b>Average Sales Price</b> (RMB/sq.m.)	<b>Percentage of Total Contracted Sales</b>
Dalian	116,977	153,102	13,088	59.9%
Wuhan	57,934	40,524	6,995	15.9%
Changsha	53,261	38,996	7,322	15.2%
Chongqing	13,584	11,398	8,391	4.5%
Zhengzhou	10,496	11,050	10,528	4.3%
Chengdu	1,046	176	1,683	0.1%
Shenyang	384	365	9,505	0.1%
<b>Total</b>	<b>253,682</b>	<b>255,611</b>	<b>10,076</b>	<b>100.0%</b>
Dalian Tiandi	48,644	73,356	15,080	28.7%
Residential Properties Outside Business Parks	37,128	47,946	12,914	18.7%
Wuhan First City	57,934	40,524	6,995	15.9%
Changsha Yida Intelligent Manufacturing Industrial Village	45,380	28,706	6,326	11.2%
Yida Information Software Park	22,805	22,386	9,816	8.8%
Chongqing Yida Innovation Plaza	13,584	11,398	8,391	4.5%
Zhengzhou Yida Creation City	10,496	11,050	10,528	4.3%
Changsha Yida & CSCEC Intelligent Technology Centre	7,881	10,290	13,056	4.0%
Dalian Software Park	4,861	5,066	10,421	2.0%
Dalian BEST City	4,969	4,889	9,840	1.9%
<b>Total</b>	<b>253,682</b>	<b>255,611</b>	<b>10,076</b>	<b>100.0%</b>



Changsha Yida Intelligent Manufacturing Industrial Village



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## III. Business Park Operation and Management

At the end of the Period, the Group's business parks had a total of 27 operation and management projects, and the total area of entrusted operations and management was approximately 3,300 thousand square metres. During the Period, five new business park operation and management projects were added. Revenue amounted to RMB28.40 million, representing a slight decrease from the corresponding period of last year.

During the first half of the year, the Group successfully recruited 16 major tenants, including Fortune Global 500 companies, unicorn enterprises, top 100 companies in various industries and listed companies. As of the end of the Period, there were accumulatively over 800 tenants in the Group's business parks. The Group strived to replicate and innovate successful business models in more cities, provide full life-cycle digital service for its clients, create business and city ecologies "led by technology and innovation, with agglomeration of high-end industries, demonstrative green ecology and humanistic interaction and symbiosis", empower enterprises, promote innovation and development of smart industries in the 5G era, and create value and revenue for the Group in the course of servicing and creating value for clients.

Under the impact of the pandemic, the business park operation and management faced great challenges and the digital park model has been welcomed by the market. The matured application of technologies such as cloud computing, big data and AI has laid the technological foundation for the digital operation of the parks. The Group actively promoted digitalization of its parks and achieved significant progress. The "Easy Asset Management (易资管)" APP has been undergoing comprehensive trial run and an online tenant recruitment mini-application was launched. A number of online platform applications, such as online client product information input platform, play an important role in such efforts. Through big data precise tenant recruitment, energy management and pooling third party services online, the Group built new core competitiveness of the digital era.



Intelligence Valley (Chongqing) of China Signed Service Agreement with the Business Park Operation and Management Team



Meixihu Innovation Centre

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the Group's entrusted operation and management projects:

	Status	City	Project Name	Contracted Area ('000 sq.m.)	Operation Mode
1		Shanghai	Yida North Hongqiao Entrepreneur Park	48.0	Tenant recruitment and operation
2		Suzhou	Suzhou High-Speed Rail New City	255.5	Tenant recruitment and operation and incubator
3		Shenzhen	Haikexing Sinovac Strategic Emerging Industrial Park	70.6	Tenant recruitment and operation
4		Hefei	Hefei City Luyang Big Data Industry Park	242.6	Tenant recruitment and operation
5		Mianyang	Phase One of China (Mianyang) Technology City Software Industry Park	62.6	Tenant recruitment and operation
6		Harbin	Harbin-Israel International High & New Technology Incubator Complex Industrial Park	89.0	Tenant recruitment and operation
7		Beijing	Yida Lize Centre	41.0	Charter
8		Shanghai	Yida Waigaoqiao Business Park	13.9	Charter
9		Xi'an	Collaborative Innovation Port of Feng Dong New Town	200.0	Tenant recruitment and operation
10	Stock in 2019	Changsha	Meixihu Innovation Centre	42.0	Tenant recruitment and operation
11		Beijing	Zhongguancun No. 1	497.8	Tenant recruitment and operation
12		Suzhou	Taicang Port Gangcheng Square	164.2	Tenant recruitment and operation
13		Chuzhou	Chuzhou Innovative Science and Technology City	211.6	Consultation services and operation
14		Zhuzhou	Zhuzhou Geckor China Power Valley	245.8	Sale agent, tenant recruitment and operation
15		Yibin	HIT (Yibin) Technology Park	150.0	Consultation services, tenant recruitment and operation
16		Chongqing	Chongqing Gangcheng Industrial Park	200.0	Tenant recruitment and operation
17		Dongying	JD Cloud (Dongying) Digital Economy Industrial Park	2.3	Tenant recruitment and operation
18		Qingdao	Pingdu Industrial Park of Shift in Driving Forces	132.0	Tenant recruitment and operation
19		Yingkou	Huahai International Building	30.0	Tenant recruitment and operation
20		Zhongshan	Guangzhou Raycome Health Technology Co., Ltd.	33.9	Tenant recruitment and operation
21		Xuchang	Xuchang Yida Industrial Technology City	175.0	Sale agent, tenant recruitment and operation
22		Chengdu	Guanghua Innovation Centre	10.5	Tenant recruitment and operation
23	Newly added in 2020	Qingdao	Tencent Shuangchuang Town	131.7	Sales agent, tenant recruitment and operation
24		Nanchang	Yida Airport Zone Technology Valley	129.5	Tenant recruitment and operation
25		Nanchang	Jiangxi Yungang Logistics Headquarter Park	30.0	Tenant recruitment and operation
26		Chongqing	Intelligence Valley (Chongqing) of China	10.0	Tenant recruitment and operation
27		Guiyang	Shu'anhuai Big Data Safety Technology Park	80.0	Tenant recruitment and operation
		Total		3,299.5	



Phase One of China (Mianyang) Technology City Software Industry Park



Shenzhen Haikexing Sinovac Strategic Emerging Industrial Park

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## IV. Construction, Decoration and Landscaping

During the Period, the revenue of construction, decoration and landscaping businesses amounted to RMB107.02 million, remaining substantially at the same level as that of the corresponding period of last year. The Group continued to strengthen its capabilities in construction, decoration and landscaping, focused on advancing process standardization, adopted dynamic management to control cost planning and review, enhanced construction quality and secured profit margin of projects. Meanwhile, the Group continued to enhance the strategy for upholding quality and gradually establish presence across the country. In face of the coronavirus impact, the Group implemented resumption of work with disease control in a scientific manner, actively meeting the construction schedules and grasping critical moments in order to realise timely project delivery while securing building and construction quality and safety.

The Group has always pursued vertical integration of development, design, construction, operation and services. Leveraging on its positioning advantages of being a professional city-industry integration developer, the extensive project management experience of its core team and a mature project management and control system, the Group expands project resources, expands revenue streams, optimises internal resources, explores external markets, enhances the technical accuracy of its business and market suitability and develops a multi-dimensional business model.

During the Period, due to its long-term effective cooperation with business partners and outstanding construction quality, the Group mainly undertook regional landmark and well-known projects such as Dalian Poly Hefu, Qingdao Longfor project and Jilin China Overseas Boyue Residence. The Group will continue to track subsequent projects of its partners in various regions and proactively secure projects through direct negotiations, seek opportunities of cooperation with large property developers, government and municipal entities and expand business coverage to obtain sustaining, steady and recurring cash flow.



- 1 Construction Site in Chongqing
- 2 Decoration Showroom in Dalian
- 3 Landscaping in Changsha

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## V. Property Management

During the Period, the Group's property management business recorded revenue of RMB270.00 million, representing an increase of 21.6% from the corresponding period of last year, mainly due to increase in management projects and supporting service income during the Period. The Group upholds the development ideas of "improving service level, increasing performance, and expanding business", and through establishing platforms of informatisation and digitalisation, the Group's property development model gradually transforms to intelligent servicing. During the Period, the Group's property management business was awarded with a number of honours including, Top 20 in "2020 Top100 Property Management Companies in China", "2020 Outstanding Property Management Enterprise of Business Parks in China", "2020 Top10 Operating Performance of Property Service Enterprises in China" and "2020 Leading Property Service Enterprise with Chinese Special Characteristics – City Supporting Logistics Service Operator".

### Residential Property Management

During the Period, the Group operated two new residential property projects with an operation area of approximately 0.500 million sq. m., making its total residential property projects under operation to 78 projects with a total area of approximately 11.880 million sq. m., covering multiple community service projects such as new retail, food and beverage, leasing and sales, education, elderly care as well as household service.

In face of the sudden coronavirus outbreak, the property service team of the Group rapidly engaged in the anti-pandemic frontline. The Group's property service team overcame difficulties, held its positions firmly and safeguarded the property owners' well-being with its actions. Since the outbreak began, an anti-epidemic emergency command team has been established and measures for securing protective supplies were immediately commenced. Uniform epidemic prevention standards were soon established at the headquarters level to achieve standardised operation in projects across the country. Supplies such as masks, protective clothing, thermometers and disinfectant were purchased in advance and sent to the frontlines in Wuhan and elsewhere in China to ensure protection of employees. Meanwhile, the Group actively responded to government's call and cooperated with relevant authorities to promote infection protection to property owners.

As personnel in the frontline, the Group's property service team was frequently exposed to the risk of infection for a prolonged period, including members working in Wuhan, which was hardest hit by the epidemic, and Dalian, which suffered multiple outbreak and resurgence of infection. The team kept fighting, operated steadily and delivered protection with no incident, receiving unanimous commendation from property owners, local governments and medical and health departments.



Timely Disinfection and Sterilization of Residential Properties



Grocery Shopping and Delivery Services during the Epidemic

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Office Property Management

During the Period, the Group added six new office property management projects with an area under management of 0.665 million sq. m., making its total GFA under operation reach 4.756 million sq. m.. The Group strengthened its presence in cities like Dalian, Shenyang, Hangzhou, Changsha, Wuhan, Zhengzhou, Chengdu and Mianyang, making steady progress towards its objective of business coverage across the country. At the same time, the Group will continue leveraging on its successful experience in serving high profit margin sectors such as business parks, office buildings, government authorities, public service facilities and tertiary institutions to enhance its profitability continuously.



Nucleic Acid Test Venue for Employees of the Business Parks

The property management team strictly implemented relevant national requirements with high standard and achieved outstanding anti-epidemic results. After the pandemic became under control, the team carried out disinfection of all office premises and facilities, secured the supply of protective materials and implemented prevention measures to facilitate the full resumption of work and production. The team performed personnel entry and exit management for resumption of work, avoided prolonged gathering of people, restricted entry of outsiders and set up temperature checking and disinfection area at all entrances. It also proactively coordinated difficult issues such as the flow of people, meal and transport arrangement for returning workers to ensure orderly and safe resumption of work of the projects.

Leveraging on its over 20 years of experience in developing and operating business parks and serving Fortune Global 500 enterprises, the Group focused on operating business parks, providing smart services and empowering urban public services, in an effort to redefine quality services across the country. During the Period, the Group won the bids of a number of major projects such as Huawei Smart Terminal HUB storage in Changsha, Shenyang Institute of Technology, Zhongshan Branch of Dalian Public Security Bureau. The Group will provide quality services for its clients with leading service standard in China and first class management and operation, and create a more comfortable working and studying environment.



Timely Disinfection and Sterilization of Office Properties



Yida High-speed Railway Services

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### VI. Land Reserves

As at 30 June 2020, total GFA of the Group's land reserves was approximately 9.942 million square metres. The GFA of the land reserves attributable to the Group was approximately 8.646 million square metres. The land reserve in Dalian further decreased and accounted for 65.4%, a 2.4 percentage points decrease compared with that of the end of the previous year.

The Group continued to consolidate its business in Dalian and gradually realised business coverage of city-industry integration projects in major cities across the country. In May, the Group successfully acquired a land parcel of the phase two Changsha Intelligent Manufacturing Industrial Village project in Changsha Wangcheng Economic and Technological Development Zone, with a total area of approximately 82,000 square metres, and a capacity building area of approximately 192,000 square metres. Changsha Yida Intelligent Manufacturing Industrial Village is an important part of the RMB100 billion level Changsha Intelligent Terminal Business Park and a key supporting platform of the Wangcheng Economic and Development Zone in enabling Changsha to become a "National Intelligent Manufacturing Centre". Upon completion, it will become the first village in Central China with the unique feature of intelligent manufacturing and suitable for businesses, living and tourism. The Group strived to build a community of intelligent manufacturing industries and contribute to the creation of an intelligent manufacturing cluster in Changsha. Currently, enterprises such as DevCloud, Blue River International R&D Centre, 58 Zhongchuang Group have moved in.



Zhengzhou Yida Creation City

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In June, the Group successfully acquired Glory of the City (青雲天下) residential project, a project in Zhongshan District, Dalian, and the project became wholly-owned and operated by the Group. This will effectively replenish the Group's high quality resources of properties for sale. Located in the financial and economic core area of Dalian, the Glory of the City (青雲天下) project covers an area of approximately 96,000 sq. m. with a total GFA of approximately 501,000 sq. m.. Leveraging on its strength in design, development and construction as well as its reputable brand, the Group will create another flagship project in the region with the Glory of the City (青雲天下), following its successes in the Qingyun Yingshan (青雲映山) and Qingyun Linhai (青雲林海).

The Group will also seize merger and acquisition opportunities brought by the overall trend of the real estate market, obtain suitable asset-heavy projects at proper time, including but not limited to business parks, standalone office properties, standalone residential properties and urban complex projects.

The following table sets forth a breakdown of the Group's land reserves as at 30 June 2020:

By City	Total GFA of Land Reserves (sq.m.)	Proportion	Attributable GFA of Land Reserves (sq.m.)	Proportion
Dalian	6,497,979	65.4%	6,275,997	72.6%
Wuhan	879,967	8.9%	439,983	5.1%
Chengdu	118,472	1.2%	80,636	0.9%
Changsha	1,432,339	14.4%	937,813	10.8%
Zhengzhou	621,367	6.3%	621,367	7.2%
Chongqing	103,241	1.0%	103,241	1.2%
Hefei	288,191	2.9%	187,324	2.2%
Total	9,941,555	100.0%	8,646,361	100.0%

By Location	Total GFA of Land Reserves (sq.m.)	Proportion	Attributable GFA of Land Reserves (sq.m.)	Proportion
Within Business Parks	8,104,231	81.5%	6,909,914	79.9%
Outside Business Parks	1,837,324	18.5%	1,736,447	20.1%
Total	9,941,555	100.0%	8,646,361	100.0%

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

<b>By Project</b>	<b>Equity Interests Held by the Group</b>	<b>GFA Completed Remaining Leasable/ Saleable (sq.m.)</b>	<b>GFA under Development (sq.m.)</b>	<b>GFA Held for Future Development (sq.m.)</b>
<b>Business Parks</b>				
<b>Dalian Software Park</b>				
Office	100%	594,938	–	–
Residential	100%	116,731	–	–
Subtotal	100%	711,669	–	–
<b>Dalian BEST City</b>				
Office	100%	222,464	73,820	515,172
Residential	100%	242,901	7,900	–
Subtotal	100%	465,365	81,720	515,172
<b>Wuhan First City</b>				
Office	50%	319,614	129,190	412,209
Residential	50%	18,954	–	–
Subtotal	50%	338,568	129,190	412,209
<b>Yida Information Software Park</b>				
Office	100%	152,139	–	118,798
Residential	100%	213,123	125,897	–
Subtotal	100%	365,262	125,897	118,798
<b>Dalian Ascendas IT Park</b>				
Office	50%	279,000	61,292	103,652
Subtotal	50%	279,000	61,292	103,652



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

By Project	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
<b>Dalian Tiandi</b>				
Office	100%	413,737	212,405	1,148,943
Residential	100%	95,777	274,037	–
Subtotal	100%	509,514	486,442	1,148,943
<b>Chengdu Tianfu Intelligent Transportation Science and Technology City</b>				
Office	60%	42,389	52,203	–
Subtotal	60%	42,389	52,203	–
<b>Changsha Yida &amp; CSCEC Intelligent Technology Centre</b>				
Office	51%	–	229,832	111,350
Subtotal	51%	–	229,832	111,350
<b>Changsha Yida Intelligent Manufacturing Industrial Village</b>				
Office	70%	–	176,650	304,924
Residential	70%	–	372,650	236,933
Subtotal	70%	–	549,300	541,857
<b>Zhengzhou Yida Creation City</b>				
Office	100%	–	338,361	283,006
Subtotal	100%	–	338,361	283,006

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

By Project	Equity Interests Held by the Group	GFA		GFA Held for Future Development (sq.m.)
		Completed Remaining Leasable/Saleable (sq.m.)	GFA under Development (sq.m.)	
<b>Chongqing Yida Intelligent Plaza</b>				
Office	100%	–	103,241	–
Subtotal	100%	–	103,241	–
<b>Projects Within Business Parks Subtotal</b>			2,711,767	2,157,477
<b>Projects Outside Business Parks</b>				
Dalian	53%-100%	428,070	501,873	595,309
Chengdu	100%	23,881	–	–
Hefei	65%	–	–	288,191
<b>Projects Outside Business Parks Subtotal</b>			451,951	501,873
Total			3,163,718	2,659,350



Dalian Software Park

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW

### Revenue

The sources of revenue of the Group primarily include (1) revenue from sales of properties; (2) rental income; (3) income from providing business park operation and management services; (4) income from providing construction, decoration and landscaping services; and (5) income from property management services.

During the Period, the revenue of the Group was RMB1,714.98 million, representing a decrease of 26.5% from the corresponding period of last year.

The following table sets forth a breakdown of the revenue for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	Amount RMB'000	% of total amount	Amount RMB'000	% of total amount
Revenue from sales of properties	1,043,891	60.9%	1,704,057	73.1%
Rental income	265,666	15.5%	266,698	11.4%
Business park operation and management services income	28,400	1.7%	30,467	1.3%
Construction, decoration and landscaping income	107,022	6.2%	109,419	4.7%
Property management income	270,001	15.7%	222,018	9.5%
Total	1,714,980	100.0%	2,332,659	100.0%

#### (1) Revenue from sales of properties

The Group's revenue arising from sales of residential properties within and outside business parks, office properties and standalone residential properties for the Period was RMB1,043.89 million, representing a decrease of 38.7% from the corresponding period of last year, which was mainly attributable to the decrease in projects delivered during the Period.

#### (2) Rental income

The Group's rental income derived from operation of business parks owned by the Group for the Period amounted to RMB265.67 million, remaining substantially at the same level as that of the corresponding period of last year.

#### (3) Business park operation and management services income

During the Period, the income arising from business park operation and management services provided by the Group amounted to RMB28.40 million, representing a slight decrease from the corresponding period of last year.

#### (4) Construction, decoration and landscaping income

During the Period, the income derived from construction, decoration and landscaping services provided by the Group amounted to RMB107.02 million, remaining substantially at the same level as that of the corresponding period of last year.

#### (5) Property management income

During the Period, the income derived from property management service provided by the Group amounted to RMB270 million, representing an increase of 21.6% from the corresponding period of last year, mainly due to the increase in property management projects and supporting service income.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Cost of Sales

The cost of sales of the Group during the Period amounted to RMB1,205.36 million, representing a decrease of 7.7% from the corresponding period of last year, which was mainly attributable to the decrease in projects delivered during the Period.

### Gross Profit and Gross Profit Margin

The gross profit of the Group during the Period amounted to RMB509.62 million, representing a decrease of 50.4% from the corresponding period of last year; the gross profit margin decreased from 44.0% for the corresponding period of 2019 to 29.7% during the Period, which was mainly attributable to the decrease in the average price over the corresponding period last year as a result of different product structures.

### Selling and Marketing Expenses

The selling and marketing expenses of the Group decreased by 31.7% to RMB59.73 million from RMB87.42 million in the corresponding period of last year, which was mainly attributable to the decrease in advertising expenses and sales staff costs during the Period.

### Administrative Expenses

The administrative expenses of the Group for the Period is RMB136.61 million, representing a decrease of 27.1% from the corresponding period of 2019, which was mainly due to the Company's active measures to control office costs during the Period.

### Gains arising from acquisition of subsidiaries

The gains arising from acquisition of subsidiaries for the Period is RMB454.89 million, which was mainly due to the acquisition of equity interest in Dalian Qingyun Sky Realty and Development Company Limited and Dalian Qingyun Sky Property Service Company Limited.

### Other losses – net

The net other losses of the Group recorded for the Period are mainly attributable to the fair value losses on derivative financial instruments of RMB146.61 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Fair Value Gains/(Losses) on Investment Properties

The fair value gains/(losses) on investment properties of the Group increased from the losses of RMB11.18 million in the corresponding period of 2019 to the gains of RMB66.82 million during the Period, which was mainly due to the addition of completed investment properties during the Period.

### Finance Costs

The finance costs of the Group decreased by 22.1% to RMB239.05 million during the Period from RMB306.77 million in the corresponding period of 2019, which was primarily attributable to the increase in the amount capitalised of finance costs.

### Share of Profits and Losses of Joint Ventures and Associates

During the Period, the Group's share of profits and losses of joint ventures and associates was a net gain of RMB39.89 million, representing an increase of approximately RMB17.37 million as compared with the corresponding period of last year, which was mainly attributable to the increase in equity investment income from Dalian Software Park Ascendas Development Company Limited during the Period.

### Income Tax Expenses

The income tax expenses of the Group include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group decreased by 28.8% to RMB159.78 million during the Period from RMB224.47 million in the corresponding period of 2019, which was mainly attributable to decrease in the land appreciation tax ("**LAT**") of the recognised projects during the Period.

### Profit for the Period

As a result of the foregoing, the profit before tax of the Group decreased by 8.2% to RMB444.66 million during the Period from RMB484.15 million for the corresponding period of 2019. The net profit of the Group increased by 9.7% to RMB284.88 million during the Period from RMB259.68 million for the corresponding period of 2019.

The net profit attributable to equity owners was RMB297.64 million, remaining substantially at the same level as that of the corresponding period of 2019.

The core net profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) decreased to RMB247.52 million during the Period from RMB306.90 million for the corresponding period of 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Cash Position

As at 30 June 2020, the Group had cash and bank balances of approximately RMB1,288.69 million (including restricted cash of approximately RMB720.29 million) (31 December 2019: cash and bank balances of approximately RMB2,039.52 million, including restricted cash of approximately RMB1,006.86 million).

### Debts

As at 30 June 2020, the Group had bank and other borrowings of approximately RMB17,436.38 million (31 December 2019: approximately RMB15,015.73 million), of which:

#### (1) By Loan Type

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Secured bank loans	7,446,733	7,238,861
Secured other borrowings	7,427,984	4,817,646
Unsecured other borrowings	2,561,662	2,959,218
	<b>17,436,379</b>	15,015,725

#### (2) By Maturity Date

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Within one year or on demand	14,358,719	13,869,059
In the second year	222,660	1,146,666
In the third to fifth year	2,855,000	–
	<b>17,436,379</b>	15,015,725

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Debt Ratio

The net gearing ratio (net debt, including interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash, divided by the total equity) of the Group was approximately 125.8% as at 30 June 2020, which increased by 22.3 percentage points as compared to 103.5% as at 31 December 2019.

## Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 30 June 2020, the Group had cash and bank balances (including restricted cash) of approximately RMB8.21 million and approximately RMB7.69 million denominated in Hong Kong dollars and USD, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

## Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) registration of mortgage interest to the bank, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 30 June 2020, the Group provided guarantees of approximately RMB474.59 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (31 December 2019: approximately RMB275.19 million).

## Employee and Remuneration Policies

The Group had 1,889 full-time employees as of 30 June 2020. Employees are paid on the basis of performance, work experience and prevailing market salary levels. The Group regularly reviews its remuneration policies and makes adjustments as necessary to ensure their consistency with industry norms.

## Social Responsibility

The Dalian branch of the Group's property management team quickly reacted to the COVID-19 outbreak with an emergency detailed plan and practical research on prevention and control strategies for all projects, establishing an applicable and reliable routine of prevention and control plans. The Yida Community in Zhoushuizi Subdistrict subsequently joined with entities, volunteers and community residents in the area to carry out health campaigns and comprehensively strengthen the treatment of environmental health vectors, contributing to the maintenance of clean and healthy living environments.

### 1. Extended publicity on epidemic control

During the outbreak, the community posted hundreds of leaflets and continuously looped three broadcasts on seven LED screens to publicise nationwide environmental sanitation and epidemic prevention information. While assisting in the resumption of work in the area, community members also shared epidemic prevention and control knowledge to employees.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 2. Anti-epidemic measures

For complete health protection, the community, together with the property management team, conducted comprehensive cleaning of public facilities such as corridors, lifts and guard boxes in the districts, including the spraying of disinfectants two to four times a day to hinder virus transmission. Measures for the transmission prevention and control were also carried out with a focus on rodent control, including the release of 10 kilograms of rat poison. Notably, these efforts included twice disinfectant spraying every day in the community service hall and thorough cleaning of activity and reception rooms to ensure a clean and tidy working environment so that residents coming around would feel secured and at ease. A two-day cleaning campaign was held during the period with the participation by more than 90 community members, volunteers and building managers. The purpose was for a comprehensive cleanup of the plastic waste, inaccessible areas for sanitation and unorganised posters within the district, and some 60 bags of garbage were cleared. Residents in the district were also mobilised to join the general cleanup.

In addition to frontline property management team employees, all employees of Yida Select Supermarket (億達優選超市), the First Secretary's Store (第一書記的店) under the new retail business line of the property management segment, and Yishibaiwei Smart Restaurant (億食百味智慧餐廳) under the catering business line have undergone nucleic acid testing. Employees of other business lines have also been scheduled for testing. Meanwhile, the Company removed all imported fresh food and seafood from Yida Select Supermarket, and required employees to use adequate personal protections when handling goods.



- 1-2 Strict Control and Investigation of Community Epidemic Prevention
- 3 Community Temperature Checkpoints
- 4 Community Virus Checkpoints



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's Wuhan First City is embarking on the safe resumption of work and production. The Park's "Assisting Enterprise Action" (暖企行動) programme aided enterprises settled in the park to resume work early. Meanwhile, "Guidelines for Enterprise Resumption of Production and Epidemic Prevention" focused on the practical needs of enterprises in the park and their employees in the resumption of work, epidemic prevention, commuting and catering with a series of service arrangements provided. A "Resumption Package" which included application guidance for resumption of work, disinfection of office spaces and donations of epidemic prevention materials was launched to ensure that enterprises could restart work smoothly. Wuhan First City subsequently became one of the first parks in the area to resume work without an epidemic flare-up.

Wuhan First City also provided employees with a free self-improvement platform and launched a series of "First City Cloud Learning" sessions covering professional courses and policy Q&A sessions. Various experts were invited to answer questions on key issues companies are facing regarding human resources, law, finance and taxation during the period of epidemic prevention and control. Live professional and self-improvement courses provided by professional institutions were held every night.

Meanwhile, the Group guided companies' relief fund applications, supported the establishment of their applications, their resumption of work and epidemic prevention, and introducing rent-free policies for newly settled companies to accelerate the revitalisation of the businesses in the park and helping to win the "economic recovery war" in the Donghu New Technology Development Zone and Wuhan after the epidemic. The park will also continue to support the implementation of relevant government policies to assist the enterprises in the park to overcome difficulties. Since 1 May, Wuhan First City has given some tenants a six-month rent concession to reduce these enterprises' burden. The Group also provides services to tenants to understand and apply for the government's special relief funds. To date, 12 such enterprises have applied for the special funds, from which one has been approved for a bank loan of an approved amount of RMB3 million. Eight other applications are in the processing, and the other are in close contact with financial institutions.

During the difficult time of preventing and controlling the COVID-19 pandemic, the Group actively assumes social responsibility. Over the years, the Group has invited renowned musicians to participate in "New Year Concert – Sound of Yida" (億達之聲新年音樂會) tours. The concerts featured performers including Germany's Göttingen Symphony Orchestra, the Czech Symphony Orchestra, and Ukraine's National Symphony Orchestra, all of whom have performed in Wuhan. As art is without borders, in the face of the disaster, these musicians from Germany, Australia, Spain, Portugal, Ukraine, Poland, France, Japan and Armenia have sent their warm blessings and encouragement in different languages and through different ways to the people in China and Wuhan in their fight against the COVID-19. With their sincere wishes and the amazing power of music, we will eventually win over the epidemic and the music of these good friends will be heard again in China through the Sound of Yida.



1-4 Musicians from around the World Sent their Best Wishes to China in its Fight against the COVID-19 Pandemic

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In April, gradual success in controlling the COVID-19 epidemic enabled schools to begin resuming classes. To support the effort, the Group had joined the Green Campus Committee to carry out a range of public welfare activities. Classrooms in four pilot schools in the city, and had their walls, ceilings and desk surfaces coated with negative oxygen ion paint, while air quality and environmental data testing measures were put into place. At the same time, self-protection and prevention lectures were provided to create a safe and healthy learning environment for students.

The second phase of the “Sunflower Fund” (向日葵基金) caring and aid activity saw project representative staff from the First Secretary’s Store of the property management company visit village primary schools in Anbo Subdistrict, Pulandian District, Dalian City. The visitors donated items such as school bags, stationery, tables, chairs and basketballs. Established in April 2020, the Fund is the Group’s special education aid fund for students from underdeveloped rural families.



1 Classroom Security Upgrade

2-3 “Sunflower Fund” Caring and Aid Activities

# DISCLOSURE OF INTERESTS

## DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of each of the Directors and the chief executives of the Company in the shares and underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix 10 to the Listing Rules (the “Listing Rules”) of the Stock Exchange were as follows:

### (I) Interest in the shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares held <sup>(1)</sup>	Approximate percentage in the Company's issued share capital as of 30 June 2020
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L) <sup>(2)</sup>	2.65%
Mr. Wang Gang	Interest of a controlled corporation	69,200,000(L) <sup>(3)</sup>	2.68%

Notes:

- (1) The letter “L” denotes the person's long position in such securities.
- (2) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, Wonderful High Limited and Everest Everlasting Limited, which, in total own 74.21% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the shares of the Company held by Keen High Keen Source Limited.
- (3) Mr. Wang Gang beneficially owns the entire issued share capital of Mighty Equity Limited, which in turn owns 87.21% of the issued share capital of Grace Sky Harmony Limited. Grace Sky Harmony Limited owns 2.68% of the issued share capital of the Company. By virtue of the SFO, Mr. Wang Gang is deemed to be interested in the shares of the Company held by Grace Sky Harmony Limited.

## DISCLOSURE OF INTERESTS (CONTINUED)

### (II) Interest in associated corporations of the Company

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Number of shares held <sup>(1)</sup></b>	<b>Percentage of the issued share capital of that associated corporation held as of 30 June 2020</b>
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	5,180(L) <sup>(2)</sup>	74.21%
Mr. Wang Gang	Grace Sky Harmony Limited	Interest of a controlled corporation	6,140(L) <sup>(3)</sup>	87.21%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) These shares are held by Grace Excellence Limited with 3,000 shares, Everest Everlasting Limited with 180 shares and Wonderful High Limited with 2,000 shares, which are wholly owned by Mr. Jiang Xiuwen.
- (3) These shares are held by Mighty Equity Limited which is wholly owned by Mr. Wang Gang.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company and/or their respective associated persons had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## DISCLOSURE OF INTERESTS (CONTINUED)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held <sup>(1)</sup>	Approximate percentage in the Company's issued share capital as of 30 June 2020
Jiayou (International) Investment Limited <sup>(2)</sup>	Beneficial owner	1,581,485,750 (L)	61.20%
Jiahuang (Holdings) Investment Limited <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
Shanghai Pinzui Enterprise Management Ltd. <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
China Minsheng Jiaye Investment Co., Ltd. <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
China Minsheng Investment Corp., Ltd. <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
Mr. Sun Yinhan <sup>(3)</sup>	Founder of a discretionary trust	241,400,000(L)	9.34%
TMF (Cayman) Ltd. <sup>(3)</sup>	Trustee	241,400,000(L)	9.34%
Right Ying Holdings Limited <sup>(3)</sup>	Interest of controlled corporation	241,400,000(L)	9.34%
Right Won Management Limited <sup>(3)</sup>	Beneficial owner	241,400,000(L)	9.34%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) China Minsheng Investment Corp., Ltd ("**China Minsheng**") owns 67.45% share equity of CMIG Jiaye. Shanghai Pinzui Enterprise Management Ltd. ("**Pinzui**") is beneficially owned by CMIG Jiaye. Jiahuang (Holdings) Investment Limited ("**Jiahuang**") is beneficially wholly-owned by Pinzui. Jiayou (International) Investment Limited ("**Jiayou**") is beneficially wholly-owned by Jiahuang. By virtue of the SFO, China Minsheng, CMIG Jiaye, Pinzui and Jiahuang are deemed to hold equity in 1,581,485,750 shares of the Company held by Jiayou.
- (3) The entire issued share capital of Right Won Management Limited is held by TMF (Cayman) Ltd. (as the trustee of The Right Ying Trust) through Right Ying Holdings Limited. The entire issued share capital of Right Ying Holdings Limited is held by TMF Cayman Ltd.. The Right Ying Trust is a discretionary trust established by Mr. Sun Yinhan on 14 November 2018. The beneficiaries of The Right Ying Trust include Mr. Sun Yinhan and certain of his family members.

Save as disclosed above, as at 30 June 2020, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2020.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. During the Period, except for the deviation from CG Code A.2.1 which provides that the roles of chairman and chief executive officer should be separate and not be performed by the same individual, the Company has complied with all the code provisions set out in the CG Code.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Jiang Xiuwen serves as the chairman and chief executive officer of the Company and is responsible for overseeing the operations of the Group. The Board has considered the merits of separating the roles of the chairman and chief executive officer but is of the view that it is in the best interests of the Company to vest the two roles in Mr. Jiang Xiuwen. The Board will nevertheless review the relevant structure from time to time in light of the prevailing circumstances.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code for securities transactions by the Directors. The Company has made specific enquiry with each of the Directors and all Directors have confirmed that they complied with the Model Code throughout the Period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 17 April 2017, the Company issued senior notes in an aggregate principal amount of US\$300,000,000, which would be due in 2020. On 26 February 2020, the Company commenced the offer exchange in accordance with the terms of the offer exchange and consent solicitation memorandum. On 27 March 2020, the exchange offer and consent solicitation were completed. The senior notes of US\$247,146,000 which were effectively submitted and accepted in accordance with the exchange offer and consent solicitation, have been cancelled and converted into the 2020 Senior Notes in an aggregate principal amount of US\$224,899,000. The 2020 Senior Notes bear interest at 10% per annum for the first six-month period and 14% per annum for the remaining term, and will mature on 27 March 2022. The 2020 Senior Notes are listed on the Singapore Exchange Securities Trading Limited. Upon relevant cancellation, the remaining principal amount of the senior notes was US\$52,854,000 which was due on 20 April 2020 and the Company had repaid in full on 24 April 2020.

Save as disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed Securities during the Period.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 16 May 2020, the Group entered into a framework agreement with Sumitomo Realty & Development Co.,Ltd. (住友不動産株式会社) (“**Sumitomo R&D**”) to acquire 75% equity interest in Dalian Qingyun Sky Realty and Development Company Limited (大連青雲天下房地產開發有限公司) (“**Joint Venture**”) held by Sumitomo R&D through a series of transactions or arrangements for a consideration of RMB3,030 million. The Joint Venture provided financing of RMB430 million for the Group, and China Orient Asset Management Co., Ltd (中國東方資產管理股份有限公司) (“**Dongfang**”) provided financing of RMB2.6 billion for the Group. The Group simultaneously entered into an acquisition framework agreement with Sumitomo R&D to acquire the 50% equity interest in the Dalian Qingyun Sky Property Service Company Limited (“**Service Company**”) at a consideration of RMB2,550,000.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Jiayou (International) Investment Limited owns 1,581,485,750 Shares which represent approximately 61.20% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, Jiayou (International) Investment Limited has issued a written shareholder's approval certificate on 17 May 2020 to approve the above transactions.

The first part of the transactions under the abovementioned agreements was completed on 12 June 2020, the Joint Venture and the Service Company have been accounted for as wholly-owned subsidiaries by the Group and their financial results have been consolidated in the Group's consolidated financial statements. For details, please refer to the announcement dated 17 May 2020 and 12 June 2020 and the circular on 30 June 2020.

Save as disclosed above, the Group had no other material acquisition and disposal of subsidiaries or affiliated companies during the Period.

### SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2014. During the Period, no share options have been granted under the share option scheme.

### AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") on 1 June 2014 with written terms of reference, which was amended on 10 December 2015 and 28 December 2018, in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of four independent non-executive Directors, namely Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Jinping and Mr. Han Gensheng, with Mr. Yip Wai Ming acting as the chairman of the Audit Committee. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee has appropriate professional qualifications.

### REVIEW OF THE INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2020 and this report have been reviewed and approved by the Audit Committee.

### DISCLOSURE PURSUANT TO RULE 13.19 AND RULE 13.21 OF THE LISTING RULES

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

An asset freeze order was imposed on the Company's controlling shareholder, China Minsheng, who indirectly held as to approximately 61.20% interests in the Company as at 30 June 2020, in relation to its equity interests in CMIG Jiaye for the period of three years (the "**Assets Freeze**"). It had technically resulted in the occurrence of certain triggering events (the "**Triggering Events**") under certain loan agreements entered into by the Group (the "**Liquidity Difficulties of China Minsheng**"). As a result of such Triggering Events, the respective lenders have the right to demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

In February 2020, Mr. Chen Donghui, a then executive director of the Company (the director was removed at the annual general meeting of the Company held on 15 June 2020), was detained by the authorities of the PRC for suspected embezzlement. It has further resulted in the occurrence of certain triggering events under certain loan agreements, the respective lenders have the right to demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding.

On 17 April 2017, the Company issued senior notes in an aggregate principal amount of US\$300,000,000. On 27 March 2020, the Company completed the offer exchange. The remaining principal amount of the senior notes was USD52,854,000 which was due on 20 April 2020 and the Company had repaid in full on 24 April 2020, which also constituted an event of default. The respective lenders may demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding.

As at 30 June 2020, the respective lenders may demand immediate repayment of the outstanding loans in the amount of RMB9,080,042,000 in accordance with the above matters. As at the date of this report, no relevant lender had demand for immediate repayment of the loans. The operation of the Group, including its pre-sale and receivables collection, remains normal. The Company and relevant banks and financial institutions continue to negotiate on the future financing arrangements with the Company, and at the same time is also exploring alternative sources of financing as and when needed.

Where the circumstances giving rise to the obligations under Rule 13.19 of the Listing Rules continue to exist, the Company will include relevant disclosures in subsequent interim and annual reports in accordance with Rule 13.21 of the Listing Rules, and will disclose further developments on this matter by way of further announcement(s) in a timely manner in accordance with requirements under the Listing Rules.



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Revenue</b>	7	<b>1,714,980</b>	2,332,659
Cost of sales	9	<b>(1,205,356)</b>	(1,306,079)
Gross profit		<b>509,624</b>	1,026,580
Other income	8	<b>13,768</b>	14,638
Gains arising from acquisition of subsidiaries	28	<b>454,889</b>	49,389
Fair value gains/(losses) on investment properties	16	<b>66,821</b>	(11,182)
Net reversal of impairment losses on financial and contract assets		<b>1,210</b>	5,751
Other losses – net	10	<b>(206,151)</b>	(42,001)
Selling and marketing expenses	9	<b>(59,732)</b>	(87,418)
Administrative expenses	9	<b>(136,611)</b>	(187,360)
Finance costs - net	11	<b>(239,052)</b>	(306,772)
Share of profits and losses of joint ventures and associates		<b>39,890</b>	22,522
<b>Profit before income tax</b>		<b>444,656</b>	484,147
Income tax expenses	12	<b>(159,780)</b>	(224,466)
<b>Profit for the period</b>		<b>284,876</b>	259,681
<b>Attributable to:</b>			
Owners of the Company		<b>297,638</b>	298,521
Non-controlling interests		<b>(12,762)</b>	(38,840)
		<b>284,876</b>	259,681
<b>Earnings per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted (RMB per share)	14	<b>11.52 cents</b>	11.55 cents

The notes set out on pages 46 to 84 are an integral part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Profit for the period</b>		<b>284,876</b>	259,681
Other comprehensive income which may be reclassified to profit or loss in subsequent periods		–	–
<b>Total comprehensive income for the period</b>		<b>284,876</b>	259,681
<b>Attributable to:</b>			
Owners of the Company	14	<b>297,638</b>	298,521
Non-controlling interests		<b>(12,762)</b>	(38,840)
		<b>284,876</b>	259,681

The notes set out on pages 46 to 84 are an integral part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	138,562	125,761
Investment properties	16	19,870,175	19,745,832
Investments in joint ventures		1,165,808	1,853,509
Investments in associates		14,265	14,174
Prepayments for acquisition of land		2,904,923	2,801,290
Prepayments and other receivables	18	821,233	792,413
Intangible assets		34,789	32,597
Deferred tax assets		245,205	253,446
Total non-current assets		25,194,960	25,619,022
<b>Current assets</b>			
Inventories		39,258	7,920
Land held for development for sale	17	768,008	768,008
Properties under development		10,961,070	6,494,611
Completed properties held for sale		5,143,682	4,791,514
Prepayments for acquisition of land		657,954	529,529
Contract assets		103,986	138,439
Trade receivables	19	710,779	912,416
Prepayments, deposits and other receivables	18	2,247,481	2,197,831
Prepaid corporate income tax		134,656	129,655
Prepaid land appreciation tax		249,463	244,995
Financial assets at fair value through profit or loss	20	1,260	–
Restricted cash	21	720,287	1,006,857
Cash and cash equivalents	21	568,404	1,032,666
Total current assets		22,306,288	18,254,441
<b>Total assets</b>		<b>47,501,248</b>	<b>43,873,463</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2020

	Note	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings	25	3,077,660	1,146,666
Deferred tax liabilities		2,985,119	2,505,589
Other non-current liabilities		–	2,659
Lease liabilities		402,973	399,255
Total non-current liabilities		6,465,752	4,054,169
<b>Current liabilities</b>			
Contract liabilities	22	5,512,948	4,733,967
Trade payables	23	3,388,489	3,378,641
Other payables and accruals	24	2,445,137	2,917,219
Derivative financial instruments	26	916,103	769,496
Interest-bearing bank and other borrowings	25	14,358,719	13,869,059
Corporate income tax payable		640,437	678,807
Provision for land appreciation tax		872,640	875,513
Lease liabilities		68,626	61,071
Total current liabilities		28,203,099	27,283,773
<b>Total liabilities</b>		<b>34,668,851</b>	<b>31,337,942</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	27	159,418	159,418
Reserves		11,995,218	11,697,580
		12,154,636	11,856,998
<b>Non-controlling interests</b>		<b>677,761</b>	<b>678,523</b>
<b>Total equity</b>		<b>12,832,397</b>	<b>12,535,521</b>
<b>NET CURRENT LIABILITIES</b>		<b>(5,896,811)</b>	<b>(9,029,332)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>19,298,149</b>	<b>16,589,690</b>

The notes set out on pages 46 to 84 are an integral part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company						
	Issued capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)							
<b>Balance at 1 January 2020</b>	159,418	1,288,734	1,079,473	9,329,373	11,856,998	678,523	12,535,521
Profit for the period	-	-	-	297,638	297,638	(12,762)	284,876
Total comprehensive income for the period	-	-	-	297,638	297,638	(12,762)	284,876
<b>Transactions with owners in their capacity as owners:</b>							
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	12,000	12,000
Appropriation to surplus reserve	-	-	10,494	(10,494)	-	-	-
<b>Balance at 30 June 2020</b>	159,418	1,288,734	1,089,967	9,616,517	12,154,636	677,761	12,832,397

	Attributable to owners of the Company						
	Issued capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)							
<b>Balance at 1 January 2019</b>	159,418	1,288,734	979,427	8,947,365	11,374,944	463,615	11,838,559
Profit for the period	-	-	-	298,521	298,521	(38,840)	259,681
Total comprehensive income for the period	-	-	-	298,521	298,521	(38,840)	259,681
<b>Transactions with owners in their capacity as owners:</b>							
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	67,214	67,214
Disposal of equity interest in subsidiaries without loss of control	-	-	31,890	-	31,890	(31,890)	-
Appropriation to surplus reserve	-	-	44	(44)	-	-	-
<b>Balance at 30 June 2019</b>	159,418	1,288,734	1,011,361	9,245,842	11,705,355	460,099	12,165,454

The notes set out on pages 46 to 84 are an integral part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>444,656</b>	484,147
Adjustments for:			
Depreciation	9	<b>23,791</b>	16,543
Amortisation of intangible assets	9	<b>6,026</b>	5,492
Net (gains)/losses on disposal of items of property, plant and equipment		<b>(168)</b>	394
Fair value (gains)/losses on investment properties	16	<b>(66,821)</b>	11,182
Fair value losses on derivative financial instruments		<b>146,607</b>	34,105
Share of profits and losses of joint ventures and associates		<b>(39,890)</b>	(22,522)
Gains arising from acquisition of subsidiaries	28	<b>(454,889)</b>	(49,389)
Fair value gains on financial assets at fair value through profit or loss		<b>(2)</b>	–
Finance costs	11	<b>239,052</b>	306,772
Interest income	8	<b>(7,833)</b>	(9,593)
Impairment of properties under development and completed properties held for sale		<b>11,027</b>	–
Net reversal of impairment losses on financial and contract assets		<b>(1,210)</b>	(5,751)
		<b>300,346</b>	771,380
Increase in inventories		<b>(31,338)</b>	(62,233)
Decrease/(increase) in properties under development		<b>140,845</b>	(482,315)
(Increase)/decrease in completed properties held for sale		<b>(132,820)</b>	113,404
Increase in land held for development for sale		–	(423,962)
(Increase)/decrease in prepayments for acquisition of land		<b>(128,850)</b>	483,568
Decrease/(increase) in contract assets		<b>34,489</b>	(12,387)
Decrease in trade receivables		<b>204,039</b>	529,232
(Increase)/decrease in prepayments, deposits and other receivables		<b>(132,645)</b>	288,151
(Decrease)/increase in trade payables		<b>(69,587)</b>	295,651
(Decrease)/increase in other payables and accruals		<b>(222,994)</b>	274,410
Increase in contract liabilities		<b>593,313</b>	1,194,518
(Decrease)/increase in other non-current liabilities		<b>(2,659)</b>	1,572
Cash generated from operations		<b>552,139</b>	2,970,989
Interest received		<b>7,833</b>	9,593
PRC corporate income tax paid		<b>(84,756)</b>	(49,152)
PRC land appreciation tax paid		<b>(89,116)</b>	(53,679)
Net cash from operating activities		<b>386,100</b>	2,877,751

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Cash flows from investing activities</b>			
(Increase)/decrease in amounts due from joint ventures and associates		(1,771)	22,941
Purchases of property, plant and equipment		(10,560)	(7,699)
Purchases of intangible assets		(7,189)	(12,188)
Investment in joint ventures		(5,000)	(10,000)
Net payment for acquisition of subsidiaries	28	(2,653,328)	(510,405)
Additions to investment properties	16	(97,443)	(76,775)
Proceeds from disposal of investment properties	16	19,249	–
Proceeds from disposal of a subsidiary		15,530	–
Proceeds from disposal of items of property, plant and equipment		328	370
Decrease in restricted cash	21	295,908	243,397
Dividends received		–	5,000
Interest income from financial assets at fair value through profit or loss		2	–
<b>Net cash used in investing activities</b>		<b>(2,444,274)</b>	<b>(345,359)</b>
<b>Cash flows from financing activities</b>			
(Decrease)/increase in amounts due to non-controlling interests		(9,259)	221,260
Capital contribution from a non-controlling shareholder		12,000	67,214
Interest paid		(526,692)	(611,354)
Dividends paid		(226,838)	–
Payment of lease liabilities		(31,794)	(30,635)
New bank and other borrowings		4,509,556	2,592,818
Repayment of bank and other borrowings		(2,133,061)	(5,026,187)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,593,912</b>	<b>(2,786,884)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(464,262)</b>	<b>(254,492)</b>
Cash and cash equivalents at beginning of period		1,032,666	1,077,775
<b>Cash and cash equivalents at end of period</b>		<b>568,404</b>	<b>823,283</b>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances		568,404	823,283

The notes set out on pages 46 to 84 are an integral part of these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2020

## 1. CORPORATE AND GROUP INFORMATION

Yida China Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2020, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Chongqing, Zhengzhou, Hefei, Xi’an, Suzhou, Hangzhou, Shenzhen, Changsha and Chengdu, the People’s Republic of China (the “**PRC**” or “**Mainland China**”).

In the opinion of the directors of the Company (the “**Directors**”), the holding company of the Company is Jiayou (International) Investment Limited (“**Jiayou**”), which is incorporated in the British Virgin Islands (the “**BVI**”), and the ultimate holding company of the Company is China Minsheng Investment Corp., Ltd. (“**China Minsheng**”).

The unaudited condensed consolidated financial statements are presented in thousand of Renminbi (“**RMB’000**”), unless otherwise stated and were approved and authorized for issue by the board of Director on 14 August 2020.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2020 have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and investment properties which are measured at fair value, and in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

### Going concern basis

As at 30 June 2020, the Group’s current liabilities exceeded its current assets by RMB5,896,811,000. At the same date, its current borrowings amounted to RMB14,358,719,000 while its cash and cash equivalents amounted to RMB568,404,000 only. Since 2018, the financial conditions of the Group’s controlling shareholder, China Minsheng changed in such a way that triggered certain terms specified in the Group’s loan agreements. This resulted in certain of the Group’s borrowings amounted to RMB8,182,642,000 in total as at 30 June 2020 becoming immediately repayable if requested by the lenders, of which RMB6,200,459,000 represented loans or corporate bond with scheduled repayment dates within one year, while RMB1,982,183,000 represented non-current loans with original maturity dates beyond 30 June 2021 that were reclassified as current liabilities. On 20 February 2020, the Company publicly announced the detention of Mr. Chen Donghui, a then executive director of the Company, by the relevant authorities in the PRC (“**Mr. Chen Detention Matter**”). Mr. Chen was subsequently removed as executive director of the Company with effect from 15 June 2020. Mr. Chen Detention Matter resulted in certain borrowings amounted to RMB4,617,062,000 as at 30 June 2020 becoming immediately repayable if requested by the lenders, which were all included in the above-mentioned borrowings of RMB8,182,642,000. In addition, the Group failed to repay USD52,854,000 of the senior notes due on 20 April 2020 and subsequently repaid in full on 24 April 2020 (“**Senior Notes Default**”). This event resulted in certain of the Group’s borrowings amounted to RMB9,030,042,000 in total as at 30 June 2020 becoming immediately repayable if requested by the lenders, out of which RMB8,132,642,000 was also included in the above-mentioned borrowings of RMB8,182,642,000. Collectively, borrowings amounted to RMB9,080,042,000 in total as at 30 June 2020 would become immediately repayable if requested by the lender, triggered either by changes in the financial conditions of China Minsheng, Mr. Chen Detention Matter or Senior Notes Default, of which RMB7,097,859,000 represented loans or corporate bond with scheduled repayment dates within one year. While RMB1,982,183,000 represented non-current loans with original maturity dates beyond 30 June 2021 that were reclassified as current liabilities. Such conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 2. BASIS OF PREPARATION (Continued)

### Going concern basis (Continued)

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) Although the lenders has not requested the Group to repay the relevant loans and corporate bond immediately, the Group has constantly maintained active communication with relevant banks and financial institutions to explain changes in the financial conditions of China Minsheng, Mr. Chen Detention Matter and Senior Notes Default. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the Group's immediate repayment of the bank loans and corporate bond prior to their scheduled contractual repayment dates.
- (ii) The Group is also actively negotiating with several existing financial institutions on the renewal of and extension for repayments of certain borrowings. Subsequent to 30 June 2020, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing. In this connection, the Group was able to renew or obtain new borrowings of RMB458 million from existing and new lenders, out of which RMB121 million of the borrowings are attributable to agreements that do not contain any restrictions relating to the financial conditions of China Minsheng or Mr. Chen Detention Matter or Senior Notes Default (although the loan agreements for the remaining new borrowings of RMB337 million contain terms that cause such borrowings to be subject to immediate repayment if requested by the lenders). The Directors believe that, given the Group's good credit history and the availability of the Group's properties as collateral for the borrowings, the Group will be able to renew existing borrowings and obtain new borrowings when necessary.
- (iii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.
- (iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2020. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 2. BASIS OF PREPARATION (Continued)

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) the successful maintenance of a continuing and normal business relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to exercise their contractual rights to demand immediate repayment of the relevant borrowings and corporate bond;
- (ii) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings;
- (iii) the successful obtaining of additional new sources of financing as and when needed; and
- (iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, to speed up the collection of outstanding sales proceeds and to other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited condensed consolidated financial statements.

## 3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2019, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings, and the adoption of the new and amended standards of HKFRSs effective for the financial year ending 31 December 2020, which did not have any significant impact on the Group's financial statements and did not require retrospective adjustments.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 4. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities, and their accompany disclosure and the disclosure of continged liabilities. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial assets and liabilities are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### (a) Market risk

The Group's assets are predominantly in the form of land held for development for sale, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

The sensitivity analyses of fair value measurement of investment properties and derivative financial instruments are disclosed in note 16 and note 26 to the unaudited condensed consolidated financial statements, respectively.

### (b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (b) Interest rate risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before income tax RMB'000
<b>30 June 2020 (unaudited)</b>		
RMB	50	(11,587)
RMB	(50)	11,587
<b>31 December 2019 (audited)</b>		
RMB	50	(25,899)
RMB	(50)	25,899

### (c) Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (c) Foreign currency risk (Continued)

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term borrowings denominated in United States dollars and Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

As at 30 June 2020, if RMB had weakened/strengthened by 10% (31 December 2019: 10%) against the United States dollar ("USD"), which was considered reasonably possible by management, the Group's profit before income tax for the period would have been decreased/increased by RMB215,495,000 (31 December 2019: RMB253,858,000).

### (d) Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, receivable balances are monitored on an ongoing basis. Therefore, the credit risk from sales of properties is limited. There is no significant concentration of credit risk within the Group.

Trade receivables are mainly arisen from sales of properties, lease of investment properties and other service businesses. Other receivables mainly comprise amounts due from related parties and advances to local government authorities in connection with primary land development. The Group closely monitors these trade receivables and other receivables to ensure actions are taken to recover these balances in case of any risk of default.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 29, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (d) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

### (i) Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowances for trade receivables and contract assets.

As at 30 June 2020, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

<b>30 June 2020 (unaudited)</b>	<b>Current RMB'000</b>	<b>More than 180 days past due RMB'000</b>	<b>More than 1 year past due RMB'000</b>	<b>More than 2 year past due RMB'000</b>	<b>Total RMB'000</b>
Expected loss rate	0.94%	20.89%	89.99%	100.00%	
Gross carrying amount	717,549	–	–	43,456	761,005
Loss allowance	6,770	–	–	43,456	50,226

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (d) Credit risk (Continued)

#### (i) Trade receivables and contract assets (Continued)

As at 31 December 2019, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

31 December 2019	Current RMB'000	More than 180 days past due RMB'000	More than 1 year past due RMB'000	More than 2 year past due RMB'000	Total RMB'000
Expected loss rate	0.95%	13.74%	84.99%	100.00%	
Gross carrying amount	919,416	–	11,260	33,886	964,562
Loss allowance	8,690	–	9,570	33,886	52,146

For contract assets, the expected credit losses of RMB108,000 as at 30 June 2020 and RMB144,000 as at 31 December 2019, were determined based on carrying amounts of RMB104,094,000 and RMB138,583,000 respectively at expected loss rate of 0.1%.

#### (ii) Other receivables (excluding prepayments)

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (d) Credit risk (Continued)

#### (ii) Other receivables (excluding prepayments) (Continued)

As at 30 June 2020, the Group provides for loss allowance for other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	Stage one	1.70%	36,913	(627)	36,286
Receivables for primary land development	Stage one	0.10%	1,983,389	(1,983)	1,981,406
Others	Stage one	3.24%	428,029	(13,865)	414,164
			<b>2,448,331</b>	<b>(16,475)</b>	<b>2,431,856</b>

As at 31 December 2019, the Group provides for loss allowance for other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	Stage one	1.70%	35,109	(597)	34,512
Receivables for primary land development	Stage one	0.10%	1,923,979	(1,924)	1,922,055
Others	Stage one	2.89%	457,920	(13,242)	444,678
			<b>2,417,008</b>	<b>(15,763)</b>	<b>2,401,245</b>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (e) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	At 30 June 2020 (unaudited)				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 year RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 25)	15,563,638	249,587	3,204,687	–	19,017,912
Trade payables (note 23)	3,388,489	–	–	–	3,388,489
Other payables and accruals (note 24)	2,024,608	–	–	–	2,024,608
Lease liabilities	71,736	66,875	165,863	365,961	670,435
	<b>21,048,471</b>	<b>316,462</b>	<b>3,370,550</b>	<b>365,961</b>	<b>25,101,444</b>
Financial guarantees issued: Maximum amount guaranteed (note 29)	<b>474,590</b>	–	–	–	<b>474,590</b>

  

	At 31 December 2019 (audited)				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 year RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 25)	14,958,731	1,246,817	–	–	16,205,548
Trade payables (note 23)	3,378,641	–	–	–	3,378,641
Other payables and accruals (note 24)	2,331,000	–	–	–	2,331,000
Lease liabilities	67,916	59,087	160,391	391,868	679,262
	<b>20,736,288</b>	<b>1,305,904</b>	<b>160,391</b>	<b>391,868</b>	<b>22,594,451</b>
Financial guarantees issued: Maximum amount guaranteed (note 29)	<b>275,193</b>	–	–	–	<b>275,193</b>

note: The amounts of interest-bearing bank and other borrowings include future interest payments computed using contractual rates.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. No changes were made in the objectives, policies or processes for managing capital during the period.

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings and promissory notes, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting periods were as follows:

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Interest-bearing bank and other borrowings (note 25)	<b>17,436,379</b>	15,015,725
Less: Cash and cash equivalents (note 21)	<b>(568,404)</b>	(1,032,666)
Less: Restricted cash (note 21)	<b>(720,287)</b>	(1,006,857)
Net debt	<b>16,147,688</b>	12,976,202
Total equity	<b>12,832,397</b>	12,535,521
Net debt ratio	<b>125.8%</b>	103.5%

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or capital appreciation;
- (c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other independent third parties;
- (d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects;
- (e) the property management segment engages in the provision of management services to properties; and
- (f) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measurement of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and certain corporate gains and expenses and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, prepaid other taxes, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax, other taxes payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the six months ended 30 June 2020, no single external customer's transaction generated revenue accounting for 10% or more of the Group's total revenue.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 6. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2020 (unaudited)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>							
Sales to external customers	1,043,891	265,666	28,400	107,022	270,001	-	1,714,980
<b>Segment results</b>	<b>100,907</b>	<b>283,684</b>	<b>(6,970)</b>	<b>149</b>	<b>37,757</b>	<b>(47,934)</b>	<b>367,593</b>
<i>Reconciliation:</i>							
Interest income							7,833
Dividend income and unallocated gains							454,889
Corporate and other unallocated expenses							(146,607)
Finance costs							(239,052)
Profit before income tax							444,656
Income tax expenses							(159,780)
Profit for the period							284,876

For the six months ended 30 June 2019 (unaudited)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>							
Sales to external customers	1,704,057	266,698	30,467	109,419	222,018	-	2,332,659
<b>Segment results</b>	<b>668,348</b>	<b>157,153</b>	<b>3,487</b>	<b>1,997</b>	<b>13,364</b>	<b>(38,785)</b>	<b>805,564</b>
<i>Reconciliation:</i>							
Interest income							9,593
Dividend income and unallocated gains							32,760
Corporate and other unallocated expenses							(56,998)
Finance costs							(306,772)
Profit before income tax							484,147
Income tax expenses							(224,466)
Profit for the period							259,681

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 6. OPERATING SEGMENT INFORMATION (Continued)

### Geographical information

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

## 7. REVENUE

Revenue represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties, property management income received and receivable, an appropriate proportion of contract revenue from construction, decoration and landscaping, and business park operation and management service income received and receivable from the provision of operation and management services to the business park projects, all net of, value-added tax and surcharges, during the period.

An analysis of the Group's revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue from contracts with customers recognised at a point in time</b>		
Sale of properties	<b>1,043,891</b>	1,704,057
<b>Revenue from contracts with customers recognised over time</b>		
Business park operation and management service income	<b>28,400</b>	30,467
Construction, decoration and landscaping income	<b>107,022</b>	109,419
Property management income	<b>270,001</b>	222,018
	<b>405,423</b>	361,904
Revenue from contracts with customers	<b>1,449,314</b>	2,065,961
<b>Revenue from other sources</b>		
Rental income	<b>265,666</b>	266,698
	<b>1,714,980</b>	2,332,659

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 8. OTHER INCOME

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	7,833	9,593
Government subsidies	5,935	4,181
Others	–	864
	<b>13,768</b>	14,638

## 9. EXPENSES BY NATURE

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	796,041	939,779
Cost of services provided	328,623	289,473
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	80,692	76,827
Employee benefit expenses	77,122	123,043
Short-term office lease expenses	9,116	8,725
Depreciation	23,791	16,543
Amortisation of intangible assets	6,026	5,492
Advertising	21,067	31,724
Other costs and expenses	59,221	89,251
Total cost of sales, selling and marketing expenses and administrative expenses	<b>1,401,699</b>	1,580,857

## 10. OTHER LOSSES – NET

For the six months ended 30 June 2020, other losses – net mainly included fair value losses on derivative financial instruments of RMB146,607,000 (six months ended 30 June 2019: RMB34,105,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 11. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other loans	713,600	674,107
Interest on lease liabilities	17,343	15,798
Less: Interest capitalised	(463,187)	(351,116)
	267,756	338,789
Interest income	(28,704)	(32,017)
	239,052	306,772

## 12. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2020 and 2019. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the period.

An analysis of the income tax charges for the period is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current:		
PRC corporate income tax	41,372	85,266
PRC land appreciation tax ("LAT")	60,902	215,341
	102,274	300,607
Deferred:		
Current period	57,506	(76,141)
Total tax charge for the period	159,780	224,466

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 13. INTERIM DIVIDEND

The Company resolved not to declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of RMB297,638,000 (six months ended 30 June 2019: RMB298,521,000), and the weighted average number of ordinary shares of 2,583,970,000 (six months ended 30 June 2019: 2,583,970,000) in issue during those periods.

Diluted earnings per share is same as basic earnings per share for the six months ended 30 June 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 15. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2020, certain of the Group's property, plant and equipment of RMB38,110,000 (31 December 2019: Nil) were pledged to banks to secure the loans granted to the Group (note 25).

## 16. INVESTMENT PROPERTIES

	Right-of-use Assets RMB'000	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)				
At 1 January 2020	497,000	12,977,350	6,271,482	19,745,832
Additions	–	(1,221)	97,443	96,222
Transfer to completed investment properties	–	751,000	(751,000)	–
Transfer to properties under development	–	(38,700)	–	(38,700)
Net gains/(losses) from fair value adjustments	(5,000)	34,321	37,500	66,821
At 30 June 2020	492,000	13,722,750	5,655,425	19,870,175

	Right-of-use Assets RMB'000	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)				
At 1 January 2019	438,347	12,394,650	6,209,416	19,042,413
Additions	–	3,281	73,494	76,775
Net gains/(losses) from fair value adjustments	(17,918)	4,219	2,517	(11,182)
At 30 June 2019	420,429	12,402,150	6,285,427	19,108,006



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 16. INVESTMENT PROPERTIES (Continued)

As at 30 June 2020, certain of the Group's investment properties of RMB16,589,116,000 (31 December 2019: RMB14,547,558,000) were pledged to banks to secure the loans granted to the Group (note 25).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 31 of these financial statements.

The Group's completed investment properties and investment properties under construction, which were stated at fair value, were revalued on 30 June 2020 by DTZ Cushman & Wakefield Limited, independent professionally qualified valuers.

For completed investment properties, valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

For investment properties under construction which were stated at fair value as at 30 June 2020, valuations were based on the residual approach and market approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. The amount of the completed investment properties and investment properties under construction of the Group measured at fair value were RMB1,530,000,000 as at 30 June 2020 (31 December 2019: RMB1,531,000,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 16. INVESTMENT PROPERTIES (Continued)

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			30 June 2020 (unaudited)	31 December 2019 (Audited)
<b>Completed</b>	Income approach			
Retail		Estimated yearly rental value per square metre (RMB)	<b>296 – 2,016</b>	300 – 2,016
Office		Estimated yearly rental value per square metre (RMB)	<b>356 – 874</b>	360 – 876
Car park		Estimated yearly rental value per lot (RMB)	<b>3,526 – 8,208</b>	3,528 – 8,208
Retail		Capitalisation rate	<b>5.25%</b>	5.25%
Office		Capitalisation rate	<b>4.25% – 4.75%</b>	4.25% – 4.75%
Car park		Capitalisation rate	<b>3.75%</b>	3.75%
<b>Under construction</b>	Residual and market approach			
Retail		Estimated yearly rental value persquare metre (RMB)	<b>848 – 1,053</b>	848 – 1,046
Office		Estimated yearly rental value per square metre (RMB)	<b>439 – 705</b>	444 – 828
Car park		Estimated yearly rental value per lot (RMB)	<b>4,688 – 4,999</b>	3,960 – 5,004
Retail		Capitalisation rate	<b>5.25%</b>	5.25%
Office		Capitalisation rate	<b>4.75%</b>	4.75%
Car park		Capitalisation rate	<b>3.75%</b>	3.75%
Office and car park		Development profit	<b>3% – 29%</b>	3% – 29%

A significant increase/(decrease) in the estimated yearly rental value per square metre or per lot in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated yearly rental value per square metre or per lot is accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 17. LAND HELD FOR DEVELOPMENT FOR SALE

	<b>Six months ended 30 June 2020 RMB'000 (unaudited)</b>	Year ended 31 December 2019 RMB'000 (Audited)
Carrying amount at beginning of period/year	<b>768,008</b>	1,111,781
Additions	-	118,507
Transfer to properties under development	-	(462,280)
Carrying amount at end of period/year	<b>768,008</b>	768,008
Current portion	<b>(768,008)</b>	(768,008)
Non-current portion	-	-

As at 30 June 2020, certain of the Group's land held for development for sale of RMB709,790,000 (31 December 2019: RMB464,607,000) were pledged to banks to secure the bank and other loans granted to the Group (note 25).

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Prepayments	<b>636,858</b>	588,999
Deposits and other receivables	<b>2,448,331</b>	2,417,008
Less : Allowances for impairment of deposits and other receivables	<b>(16,475)</b>	(15,763)
Carrying amount at end of period/year	<b>3,068,714</b>	2,990,244
Current portion	<b>(2,247,481)</b>	(2,197,831)
Non-current portion	<b>821,233</b>	792,413

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

note:

The Group applies the general approach to provide for expected credit losses prescribed by HKFRS 9.

As at 30 June 2020, included in the Group's prepayments, deposits and other receivables are amounts due from associates of RMB31,831,000 (31 December 2019: RMB31,361,000), which are unsecured, interest-free and repayable on demand.

As at 30 June 2020, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB3,550,000 (2019: RMB2,400,000), which are unsecured, interest-free and repayable on demand.

As at 30 June 2020, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB2,232,000, among which RMB150,000 are unsecured, bear interest at a rate of 5.655% per annum and are repayable in 2020. As at 31 December 2019, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB2,012,000, among which RMB150,000 are un-secured, bear interest at a rate of 5.655% per annum.

As at 30 June 2020, included in the Group's other receivables are advances of RMB1,983,389,000 (2019: RMB1,923,979,000) to certain local government authorities in Dalian, the PRC, in connection with the primary land development of certain land parcels in Dalian, the PRC.

At 30 June 2020, certain of the Group's other receivables of RMB521,906,000 (2019: Nil) were pledged to banks to secure the bank and other loans granted to the Group (note 25).

## 19. TRADE RECEIVABLES

	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade receivables – gross amount	<b>761,005</b>	964,562
Less: Allowances for impairment of trade receivables	<b>(50,226)</b>	(52,146)
	<b>710,779</b>	912,416

Trade receivables mainly represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. Trade receivables are non-interest-bearing.

An aging analysis of the gross trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Within 1 year	<b>585,167</b>	717,970
1 to 2 years	<b>60,924</b>	157,412
Over 2 years	<b>114,914</b>	89,180
	<b>761,005</b>	964,562

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2020, a provision of RMB50,226,000 (31 December 2019: RMB52,146,000) was made against the gross amount of trade receivables.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at FVPL included following:

	<b>30 June 2020</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Bank wealth management products with guaran-teeed principal and floating income	<b>1,260</b>	–

### 20.1 Fair value hierarchy

The table below analyzes the Group's financial instruments carried at fair value as of 30 June 2020 and 31 December 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value hierarchy as at 30 June 2020 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Assets measured at fair value:				
Financial assets at fair value through profit or loss	–	–	1,260	1,260

Fair value hierarchy as at 31 December 2019 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
Assets measured at fair value:				
Financial assets at fair value through profit or loss	–	–	–	–

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

### 20.2 Valuation techniques used to determine fair value

There was no change to valuation techniques during the period/year ended 30 June 2020 and 31 December 2019.

All of the resulting fair value estimates are included in level 3, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

### 20.3 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including financial assets at fair value through profit or loss for the period ended 30 June 2020.

	Financial assets at fair value through profit or loss RMB'000
As at 1 January 2020	–
Additions	–
Acquisition of subsidiaries (note 28)	1,260
Disposals	(2)
Change in fair value	2
As at 30 June 2020	1,260

### 20.4 Valuation process, inputs and relationships to fair value

The valuation of the level 3 instruments mainly included financial assets at fair value through profit or loss. As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach.

The following table summarizes the quantitative information about the significant unob-servable inputs used in recurring level 3 fair value measurements.

Description	Fair value	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
As at 30 June 2020 (Unaudited)				
Financial assets at fair value through profit or loss	1,260	Expected rate of return	0.66%-2.05%	The higher the expected rate of return, the higher the fair value

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the period ended 30 June 2020.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	<b>30 June 2020</b>	31 December 2019
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(Audited)
Cash and bank balances (notes)	<b>1,288,691</b>	2,039,523
Less: Restricted cash	<b>(720,287)</b>	(1,006,857)
Cash and cash equivalents	<b>568,404</b>	1,032,666

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,272,790,000 (31 December 2019: RMB1,999,742,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

notes:

- (a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. As at 30 June 2020, such guarantee deposits amounted to RMB195,431,000 (31 December 2019: RMB206,452,000).
- (b) As at 30 June 2020, the deposits of the Group amounted to RMB128,456,000 (31 December 2019: RMB105,405,000), were placed at designated bank accounts by certain subsidiaries of the Group for the payment of promissory notes, compensation of potential industrial accidents that would occur during construction work and the training of talents, in accordance with the relevant regulation implemented by contracts and local governments.
- (c) As at 30 June 2020, certain of the Group's time deposits of RMB396,400,000 (31 December 2019: RMB695,000,000) were pledged to banks to secure the bank loans and other loans granted to the Group.

## 22. CONTRACT LIABILITIES

Contract liabilities of the Group represented amounts received from buyers in connection with the pre-sale of properties and gross amounts due to contract customers as at the reporting period end.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 23. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Due within 1 year or on demand	<b>2,033,093</b>	2,038,170
Due within 1 to 2 years	<b>1,355,396</b>	1,340,471
	<b>3,388,489</b>	3,378,641

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

## 24. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Employee benefits payable	<b>23,638</b>	156,416
Dividend payable	–	226,838
Accruals	<b>414,302</b>	447,125
Other payables	<b>2,007,197</b>	2,086,840
Carrying amount at end of the period/year	<b>2,445,137</b>	2,917,219
Current portion	<b>(2,445,137)</b>	(2,917,219)
Non-current portion	–	–

note:

The dividend payable as at 31 December 2019 of HKD253,229,060 for 2017 final dividends has been paid in February 2020.

As at 30 June 2020, included in the Group's other payables are amounts due to joint ventures of RMB192,103,000 (2019:RMB193,399,000), which are unsecured, interest-free and repayable on demand.

As at 30 June 2020, no amounts are included in the Group's other payables due to associates. As at 31 December 2019, included in the Group's other payables are amounts due to associates of RMB616,000, which are unsecured, interest-free and repayable on demand.

As at 30 June 2020, included in the Group's other payables are amounts due to Main Zone Limited and Innovate Zone Group Limited of RMB28,449,000 (2019: RMB38,314,000) and RMB190,068,000 (2019: RMB273,648,000) respectively, as part of the consideration for the acquisition of 28.1% and 61.54% equity interests in Richcoast Group. The payables due to Main Zone Group Limited and Innovate Zone Group Limited carry a late payment interest at a rate of 5% per annum, and it has been further adjusted to a rate of 15% per annum from 30 June 2019.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – secured	4.35-9.50	2020-2021	7,157,733	4.35-9.50	2020	6,875,981
Other loans – secured	5.70-15.00	2020-2021	4,639,323	5.70-15.00	2020	4,705,286
Other loans – unsecured	1.20-15.00	2020-2021	2,561,663	1.20-15.00	2020	2,287,792
			14,358,719			13,869,059
<b>Non-current</b>						
Bank loans – secured	4.55	2021-2023	289,000	6.00	2021	362,880
Other loans – secured	13-13.50	2021-2023	2,788,660	10.00	2021	112,360
Other loans – unsecured	-	-	-	10.00	2021	671,426
			3,077,660			1,146,666
			17,436,379			15,015,725

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	7,157,733	6,875,981
In the second year	35,000	362,880
In the third to fifth years, inclusive	254,000	-
	7,446,733	7,238,861
Other loans repayable:		
Within one year or on demand	7,200,986	6,993,078
In the second year	187,660	783,786
In the third to fifth years, inclusive	2,601,000	-
	9,989,646	7,776,864
	17,436,379	15,015,725

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 30 June 2020, included in bank loans of the Group is an amount of RMB2,645,790,000 (31 December 2019: RMB2,151,000,000) containing an on-demand clause, which has been classified as current liabilities. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

The current bank and other borrowings included borrowings with principal amounts of RMB1,982,183,000 (31 December 2019: RMB3,134,611,000) with original maturity dates beyond 30 June 2021, which have been reclassified as current liabilities as at 30 June 2020 as a result of the matters described in note 2.

- (a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB1,426,772,000 (31 December 2019: RMB1,426,772,000). The first tranche of RMB1,000,000,000 and the second tranche of RMB2,000,000,000 of the corporate bonds were issued by Yida Development Company Limited (“**Yida Development**”), an indirectly wholly-owned subsidiary of the Company, in September 2015 and March 2016, respectively. At the end of the third year, Yida Development shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to Yida Development. A principal amount of RMB198,252,000 of the first tranche has been redeemed during 2018 and the remaining principal amount of RMB801,748,000 of the first tranche was extended and recorded into current interest-bearing bank and other borrowings. Besides, a principal amount of RMB1,374,976,000 of the second tranche has been redeemed in March 2019 as scheduled and the maturity date of the remaining principal amount of RMB625,024,000 of the second tranche has been extended to March 2021.
- (b) As at 31 December 2019, included in other loans of the Group were senior notes issued in April 2017 (“**2017 Senior Notes**”) with carrying amount of RMB2,112,149,000. 2017 Senior Notes were with principal amounts of USD300,000,000, unsecured, had a term of three years and bore interest at a rate of 6.95% per annum. The original maturity date was 19 April 2020.

On 27 March 2020, the exchange offer and consent solicitation for the **2017 Senior Notes** was completed. USD247,146,000 of **2017 Senior Notes** were validly tendered for exchange and accepted pursuant to the exchange offer and consent solicitation, the consideration of which settled on the same day was comprised of the issuance of USD224,899,000 of the new senior notes (“**2020 Senior Notes**”), USD22,243,140 as cash consideration, USD7,538,639.68 as accrued interests and USD3,860 in lieu of any fractional amount of **2020 Senior Notes**. **2020 Senior Notes** will mature in March 2022, while the Company shall, at the option of any **2020 Senior Notes** holders, repurchase the outstanding **2020 Senior Notes** in March 2021.

The remaining outstanding principal amount of **2017 Senior Notes** of USD52,854,000 was repaid by the Group on 24 April 2020. The amount shall be due on 19 April 2020, and, as 19 April 2020 was a Sunday, such amount shall be paid on 20 April 2020, the next immediate business day.

As at 30 June 2020, the carrying amount of the **2020 Senior Notes** was RMB1,616,338,000.

Both of **2017 Senior Notes** and **2020 Senior Notes** of the Company are guaranteed by certain subsidiaries of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

- (c) Certain of the Group's bank and other loans are secured or guaranteed by:
- (i) pledges of the Group's properties under development with an aggregate carrying amount as at 30 June 2020 of approximately RMB8,219,684,000 (31 December 2019: RMB3,490,862,000);
  - (ii) pledges of the Group's investment properties with an aggregate carrying amount as at 30 June 2020 of approximately RMB16,589,116,000 (31 December 2019: RMB14,547,558,000);
  - (iii) pledges of the Group's land held for development for sale with an aggregate carrying amount as at 30 June 2020 of approximately RMB709,790,000 (31 December 2019: RMB464,607,000);
  - (iv) pledges of the Group's completed properties held for sale with an aggregate carrying amount as at 30 June 2020 of approximately RMB3,612,095,000 (31 December 2019: RMB2,626,371,000);
  - (v) pledge of a building of the Group with a carrying amount as at 30 June 2020 of approximately RMB38,110,000 (31 December 2019: Nil);
  - (vi) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB12,192,637,000 as at 30 June 2020 (31 December 2019: RMB8,794,814,000);
  - (vii) pledges of certain equity interests of the subsidiaries of the Company as at the end of the reporting period;
  - (viii) pledges of certain of the Group's time deposits with an aggregate carrying amount of approximately RMB396,400,000 as at 30 June 2020 (31 December 2019: RMB695,000,000);
  - (ix) pledge of other receivables of the Group with a carrying amount as at 30 June 2020 of approximately RMB521,906,000 (31 December 2019: Nil); and
  - (x) pledges of certain of the Group's guarantee deposits with an aggregate carrying amount as at 31 December 2019 of approximately RMB52,100,000 which was released in May 2020.
- (d) Other than certain other borrowings with a carrying amount of RMB1,616,338,000 (31 December 2019: RMB2,112,149,000) denominated in USD as at 30 June 2020 and RMB567,703,000 denominated in HKD as at 30 June 2020 (31 December 2019: RMB496,349,000), the remaining bank borrowings and other borrowings of the Group are denominated in RMB as at 30 June 2020 and 31 December 2019.
- (e) As at 30 June 2020, included in other loans of the Group were loans from a related party (Shanghai Jiayu Medical Investment Management Co., Ltd.) controlled by the same ultimate holding company of the Company with principal amounts of RMB499,214,000 (31 December 2019: RMB58,500,000), among which RMB268,500,000 were unsecured, borne interest at 15% per annum and were repayable within one year, while the remaining RMB230,714,000 were secured, borne interest at 8% per annum and were repayable within one year.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 26. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
<b>Liabilities</b>		
Current		
Call and put options, net	<b>916,103</b>	769,496

In November 2011, the Group granted put options to certain joint venture partners to sell their equity interest in certain joint venture to the Group, which were further modified according to the supplementary agreements signed in December 2013. The put options can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier.

In June 2016, the Group received notices from certain joint venture partners in respect of the exercise of the put options at the price formula stipulated in the supplementary agreements signed in December 2013. On 23 October 2017, the Group received an arbitration notice in respect of the submission of arbitration applications by the joint venture partners, requesting the Group to pay the price of the put option and the relevant interest and compensation in accordance with the price formula stipulated in the above supplementary agreement. Up to the release of these financial statements, the Group submitted a response to the arbitration notice and no further notice was received up to date.

Description of valuation techniques used and key inputs to valuation on put options:

Valuation technique	Significant unobservable inputs	Range/weighted average	
		30 June 2020	31 December 2019
Binomial model	Dividend yield	<b>0%</b>	0%
	Net asset value volatility	<b>26.75%</b>	24.46%
	Risk-free interest rate	<b>2.06%</b>	2.26%
	Stock volatility of comparable companies	<b>39.72%</b>	35.28%

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk-free interest rate and an opposite change in the dividend yield, the option life and stock volatility.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "combined factors").

	Increase/ (decrease) in basis points	Combined net effect on profit before income tax RMB'000
<b>30 June 2020 (Unaudited)</b>		
Combined factors	<b>100</b>	<b>(4,803)</b>
Combined factors	<b>(100)</b>	<b>5,175</b>
<b>30 June 2019 (Unaudited)</b>		
Combined factors	100	(4,283)
Combined factors	(100)	4,608

## 27. SHARE CAPITAL

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (Audited)
Authorised:		
50,000,000,000 shares of US\$0.01 each	<b>3,124,300</b>	3,124,300
Issued and fully paid:		
2,583,970,000 ordinary shares of US\$0.01 each	<b>159,418</b>	159,418

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 28. BUSINESS COMBINATIONS

### (a) Summary of the acquisition

As at 31 December 2019, the Group indirectly held 25% equity interests and 50% equity interests in Dalian Qingyun Sky Realty and Development Company Limited (“**Qingyun Sky**”) and Dalian Qingyun Sky Property Service Company Limited (the “**Service Company**”) (collectively, the “Targets”), respectively, which were recognised as joint ventures to the Group.

On 16 May 2020, the Group entered into a series of agreements to acquire the remaining equity interests in the Targets. The Group and a third-party financial institution established a limited partnership, in which the Group contributed its 25% equity interests in Qingyun Sky and RMB430 million by way of cash, while the third-party financial institution contributed RMB2,601 million by way of cash. At the same date, the limited partnership acquired the remaining 75% equity interests in Qingyun Sky from the other shareholder of Qingyun Sky. According to the agreements, the Group could possess the power to direct the relevant activities over Qingyun Sky after the acquisition, and the cash contribution of RMB2,601 million by the third-party financial institution in the limited partnership is in substance a borrowing, which borne interest at 13% per annum and were repayable within three years. As a result, Qingyun Sky was accounted for as a wholly-owned subsidiary of the Group since 12 June 2020, the date of completion of the change of business registration.

On 12 June 2020, the Group completed the acquisition of the remaining 50% equity interests in the Service Company, and the Service Company became a wholly-owned subsidiary of the Group.

The consideration for the acquisitions of 75% equity interests in Qingyun Sky and 50% equity interests in the Service Company was RMB3,033 million. During the six months ended 30 June 2020, the Group recorded a gain of approximately RMB455 million for the acquisitions of the entity interests in the Targets, including the gains of approximately RMB325 million on remeasurement of the fair value of pre-existing interests in the Targets as at the date of obtaining control and gains of approximately RMB130 million on bargain purchase, which were disclosed as gains arising from acquisition of subsidiaries in the condensed consolidated statement of profit or loss.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 28. BUSINESS COMBINATIONS (Continued)

### (a) Summary of the acquisition (Continued)

The following table summarises the consideration, the fair value of the identifiable assets and liabilities and the non-controlling interests at the acquisition date of 12 June 2020.

	RMB'000 (Unaudited)
Consideration in cash	3,033,481
Fair value of interests in joint ventures held before business combination	1,057,254
	4,090,735
Fair value of identifiable assets and liabilities acquired on the acquisition date:	
Property, plant and equipment	468
Intangible assets	1,029
Properties under development	4,238,000
Completed properties held for sale	201,000
Trade receivables	516
Other receivables	18,518
Prepaid land appreciation tax	2,643
Restricted cash	9,338
Financial asset at fair value through profit or loss	1,260
Cash and cash equivalents	472,668
Trade payables	(79,435)
Other payables and accruals	(17,573)
Receipts in advance	(173,767)
Tax payable	(13)
Provision for land appreciation tax	(23,516)
Deferred tax liabilities	(430,265)
	4,220,871
Gains on bargain purchase	130,136

The recognition of gains on bargain purchase was due to the fact that the consideration for equity interests in the Targets was lower than the fair value of identifiable assets and liabilities acquired, primarily due to increase in fair value of the underlying properties. The consideration is determined after arm's length negotiations between the parties.

The gains on remeasurement of pre-existing interests in the Targets to the fair value as of the acquisition date amounting to RMB324,754,000 upon obtaining control of the Targets was included in "gains arising from acquisition of subsidiaries" in the condensed consolidated statement of profit or loss.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 28. BUSINESS COMBINATIONS (Continued)

### (b) Purchase consideration – cash flow

	RMB'000 (Unaudited)
<b>Outflow of cash to acquire subsidiaries, net of cash acquired</b>	
Cash consideration paid in 2020	(3,125,995)
Less: Cash and bank balances acquired	472,668
Net outflow of cash – investing activities	(2,653,327)

## 29. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

- (a) As at 30 June 2020, the maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB474,590,000 (31 December 2019: RMB275,193,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the unaudited condensed consolidated financial statements.

## 30. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans are included in note 25 to the financial statements.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 31. OPERATING LEASE ARRANGEMENTS

### (i) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to thirteen years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Within one year	<b>379,207</b>	442,529
In the second to fifth years, inclusive	<b>607,609</b>	708,276
After five years	<b>168,644</b>	185,839
	<b>1,155,460</b>	1,336,644

## 32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31 above, the Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	<b>5,033,610</b>	3,909,367
Capital contribution to a joint venture	<b>69,205</b>	74,205
	<b>5,102,815</b>	3,983,572

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 32. COMMITMENTS (Continued)

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	<b>106,201</b>	126,644

## 33. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	notes	<b>For the six months ended 30 June 2020 RMB'000 (unaudited)</b>	2019 RMB'000 (unaudited)
Service fees from joint ventures	(i)	<b>61,814</b>	45,449
Service fees from associates	(i)	–	14,466
Rental income from a joint venture	(ii)	<b>1,892</b>	2,094
Interest expenses to a joint venture	(iii)	–	4,084

notes:

- (i) The service fees were related to the construction services, landscaping services and property management services provided by the Group at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.
- (ii) The rentals were determined at rates mutually agreed by a related party.
- (iii) The interest expense was related to loans from a joint venture to the Group. The interest rates were mutually agreed with the related parties.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 33. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the balances detailed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following balances with related parties at the reporting period end:

i. With Joint Ventures

	notes	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade receivables	(i)	<b>128,025</b>	181,579
Prepayments and other receivables	(ii)	<b>5,782</b>	4,412
Trade payables	(iii)	<b>160</b>	1,527
Other payables and accruals	(iv)	<b>192,103</b>	193,399

ii With Associates

	notes	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade receivables	(i)	<b>30</b>	–
Other receivables	(ii)	<b>31,831</b>	31,361
Other payables and accruals	(iv)	<b>–</b>	616

notes:

(i) As at 30 June 2020, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB128,025,000 (2019: RMB181,579,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2020, included in the Group's trade receivables are amounts due from the Group's associates of RMB30,000 (2019: Nil), which are repayable on credit terms similar to those offered to the major customers of the Group.

(ii) As at 30 June 2020, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB3,550,000 (2019: RMB2,400,000), which are unsecured, interest-free and repayable on demand.

As at 30 June 2020, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB2,232,000, among which RMB150,000 are unsecured, bear interest at a rate of 5.655% per annum and are repayable in 2020. As at 31 December 2019, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB2,012,000, among which RMB150,000 are unsecured, bear interest at a rate of 5.655% per annum.

As at 30 June 2020, included in the Group's other receivables are amounts due from the Group's associates of RMB31,831,000 (2019: RMB31,361,000), which are unsecured, interest-free and repayable on demand.

(iii) As at 30 June 2020, included in the Group's trade payables are amounts due to the Group's joint ventures of RMB160,000 (2019: RMB1,527,000), which are unsecured, interest-free and repayable within one year.

(iv) As at 30 June 2020, included in the Group's other payables are amounts due to the Group's joint ventures of RMB192,103,000 (2019: RMB193,399,000), which are unsecured, interest-free and repayable within one year.

As at 31 December 2019, included in the Group's other payables are amounts due to the Group's associates of RMB616,000, which are unsecured, interest-free and repayable within one year.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments of the Group are as follows:

### At 30 June 2020 (Unaudited)

#### Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables (note 19)	–	710,779	710,779
Deposits and other receivables (note 18)	–	2,431,856	2,431,856
Financial assets at fair value through profit or loss (note 20)	1,260	–	1,260
Restricted cash (note 21)	–	720,287	720,287
Cash and cash equivalents (note 21)	–	568,404	568,404
	<b>1,260</b>	<b>4,431,326</b>	<b>4,432,586</b>

#### Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 26)	916,103	–	916,103
Trade payables (note 23)	–	3,388,489	3,388,489
Other payables and accruals (note 24)	–	2,024,608	2,024,608
Interest-bearing bank and other borrowings (note 25)	–	17,436,379	17,436,379
Lease liabilities	–	471,599	471,599
	<b>916,103</b>	<b>23,321,075</b>	<b>24,237,178</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

At 31 December 2019 (Audited)

### Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables (note 19)	912,416
Deposits and other receivables (note 18)	2,401,245
Restricted cash (note 21)	1,006,857
Cash and cash equivalents (note 21)	1,032,666
	5,353,184

### Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 26)	769,496	–	769,496
Trade payables (note 23)	–	3,378,641	3,378,641
Other payables and accruals (note 24)	–	2,331,000	2,331,000
Interest-bearing bank and other borrowings (note 25)	–	15,015,725	15,015,725
Lease liabilities	–	460,326	460,326
	769,496	21,185,692	21,955,188

### Fair value hierarchy as at 30 June 2020 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Assets measured at fair value:				
Investment properties (note 16)	–	–	19,358,950	19,358,950
Financial assets at fair value through profit or loss (note 20)	–	–	1,260	1,260
	–	–	19,360,210	19,360,210
Liabilities measured at fair value:				
Derivative financial instruments (note 26)	–	–	916,103	916,103

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2020

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy as at 31 December 2019 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
Assets measured at fair value:				
Investment properties (note 16)	–	–	19,234,750	19,234,750
Liabilities measured at fair value:				
Derivative financial instruments (note 26)	–	–	769,496	769,496

The fair values of the non-current portion of other receivables and interest-bearing bank and other borrowings are approximate to their carrying amounts as at 30 June 2020 and 31 December 2019.

The details of the valuation technique and inputs used in the fair value measurement of investment properties, financial assets at fair value through profit or loss and derivative financial instruments have been disclosed in note 16, note 20 and note 26 to the unaudited condensed consolidated financial statements, respectively.

During the six months ended 30 June 2020 and 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivative financial instruments. The finance department comprises the head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

External valuers are involved for the valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



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