

誠以致遠，  
信達天下

2020  
INTERIM REPORT  
中期報告



**CHEN XING**

**Chen Xing Development Holdings Limited**  
**辰興發展控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)

Stock code: 2286  
股份代號：2286

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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Bai Xuankui *(Chairman)*  
Mr. Bai Wukui  
Mr. Bai Guohua  
Mr. Dong Shiguang

### Independent Non-executive Directors

Mr. Gu Jiong  
Mr. Tian Hua  
Mr. Qiu Yongqing

## COMPANY SECRETARY

Ms. Ng Wing Shan

## AUTHORIZED REPRESENTATIVES

Mr. Bai Guohua  
Ms. Ng Wing Shan

## AUDIT COMMITTEE

Mr. Gu Jiong *(Chairman)*  
Mr. Tian Hua  
Mr. Qiu Yongqing

## REMUNERATION COMMITTEE

Mr. Tian Hua *(Chairman)*  
Mr. Gu Jiong  
Mr. Bai Xuankui

## NOMINATION COMMITTEE

Mr. Bai Xuankui *(Chairman)*  
Mr. Qiu Yongqing  
Mr. Gu Jiong

## AUDITOR

Ernst & Young

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
China Merchants Bank Co. Ltd.  
China Construction Bank Corporation  
Bank of China Limited  
Bank of Jinzhong Co. Ltd.

## CORPORATE INFORMATION

### LEGAL ADVISORS

As to Hong Kong law  
Jingtian & Gongcheng LLP

As to PRC law  
Shanxi Dingzheng Law Office

### REGISTERED OFFICE

Cricket Square, Hutchins Drive,  
PO Box 2681 Grand Cayman,  
KY1-1111, Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

18 Anning Street  
Yuci District, Jinzhong City  
Shanxi Province  
The People's Republic of China ("PRC" or "China")

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Sunlight Tower  
248 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive,  
PO Box 2681 Grand Cayman,  
KY1-1111, Cayman Islands

### SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

### PLACE OF LISTING

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

### STOCK CODE

2286

### COMPANY WEBSITE

[www.chen-xing.cn](http://www.chen-xing.cn)

# FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**” together with its subsidiaries, collectively, the “**Group**”) is pleased to announce the interim results of the Group for the six months ended 30 June 2020 (the “**Reporting Period**”).

- For the Reporting Period, the contracted sales amounted to approximately RMB669.0 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 88,936 square meters (“**sq.m.**”), representing a decrease of approximately 50.8% and 45.5% as compared with the same period of last year, respectively;
- Revenue for the Reporting Period amounted to approximately RMB289.2 million, of which approximately RMB280.5 million was revenue from property development;
- Gross profit for the Reporting Period amounted to approximately RMB114.2 million, of which approximately RMB111.1 million was gross profit from property development;
- Net profit for the Reporting Period amounted to approximately RMB49.9 million, of which approximately RMB50.9 million was net profit attributable to equity holders of the Company;
- Total GFA of land bank amounted to approximately 2,928,014 sq.m. and the average cost of land bank was approximately RMB751.7 per sq.m. for the Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) for the Reporting Period was approximately RMB7,522.2 per sq.m.;
- Basic earnings per share for the Reporting Period was approximately RMB0.08; and
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2020.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended 30 June 2020.

## REVIEW OF FIRST HALF YEAR OF 2020

In the first half of 2020, the outbreak of COVID-19 pandemic (“**pandemic**”) had a severe impact on China’s economy and real estate market. In response to the impact of the pandemic, and with the firm position that “housing is for accommodation but not for speculation”, the PRC government has strengthened its efforts in the regulation of macro policies and flexibly adjusted different measures for different cities as needed. The government introduced numerous policies to support real estate enterprises to ensure the stability of the real estate market. As perceived by the national real estate market, the total sales and GFA of real estate enterprises decreased significantly in the first half of the year in general. The impacts of the pandemic on different cities were diverse. Firstly, first-tier and second-tier cities across the country were more inclined to add to their land banks through purchases of land in key cities during the first half of the year, while small and medium-sized cities, which are more hard-hit by the pandemic, mainly sought for maintaining their status quo and looked for market development. Secondly, the first- and second-tier cities performed very differently in the first quarter as opposed to the second quarter. Sales were sluggish in the first quarter, but the market rebounded in the second quarter as the economy recovered with gradual return of market demand. No obvious difference was found in the performances of small and medium-sized cities in the second quarter as compared with the first quarter.

As the property projects of the Company are mostly located in second-tier and third-tier cities, the overall sales performance has declined due to the pandemic, resulting in relatively significant decreases in both sales volume and GFA. However, under the strategic guidance of the Board, while strengthening its main business, the Company also actively pursued various directions of development and adopted numerous measures to mitigate the adverse impact of the pandemic, in order to maintain the normal operation and stable sales performance of the Company in the first half of the year.

During the Reporting Period, the amount of the Group’s contracted sales was approximately RMB669.0 million, representing a decrease of approximately 50.8% as compared with the same period of last year. Contracted GFA sold amounted to approximately 88,936 sq.m., representing a decrease of approximately 45.5% as compared with that in the same period of last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB289.2 million, representing a decrease of approximately 52.9% as compared with the same period of last year, including revenue from property development of approximately RMB280.5 million, representing a decrease of approximately 52.5% as compared with the same period of last year. The profit for the period attributable to equity holders of the Company was approximately RMB50.9 million, representing a decrease of approximately 35.4% as compared with the same period of last year.

During the Reporting Period, the Group had a land bank of approximately 2,928,014 sq.m..

## CHAIRMAN'S STATEMENT

### PROSPECTS FOR SECOND HALF YEAR OF 2020

In the second half of 2020, with the effective prevention and control of the pandemic, the real estate market will continue to recover as the domestic economy gradually recovers and enterprises resume operation. The Company expects that maintaining stability will continue to be the mainstay, the principle of “housing is for accommodation but not for speculation” will remain as the main theme of regulation in the second half of 2020, and “city-specific measures” will be regulated reasonably. Local real estate enterprises will accelerate project development and increase investment in development to ensure return of funds and maintain the schedule of project development.

According to our forecast of China's property market and the Company's development, the Company will take a path which is in line with the government's policies. The Company will review the situation and adjust its direction of strategic development in a timely manner, by adjusting its operating strategy accordingly and expanding its business ideas, in order to accelerate the Group's development. Meanwhile, the Company will continue to improve its internal control system and streamline its workflow, as well as to strengthen the internal control and internal audit in areas such as cost management, fund management and design management. The Company will also introduce a number of professional management systems to enhance its management efficiency and operational accuracy during the process of project development.

As for the reserve of talents, the Company will actively seek out various types of industry elites to increase its pool of talents. The Company will continue to launch talent development plans, which involve targeted training for improvement of employees' professional accomplishments and overall qualities. The Company will also provide more project field work opportunities and options, as well as effective assessments and incentive measures to reduce the turnover of outstanding employees and improve the employees' work ability and enthusiasm.



## CHAIRMAN'S STATEMENT

### ACKNOWLEDGEMENT

Finally, I would like to express my sincerest gratitude on behalf of the Board to the management and staff of the Company for their hard work. At the same time, I would also like to thank the investors, customers and partners for their great support and trust in the Group.

**Bai Xuankui**  
*Chairman*

Jinzhong, Shanxi, the PRC  
20 August 2020



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB669.0 million, representing a decrease of approximately 50.8% as compared with the same period of last year. During the Reporting Period, the Group's revenue was approximately RMB289.2 million, representing a decrease of approximately 52.9% as compared to the same period of last year. Revenue derived from property development was approximately RMB280.5 million, representing a decrease of approximately 52.5% as compared with the same period of last year. During the Reporting Period, the Group had gross profit of approximately RMB114.2 million, net profit of approximately RMB49.9 million, of which net profit attributable to equity holders of the Company was approximately RMB50.9 million.

## CONTRACTED SALES

For the six months ended 30 June 2020 and 2019, the Group's contracted sales were approximately RMB669.0 million and approximately RMB1,360.0 million, respectively, representing a decrease of approximately 50.8% as compared with the same period of last year. Contracted total GFA of the Group for the six months ended 30 June 2020 and 2019 were approximately 88,936 sq.m. and 163,090 sq.m., respectively, representing a decrease of approximately 45.5%. The Group's contracted sales by geographic location from Jinzhong, Taiyuan and Mianyang were approximately RMB287.1 million, RMB360.3 million and RMB21.6 million, respectively, accounting for approximately 42.9%, 53.9% and 3.2%, of the Group's total contracted sales, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted sales for the six months ended 30 June 2020 by geographic location:

	Contracted Sales for 2020 (RMB million)	Contracted Sales for 2019 (RMB million)	Contracted GFA for 2020 (sq.m.)	Contracted GFA for 2019 (sq.m.)	Contracted Average Sales Price for 2020 (RMB/sq.m.)	Contracted Average Sales Price for 2019 (RMB/sq.m.)
<b>Jinzhong</b>						
Yijun Community (頤郡小區)	19.7	455.1	2,095	54,131	9,404.5	8,406.5
Chenxing Yijun (辰興頤郡)	248.1	—	31,556	—	7,863.4	—
Xiyuan (熙苑)	14.6	397.2	1,820	46,124	8,011.1	8,612.6
Shiguang Zhicheng (時光之城)	1.9	—	225	—	8,393.9	—
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	2.7	0.8	699	270	3,926.0	3,092.6
<b>Taiyuan</b>						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	15.9	40.4	2,038	3,162	7,803.8	12,762.7
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	37.6	95.7	3,688	8,912	10,188.0	10,740.3
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase III)	306.9	268.7	42,127	30,753	7,284.0	8,735.9
<b>Mianyang</b>						
Chang Xing Star Gardens (長興星城)	21.6	102.1	4,688	19,738	4,609.5	5,172.7
<b>Total</b>	<b>669.0</b>	<b>1,360.0</b>	<b>88,936</b>	<b>163,090</b>	<b>7,522.2</b>	<b>8,338.7</b>

Note:

Contracted sales, total contracted GFA and contracted average sales price in the above table also include car parking spaces sold, if applicable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Property Projects

The Group's property projects are divided into the following three categories depending on their development stages: completed properties, properties under development and properties held for future development. As some of the projects are developed successively in several phases, a single project may involve different development phases like completed, under development and held for future development.

As at 30 June 2020, the Group had completed projects with a total GFA of approximately 2,686,400 sq.m. and a land bank with a total GFA of approximately 2,928,014 sq.m. comprising (i) a total GFA of approximately 159,911 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,764,516 sq.m. which is under development; and (iii) a total planned GFA of approximately 1,003,587 sq.m. which is held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with strategic values to generate sustainable and stable revenue. As at 30 June 2020, the Group had investment properties with a total GFA of approximately 21,613 sq.m.

### Property Portfolio Summary

Intended use <sup>(1)</sup>	Completed	Under	Held for future
	Total GFA (sq.m.)	development Total GFA (sq.m.)	development Total GFA (sq.m.)
Mid-rise	786,166	181,074	425,086
High-rise	914,122	790,871	218,256
Townhouses	27,612	5,354	107,259
Multi-story garden apartments	576,743	44,686	43,604
Retail outlets	173,956	307,888	78,342
SOHO apartments	6,931	15,984	15,791
Hotels	—	111,359	—
Parking spaces	195,983	286,571	109,025
Ancillary <sup>(2)</sup>	4,887	20,729	6,224
<b>Total GFA</b>	<b>2,686,400</b>	<b>1,764,516</b>	<b>1,003,587</b>
<b>Attributable GFA<sup>(3)</sup></b>	<b>2,600,758</b>	<b>1,419,519</b>	<b>927,958</b>

Notes:

- (1) Includes the portion of GFA held by the Group as utilities not saleable or leaseable.
- (2) Comprises primarily utilities which are not available for sale.
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Completed Projects

The following table sets forth a summary of information on the Group's completed projects and corresponding project phases, if any, as at 30 June 2020:

Project	Location	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leaseable		GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
						GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)			
<b>Jinzhong</b>										
1. East Lake Mall (東湖井)	Jinzhong City, Shanxi Province	Retail outlets	July 2000	1,330	17,886	—	10,610	7,276	—	100.00
2. Grand International Mall & Apartments (君豪國際)	Jinzhong City, Shanxi Province	Residential/Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	—	100.00
3. Blossom Gardens (錦綉新城)	Jinzhong City, Shanxi Province	Residential	April 2007	5,261	39,080	—	—	39,080	—	100.00
4. Xin Xing International Cultural Town (新興國際文教城)										
Phase I	Jinzhong City, Shanxi Province	Residential	December 2005	5,600	24,602	—	—	24,602	—	100.00
Phase II	Jinzhong City, Shanxi Province	Residential/Commercial	April 2012	17,968	93,060	—	—	92,909	151	100.00
Phase III	Jinzhong City, Shanxi Province	Residential/Commercial	December 2009	255,918	545,046	2,587	—	542,459	—	100.00
Phase IV	Jinzhong City, Shanxi Province	Residential/Commercial	July 2016	30,987	71,103	2,941	—	68,162	—	100.00
Phase V	Jinzhong City, Shanxi Province	Residential/Commercial	July 2016	22,578	50,438	3,265	—	46,138	1,035	100.00
5. Upper East Gardens (上東庭院)										
Phase I	Jinzhong City, Shanxi Province	Residential/Commercial	November 2006	19,361	47,926	—	—	47,926	—	100.00
Phase II	Jinzhong City, Shanxi Province	Residential/Commercial	December 2011	24,343	75,889	—	—	75,889	—	100.00
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Jinzhong City, Shanxi Province	Residential/Commercial	December 2007	73,035	98,545	—	—	97,990	555	100.00
7. SOLO Apartments (尚座公寓)	Jinzhong City, Shanxi Province	Commercial/Complex	September 2009	2,411	9,783	255	—	9,528	—	100.00

## MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leaseable		GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
						GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)			
<b>8. Riverside Gardens – Heshun (和順濱河小區)</b>										
Stage I	Jinzhong City, Shanxi Province	Residential	June 2008	60,100	62,507	–	–	62,167	340	100.00
Stage II	Jinzhong City, Shanxi Province	Residential	October 2012	5,898	51,217	–	–	51,217	–	100.00
<b>9. Mandarin Gardens – Taigu (太谷文華庭院)</b>										
	Jinzhong City, Shanxi Province	Residential/Commercial	May 2011	30,690	51,525	–	–	51,525	–	100.00
<b>10. Shuncheng Street Underground Space (順城街地下空間)</b>										
	Jinzhong City, Shanxi Province	Retail outlets	August 2015	–	897	–	–	897	–	100.00
<b>Taiyuan</b>										
<b>1. Yosemite Valley Town – Taiyuan (龍城優山美郡)</b>										
– Southern District, Phase I	Taiyuan City, Shanxi Province	Residential/Commercial	December 2014	117,128	406,164	32,160	–	374,004	–	100.00
– Northern District, Phase I	Taiyuan City, Shanxi Province	Residential/Commercial	November 2016	108,005	397,938	18,537	–	309,022	70,379	100.00
– Part of Phase II	Taiyuan City, Shanxi Province	Residential	June 2020	16,108	45,655	20,656	–	24,999	–	100.00
<b>Mianyang</b>										
1. Yosemite Valley Town (優山美郡)	Mianyang City, Sichuan Province	Residential/Commercial	May 2012	74,124	126,329	5,679	–	118,805	1,845	83.89
2. Elite Gardens (天禦)	Mianyang City, Sichuan Province	Residential/Commercial	September 2014	68,529	116,816	1,505	–	114,624	687	83.89
3. Chang Xing Star Gardens Phase I (長興星城一期)	Mianyang City, Sichuan Province	Residential/Commercial	June 2017	68,150	288,450	63,245	–	223,884	1,321	83.89
<b>Total</b>				<b>1,014,989</b>	<b>2,686,400</b>	<b>159,911</b>	<b>18,851</b>	<b>2,431,325</b>	<b>76,313</b>	
<b>Total Attributable GFA<sup>(3)</sup></b>				<b>981,029</b>	<b>2,600,760</b>	<b>148,565</b>	<b>18,851</b>	<b>2,357,652</b>	<b>75,692</b>	

### Notes:

- (1) Includes the portion of GFA held by the Group as utilities not saleable or leaseable.
- (2) Calculated based on the Group's effective ownership interest in the respective project companies.
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Properties under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 30 June 2020:

Project	Location	Project type	Site area (sq.m.)	Actual/estimated completion date	Under development		Held for future development			Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/Leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with land use right not yet obtained (sq.m.)	
<b>Jinzhong</b>										
<b>1. Phase I of Longtian (龍田項目一期)</b>			<b>129,049</b>		<b>449,634</b>	<b>428,000</b>	<b>30,059</b>	<b>—</b>	<b>—</b>	<b>51.00</b>
Stage I	Jinzhong City, Shanxi Province	Residential/Commercial/ Parking Space	14,346	December 2020	78,954	74,203	30,059	—	—	51.00
Stage II	Jinzhong City, Shanxi Province	Residential/Commercial/ Parking Space	24,367	December 2020	110,725	101,386	—	—	—	51.00
Stage III	Jinzhong City, Shanxi Province	Residential/Commercial/ Parking Space	26,682	December 2020	126,120	121,061	—	—	—	51.00
Stage IV	Jinzhong City, Shanxi Province	Commercial/ Parking Space	13,422	December 2020	28,819	28,819	—	—	—	51.00
Stage V	Jinzhong City, Shanxi Province	Commercial/ Parking Space	50,232	December 2020	105,016	102,531	—	—	—	51.00
<b>2. Yijun Community (頤郡小區)</b>			<b>104,864</b>		<b>116,657</b>	<b>106,707</b>	<b>57,849</b>	<b>154,347</b>	<b>—</b>	<b>51.00</b>
Stage I	Jinzhong City, Shanxi Province	Residential	46,763	December 2020	116,657	106,707	57,849	—	—	51.00
Stage II	Jinzhong City, Shanxi Province	Commercial	16,410	December 2021	—	—	—	44,157	—	51.00
Stage III	Jinzhong City, Shanxi Province	Residential/ Commercial	41,691	December 2021	—	—	—	110,190	—	51.00
<b>3. Chenxing Yijun (辰興頤郡)</b>			<b>197,286</b>		<b>130,237</b>	<b>89,228</b>	<b>36,559</b>	<b>356,400</b>	<b>—</b>	<b>100.00</b>
Stage I	Jinzhong City, Shanxi Province	Residential/ Commercial	56,601	December 2021	130,237	89,228	36,559	—	—	100.00
Stage II	Jinzhong City, Shanxi Province	Residential/ Commercial	37,462	December 2022	—	—	—	99,500	—	100.00
Stage III	Jinzhong City, Shanxi Province	Residential/ Commercial	85,669	December 2022	—	—	—	209,300	—	100.00
Stage IV	Jinzhong City, Shanxi Province	Residential/ Commercial	17,554	December 2022	—	—	—	47,600	—	100.00
<b>4. Shiguang Zhicheng (時光之城)</b>	Jinzhong City, Shanxi Province	Commercial	<b>28,296</b>	December 2020	<b>112,382</b>	<b>53,880</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>100.00</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Site area (sq.m.)	Actual/estimated completion date	Under development		Held for future development			Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/Leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with land use right certificate not yet obtained (sq.m.)	
5. Xiyuan (熙苑)	Jinzhong City, Shanxi Province	Residential/Commercial	46,603	December 2020	67,400	66,971	53,195	—	—	33.66
6. Jinxiu SOHO (锦绣中心)	Jinzhong City, Shanxi Province	Commercial	3,461	October 2021	20,506	—	—	—	—	100.00
<b>Taiyuan</b>										
1. Yosemite Valley Town — Taiyuan (龙城優山美郡)			177,248		544,754	514,090	392,535	—	—	100.00
Part of Phase II	Taiyuan City, Shanxi Province	Residential/Commercial	95,127	December 2020	327,874	310,064	271,073	—	—	100.00
Phase III	Taiyuan City, Shanxi Province	Residential/Commercial	60,273	November 2021	204,261	204,026	121,462	—	—	100.00
Phase IV	Taiyuan City, Shanxi Province	Primary school	21,848	September 2020	12,619	—	—	—	—	100.00
<b>Mianyang</b>										
1. Chang Xing Star Gardens (長興星城) — Phase II	Mianyang City, Sichuan Province	Residential/Commercial	36,158	September 2020	141,543	140,586	117,489	—	—	83.89
<b>Haikou</b>										
1. Shangpinhui (尚品匯)	Haikou City, Hainan Province	Commercial	43,795	March 2021	98,139	—	—	—	—	100.00
2. Yousheng (友升)	Haikou City, Hainan Province	Residential	87,021	December 2021	—	—	—	104,426	—	100.00
<b>Wuzhishan</b>										
1. Feicui Yijun (翡翠頤郡)			92,522		66,349	— <sup>(3)</sup>	—	70,073	—	100.00
Phase I	Wuzhishan City, Hainan Province	Commercial	28,745	January 2021	48,013	— <sup>(3)</sup>	—	—	—	100.00
Phase II	Wuzhishan City, Hainan Province	Residential	23,827	September 2021	—	— <sup>(3)</sup>	—	35,274	—	100.00
Phase III	Wuzhishan City, Hainan Province	Residential	18,244	December 2023	18,336	— <sup>(3)</sup>	—	8,330	—	100.00
Phase IV	Wuzhishan City, Hainan Province	Residential	21,706	December 2023	—	— <sup>(3)</sup>	—	26,469	—	100.00

## MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Site area (sq.m.)	Actual/ estimated completion date	Under development		Held for future development			Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with land use right certificate not yet obtained (sq.m.)	
<b>Xishuangbanna</b>										
1. International Health City (國際健康城)			223,837		16,915	—	—	318,341	—	100.00
Phase I	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential/ Commercial	11,290	October 2020	16,915	—	—	—	—	100.00
Phase II	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential/ Commercial	66,820	December 2021	—	—	—	100,085	—	100.00
Phase III	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential	145,727	December 2022	—	—	—	218,256	—	100.00
<b>Total</b>			<b>1,170,140</b>		<b>1,764,516</b>	<b>1,399,462</b>	<b>687,686</b>	<b>1,003,587</b>	<b>—</b>	
<b>Total Attributable GFA<sup>(2)</sup></b>					<b>1,419,518</b>	<b>1,070,378</b>	<b>590,394</b>	<b>927,958</b>	<b>—</b>	

Notes:

- (1) Calculated based on the Group's effective ownership interest in the respective project companies.
- (2) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.
- (3) On 28 September 2017, Hainan Provincial People's Government issued the "Hainan Provincial People's Government's Opinion on Further Deepening the Policy of 'Two Suspensions' to Promote the Steady and Healthy Development in Real Estate" (《海南省人民政府關於進一步深化「兩個暫停」政策促進房地產業平穩健康發展的意見》) (Qiong Fu [2017] No. 76), and proposed "to permanently suspend the construction of new real estate projects for foreign sale in four central ecological core areas of Wuzhishan, Baoting, Qiongzong and Baisha; while the Provincial Housing and Urban-Rural Development Department would work together with the Provincial Planning Commission, the Provincial Department of Land Resources and other departments to formulate another implementation plan with consideration of the situation of commercial residential land use in the central ecological core area of the four cities and counties, which will be promulgated for implementation after approval by the Provincial Government." "Cities and counties, especially the four central ecological core areas, are encouraged to regulate the use of land in accordance with the law, re-direct the existing supply of commercial residential land to the development in business operation properties such as tourism, culture, education, medical care, health care and commercial use, and promote the transformation of property development. For the existing commercial residential land that cannot be used for residential development due to the factors of planning adjustment, the municipal and county governments can use different approaches in accordance to the laws, including the recovery of land use rights, replacement, extension of the limitation on construction period and arrangement of temporary use, etc."

As of now, the government has not yet released its implementation plan. The Group's Wuzhishan project is affected by the policy and there is uncertainty with its subsequent development.



## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of information on the Group's investment properties as at 30 June 2020:

Project	Type of property	Total GFA held for investment (sq.m.)	Effective leased GFA (sq.m.)	Occupancy rate (%)	Rental income for the six months ended 30 June	
					2020 (RMB million)	2019
Grand International Mall & Apartments (君豪國際)	Retail outlets	8,241	433	8.9	—	0.2
East Lake Mall (東湖井)	Retail outlets	10,610	8,161	85.2	0.5	1.2
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail outlets	2,762	2,762	100.0	1.5	1.6
<b>Total</b>		<b>21,613</b>	<b>11,356</b>	<b>—</b>	<b>2.0</b>	<b>3.0</b>

The table below sets forth a summary of the Group's land bank as at 30 June 2020 by geographical location:

	Completed	Under development	Future development	Total land bank <sup>(1)</sup>	% of total land bank	Average land cost
	Saleable/Leasable GFA remaining unsold (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	18,130	896,816	510,747	1,425,693	48.7	850.1
Taiyuan	71,352	544,754	—	616,106	21.0	393.5
Mianyang	70,429	141,543	—	211,972	7.2	643.5
Haikou	—	98,139	104,426	202,565	6.9	1,851.7
Wuzhishan	—	66,349	70,073	136,422	4.7	1,145.2
Xishuangbanna	—	16,915	318,341	335,256	11.5	836.8
<b>Total</b>	<b>159,911</b>	<b>1,764,516</b>	<b>1,003,587</b>	<b>2,928,014</b>	<b>100.0</b>	<b>751.7</b>

Note:

- (1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of the Group's land bank as at 30 June 2020 by type of property:

	Completed	Under development	Future development	Total land bank <sup>(1)</sup>	% of total land bank
	Saleable/ Leasable GFA remaining unsold (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Mid-rise	2,728	181,074	425,086	608,888	20.8
High-rise	66,222	790,871	218,256	1,075,349	36.7
Townhouses	1,472	5,354	107,259	114,085	3.9
Multi-story garden apartments	3,959	44,686	43,604	92,249	3.1
Available-for-sale office/commercial properties	42,800	307,888	78,342	429,030	14.7
SOHO apartments	58	15,984	15,791	31,833	1.1
Hotels	—	111,359	—	111,359	3.8
Parking spaces	42,672	286,571	109,025	438,268	15.0
Ancillary <sup>(2)</sup>	—	20,729	6,224	26,953	0.9
<b>Total</b>	<b>159,911</b>	<b>1,764,516</b>	<b>1,003,587</b>	<b>2,928,014</b>	<b>100.0</b>

Notes:

- (1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.
- (2) Comprises primarily utilities which are not available for sale.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group's revenue was approximately RMB289.2 million, representing a decrease of approximately 52.9% as compared with approximately RMB614.2 million for the corresponding period of last year. The decrease was mainly because Yosemite Valley Town — Taiyuan (Phase II) was the only project commencing centralized delivery of residential properties in June during the Reporting Period.

The Group's revenue from property development during the Reporting Period was approximately RMB280.5 million, representing a decrease of approximately 52.5% as compared with the corresponding period of last year. The decrease was mainly because Yosemite Valley Town — Taiyuan (Phase II) was the only project commencing centralized delivery of residential properties in June during the Reporting Period.

### Sales and Services Cost

The Group's sales and services cost decreased by approximately 58.7% from approximately RMB423.5 million for the six months ended 30 June 2019 to approximately RMB175.0 million for the six months ended 30 June 2020, which was mainly due to a corresponding decrease in cost of sales and services during the Reporting Period with the decrease in revenue for the Reporting Period.

### Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB114.2 million, representing a decrease of approximately 40.1% from approximately RMB190.8 million for the six months ended 30 June 2019. The Group's gross profit margin during the Reporting Period was approximately 39.5% as compared with approximately 31.1% for the corresponding period of last year.

During the Reporting Period, the Group's gross profit on property development was approximately RMB111.1 million, representing a decrease of approximately 40.4% as compared with approximately RMB186.3 million for the six months ended 30 June 2019. The decrease in the gross profit on property development of the Group was mainly due to the decrease in revenue during the Reporting Period.

During the Reporting Period, the gross profit margin of property development of the Group was approximately 39.6%, while the gross profit margin was approximately 31.6% for the six months ended 30 June 2019.

### Other Income and Gains

The Group's other income and gains amounted to approximately RMB17.6 million during the Reporting Period, while the other income and gains amounted to approximately RMB21.0 million for the six months ended 30 June 2019. The decrease was primarily due to the decrease in interest income from bank deposits during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Net Profit Attributable to Owners of the Company

During the Reporting Period, net profit attributable to owners of the Company was approximately RMB50.9 million, representing a decrease of approximately 35.4% from approximately RMB78.8 million for the six months ended 30 June 2019. The decrease of the net profit attributable to owners of the Company was primarily due to the decrease in revenue from property development and gross profit from property development.

### Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 23.8% from approximately RMB27.3 million for the six months ended 30 June 2019 to approximately RMB20.8 million for the six months ended 30 June 2020, primarily due to the decrease in revenue from property development during the Reporting Period.

### Administrative Expenses

The Group's administrative expenses decreased by approximately 20.6% from approximately RMB41.8 million for the six months ended 30 June 2019 to approximately RMB33.2 million for the six months ended 30 June 2020. This was primarily due to the decrease in litigation fees during the Reporting Period.

### Finance Costs

The Group's finance costs decreased by approximately 81.5% from approximately RMB11.9 million for the six months ended 30 June 2019 to approximately RMB2.2 million for the six months ended 30 June 2020, primarily due to the repayment of loans and new borrowings mainly for construction and development projects and the related interest expenses are capitalised during the Reporting Period.

### Income Tax Expense

The Group's income tax expense decreased by approximately 43.9% from approximately RMB45.3 million for the six months ended 30 June 2019 to approximately RMB25.4 million for the six months ended 30 June 2020, primarily due to the decrease in corporate income tax as a result of a decrease in profit before tax during the Reporting Period.

### Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period decreased by approximately 43.5% from approximately RMB88.7 million for the six months ended 30 June 2019 to approximately RMB50.1 million for the six months ended 30 June 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cash Position

As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately RMB994.0 million, representing a decrease of approximately 10.2% as compared with approximately RMB1,107.2 million as at 31 December 2019.

## Net Operating Cash Flow

The Group recorded a positive operating cash flow of approximately RMB1.3 million as at 30 June 2020 as compared with a positive operating cash flow of approximately RMB109.3 million as at 30 June 2019.

## Borrowings

The Group had outstanding bank and other borrowings of approximately RMB2,811.9 million as at 30 June 2020, and the Group had outstanding bank and other borrowings of approximately RMB2,816.0 million as at 31 December 2019.

## Pledged Assets

Certain of the Group's borrowings were secured by properties under development, investment properties, as well as property, plant and equipment or a combination of the above items. As at 30 June 2020, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB588.9 million, while the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB700.2 million as at 31 December 2019.

## Financial Guarantees and Contingent Liabilities

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at 30 June 2020, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,513.5 million, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,796.9 million as at 31 December 2019.

## Gearing Ratio

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB2,811.9 million and total equity of approximately RMB1,424.7 million, the gearing ratio of the Group was approximately 197.4% (30 June 2019: approximately 204.9%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The decrease in gearing ratio was mainly due to the decrease of interest-bearing bank and other borrowings during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Material Acquisitions and Disposals and Significant Investments

The Group did not have any material acquisition and disposal and significant investment during the Reporting Period.

## Events after the Reporting Period

Save as disclosed above, from 30 June 2020 till the date of this report, the Group has no other significant events after the Reporting Period that is required to be disclosed.

## Future Plans for Material Investments or Capital Assets

The Company will continue to invest in property development projects and acquire suitable land parcels in selected cities as it sees fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in the prospectus of the Company dated 22 June 2015 and above, the Group did not have any future plans for material investments as at the date of this report.

## Employees and Remuneration Policies

As at 30 June 2020, the Group had 280 employees. For the six months ended 30 June 2020, the Group incurred employee costs of approximately RMB22.2 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, occupational injury and unemployment benefit plans.

The Group has established the remuneration committee to review the remuneration policy and structure of the Group for the remuneration of all Directors and the senior management of the Group after considering the operating results of the Group, individual performance and contribution, time commitment and responsibilities of the Directors and senior management as well as the remuneration paid by comparable companies.

The Group has formulated and implemented remuneration policies to motivate employees and, in turn, support the long-term development of the Group. Such policies are consistent with the business strategies and development objectives of the Group, which will be helpful in attracting and retaining professional employees with the relevant knowledge and skills.

## Interim Dividend

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 7 March 2019, the Group completed a Rights Issue pursuant to which the Company has issued 99,999,989 ordinary shares of the Company at HK\$1.50 per rights share on the basis of one rights share for every five existing shares held on 11 February 2019. Valid applications and acceptances in respect of a total of 130,896,878 rights shares had been received, representing approximately 130.9% of the 99,999,989 total number of rights shares available for subscription under the rights issue. The closing price per Share as quoted on the Stock Exchange on the last trading day (11 January 2019) was HK\$1.59. The Directors believe that the Rights Issue will better enhance the Company's ability to fund and develop the Group's business.

The net proceeds of the Rights Issue of the Company (after deducting professional fees and other related expenses) were approximately HK\$147.31 million (equivalent to approximately RMB125.58 million based on the exchange rate of RMB1 to HK\$1.173). The net proceeds from the Rights Issue are to be used in the following manner:

Intended use	Percentage (%)	Amount of proceeds (HK\$ million)	Amount utilized as at 30 June 2020 (HK\$ million)	Amount not utilized as at 30 June 2020 (HK\$ million)
Used to pay for the unpaid registered capital of Jinzhong Chen Xing Hui for future investment opportunities (if appropriate opportunities arise) in Jinzhong Chen Xing Hui's construction materials and decorative materials trading business	82.11	120.95	110.00	10.95
Used as the Company's general working capital	17.89	26.36	—	26.36

As at 30 June 2020, the Company utilised HK\$110.0 million, representing approximately 74.7% of the net proceeds from the Rights Issue. The Company will continue to use the net proceeds from the Rights Issue on or before 31 December 2020 for the purposes as disclosed in the prospectus of the Company dated 13 February 2019.

# CORPORATE GOVERNANCE AND OTHER MATTERS

## CORPORATE GOVERNANCE PRACTICE

The Company is always committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company and protecting the interests of all shareholders of the Company (the “**Shareholders**”). The Company is fully aware that transparency and accountability in corporate governance are crucially important to the Shareholders. The Board considers that sound corporate governance maximizes the Shareholders’ interest.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rule**”) as its own code of corporate governance. The Company has complied with the CG Code throughout the Reporting Period.

To ensure that the Company complies with the CG Code, the Company will constantly review and strengthen its corporate governance practice and enhance its risk management and internal control in reliance on the assistance of its legal advisors as to PRC and Hong Kong laws.

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company’s businesses, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company’s businesses and affairs, while the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess professional qualifications and related management experience in areas of financial accounting, corporate governance, etc. and contribute to the Board with their professional opinions.

Mr. Bai Xuankui (“**Chairman Bai**”) is an executive Director and the Chairman of the Board. He is responsible for the management of the Board and the overall strategic planning, business development and corporate governance functions. The Company believes that Chairman Bai, who has been serving as a Director and the Chairman of the Board since its establishment, can facilitate the Company in formulating appropriate development strategies. Regarding business operations, the Company’s senior management, which comprises experienced and high-caliber individuals from various sectors, will ensure decisions made by the Board are thoroughly implemented.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries with all Directors, each of them has confirmed that he has complied with the Model Code during the Reporting Period.



# CORPORATE GOVERNANCE AND OTHER MATTERS

## DISCLOSURE OF INTERESTS

### Interests and/or Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 30 June 2020, the following Directors and chief executives of the Company had interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered into the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of Appendix 10 to the Listing Rules:

#### Long Positions in the Shares of the Company

Name of Director/ chief executive	Capacity/ Nature of interest	Number of shares held	Percentage of Shareholdings <sup>(Note 1)</sup>
Mr. Bai Xuankui (“ <b>Mr. Bai</b> ”) <sup>(Note 2)</sup>	Settlor of a discretionary trust	346,944,000	57.82%
Mr. Bai Wukui <sup>(Note 3)</sup>	Interest of a controlled corporation	64,944,000	10.82%
Mr. Bai Guohua <sup>(Note 4)</sup>	Beneficiary of a discretionary trust	346,944,000	57.82%
Mr. Dong Shiguang (“ <b>Mr. Dong</b> ”) <sup>(Note 5)</sup>	Interest of a controlled corporation	10,481,740	1.75%

Notes:

1. As at 30 June 2020, the total number of issued shares of the Company was 599,999,989 shares.
2. The shares were held by White Dynasty Global Holdings Limited (“**White Dynasty BVI**”) in the capacity of a legal beneficial owners, which was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited (“**White Empire BVI**”) in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian (“**Mrs. Bai**”), the spouse of Mr. Bai, and other beneficiaries to be nominated by the trustee from time to time. Since Mr. Bai was the settlor of the family trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.

## CORPORATE GOVERNANCE AND OTHER MATTERS

- The shares were held by White Legend Global Holdings Limited ("**White Legend BVI**") in the capacity of a legal beneficial owner. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui held the entire issued share capital of White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- The shares were held by White Dynasty BVI in the capacity of a legal beneficial owner. Since (i) Mr. Bai Guohua was a beneficiary of the family trust; and (ii) Mr. Bai Guohua was a person acting in accordance with the instructions from Mr. Bai, the settlor of the family trust, at all times, hence Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by Honesty Priority Global Holdings Limited ("**Honesty Priority BVI**") in the capacity of a legal beneficial owner. Since Mr. Dong owned 34.87% shares in Honesty Priority BVI, Mr. Dong was deemed to be interested in the shares held by Honesty Priority BVI under the SFO.

### Long Positions in the Shares of Associated Corporations of the Company

Name of Director/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of Shareholdings
Mr. Bai	White Dynasty BVI <sup>(Note 1)</sup>	Settlor of a discretionary trust	10,000	100%
Mr. Bai	White Empire BVI <sup>(Note 1)</sup>	Settlor of a discretionary trust		100%
Mr. Bai Guohua	White Dynasty BVI <sup>(Note 1)</sup>	Beneficiary of a discretionary trust	10,000	100%
Mr. Bai Guohua	White Empire BVI <sup>(Note 1)</sup>	Beneficiary of a discretionary trust		100%

Note:

- White Dynasty BVI was a corporate controlling shareholder of the Company and was wholly-owned by White Empire BVI in the capacity of a legal beneficial owner. White Empire BVI was a company limited by guarantee incorporated in the British Virgin Islands and the trustee of the family trust which was held for the benefits of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time, and Mr. Bai was the settlor of the family trust.

As at 30 June 2020, save as disclosed above, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE AND OTHER MATTERS

### Interests and/or Short Positions in the Shares and Underlying Shares of the Company Held by Substantial Shareholders

As at 30 June 2020, to the best knowledge of the Company and the Directors, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held	Percentage of shareholdings <sup>(Note 1)</sup>
White Dynasty BVI <sup>(Note 2)</sup>	Beneficial owner	346,944,000	57.82%
White Empire BVI <sup>(Note 2)</sup>	Interest of a controlled corporation	346,944,000	57.82%
White Legend BVI <sup>(Note 3)</sup>	Beneficial owner	64,944,000	10.82%
Mrs. Bai <sup>(Note 4)</sup>	Beneficiary of a discretionary trust	346,944,000	57.82%
Ms. Zhang Lindi <sup>(Note 5)</sup>	Interest of spouse	346,944,000	57.82%
Ms. Gan Xuelin <sup>(Note 6)</sup>	Interest of spouse	64,944,000	10.82%
Hwabao Trust Co. Ltd.	Trustee	62,160,000	10.36%

Notes:

- As at 30 June 2020, the Company had a total number of 599,999,989 shares in issue.
- White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the family trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the family trust.
- White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the family trust, Mrs. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Zhang Lindi was the wife of Mr. Bai Guohua. Since Mr. Bai Guohua was a beneficiary of the family trust, Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO, therefore, Ms. Zhang Lindi was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Gan Xuelin was the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI.

## CORPORATE GOVERNANCE AND OTHER MATTERS

As at 30 June 2020, save as disclosed above, the Company was not aware of any other persons (other than Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO.

### SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 12 June 2015. Since the date of adoption, the Company has not granted any share options under the Share Option Scheme.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Stock Exchange.

### AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing. The Audit Committee is chaired by Mr. Gu Jiong.

The Audit Committee has reviewed, with the management and the Board of the Company, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including review of the unaudited interim results for the six months ended 30 June 2020. The Audit Committee considered that the interim results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also reviewed the interim report.

### CHANGE OF THE INFORMATION OF THE DIRECTORS

Since the publication of annual report 2019 of the Company, there are no changes in the information of each of the Directors needed to be disclosed under Rule 13.51B(1) of the Listing Rules.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
REVENUE	5	289,181	614,235
Cost of sales		(174,994)	(423,484)
Gross profit		114,187	190,751
Other income and gains	5	17,587	20,959
Selling and distribution expenses		(20,792)	(27,316)
Administrative expenses		(33,245)	(41,773)
Other expenses		(726)	(3,696)
Finance costs		(2,152)	(11,894)
Share of profits and losses of:			
Joint ventures		535	498
An associate		(105)	—
PROFIT BEFORE TAX	6	75,289	127,529
Income tax expense	7	(25,368)	(45,253)
PROFIT FOR THE PERIOD		49,921	82,276
Attributable to:			
Owners of the parent		50,914	78,760
Non-controlling interests		(993)	3,516
		49,921	82,276
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— for profit for the period	9	RMB0.08	RMB0.13

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	49,921	82,276
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,091	6,415
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	1,091	6,415
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(1,227)	—
Income tax effect	307	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(920)	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	171	6,415
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	50,092	88,691
Attributable to:		
Owners of the parent	51,085	85,175
Non-controlling interests	(993)	3,516
	50,092	88,691

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	72,981	74,234
Investment properties		141,000	141,000
Right-of-use assets		2,420	2,929
Properties under development	11	557,077	601,408
Intangible assets		153	163
Investment in joint ventures		1,928	1,393
Investments in an associate		48,875	48,980
Equity investments designated at fair value through other comprehensive income	12	61,671	62,898
Deferred tax assets		231,801	225,551
<b>Total non-current assets</b>		<b>1,117,906</b>	<b>1,158,556</b>
<b>CURRENT ASSETS</b>			
Properties under development	11	9,124,217	8,395,674
Completed properties held for sale	13	462,609	411,983
Inventories		25,107	16,561
Trade receivables	14	2,617	5,679
Prepayments, other receivables and other assets		1,192,517	1,142,309
Tax recoverable		134,185	133,214
Financial assets at fair value through profit or loss		—	1,500
Pledged deposits	15	56,060	68,257
Cash and cash equivalents	15	994,045	1,107,248
<b>Total current assets</b>		<b>11,991,357</b>	<b>11,282,425</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	16	1,309,563	1,036,422
Other payables and accruals		1,837,947	1,831,239
Contract liabilities		5,675,407	5,335,734
Interest-bearing bank and other borrowings	17	685,099	429,556
Tax payable		36,827	34,121
<b>Total current liabilities</b>		<b>9,544,843</b>	<b>8,667,072</b>
<b>NET CURRENT ASSETS</b>		<b>2,446,514</b>	<b>2,615,353</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,564,420</b>	<b>3,773,909</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Note	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	17	<b>2,126,830</b>	2,386,478
Deferred tax liabilities		<b>12,913</b>	12,846
Total non-current liabilities		<b>2,139,743</b>	2,399,324
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>4,855</b>	4,855
Reserves		<b>1,292,392</b>	1,241,307
		<b>1,297,247</b>	1,246,162
Non-controlling interests		<b>127,430</b>	128,423
<b>TOTAL EQUITY</b>		<b>1,424,677</b>	1,374,585



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent										
	Share capital	Share premium account	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Fair value	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
						reserve of financial assets at fair value through other comprehensive income					
						RMB'000					
At 31 December 2019 (audited)	4,855	344,141	102,552	128,489	23,331	(69,554)	17,116	695,232	1,246,162	128,423	1,374,585
Profit for the period	—	—	—	—	—	—	—	50,914	50,914	(993)	49,921
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	(920)	—	—	(920)	—	(920)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	1,091	—	1,091	—	1,091
Total comprehensive income for the period	—	—	—	—	—	(920)	1,091	50,914	51,085	(993)	50,092
At 30 June 2020 (unaudited)	4,855	344,141	102,552	128,489	23,331	(70,474)	18,207	746,146	1,297,247	127,430	1,424,677

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent									Total equity
	Share capital	Share premium		Statutory surplus reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained earnings	Non-controlling interests		
		account	reserves					Total	interests	
		RMB'000	RMB'000					RMB'000	RMB'000	
At 31 December 2018 (audited)	4,003	219,418	102,552	118,502	23,331	11,972	599,191	1,078,969	118,858	1,197,827
Profit for the period	—	—	—	—	—	—	78,760	78,760	3,516	82,276
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	6,415	—	6,415	—	6,415
Total comprehensive income for the period	—	—	—	—	—	6,415	78,760	85,175	3,516	88,691
Issue of shares	852	126,993	—	—	—	—	—	127,845	—	127,845
Share issue expenses	—	(2,270)	—	—	—	—	—	(2,270)	—	(2,270)
Appropriation to statutory surplus reserve	—	—	—	6,251	—	—	(6,251)	—	—	—
At 30 June 2019 (unaudited)	4,855	344,141	102,552	124,753	23,331	18,387	671,700	1,289,719	122,374	1,412,093

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>75,289</b>	127,529
Adjustments for:			
Depreciation of property, plant and equipment		<b>5,193</b>	4,894
Depreciation of right-of-use assets		<b>509</b>	22
Amortisation of intangible assets		<b>41</b>	25
Other interest income from financial assets at fair value through profit or loss	5	<b>(1,074)</b>	(1,534)
Share of profits of joint ventures and an associate		<b>(430)</b>	(498)
Finance costs		<b>2,129</b>	11,894
Interest income	5	<b>(8,938)</b>	(12,191)
		<b>72,719</b>	130,141
Increase in properties under development		<b>(574,918)</b>	(405,115)
(Increase)/decrease in completed properties held for sale		<b>(50,626)</b>	402,994
(Increase)/decrease in inventories		<b>(8,546)</b>	8,574
Decrease/(increase) in trade receivables		<b>3,062</b>	(2,805)
Increase in prepayments, other receivables and other assets		<b>(43,250)</b>	(543,204)
Decrease/(increase) in pledged deposit		<b>12,197</b>	(43,850)
Decrease in restricted bank balance		<b>—</b>	103,000
Increase in trade and bills payables		<b>273,141</b>	4,755
Increase/(decrease) in other payables and accruals		<b>7,351</b>	(13,625)
Increase in contract liabilities		<b>339,673</b>	583,582
Cash generated from operations		<b>30,803</b>	224,447
Tax paid		<b>(29,509)</b>	(115,196)
Net cash flows from operating activities		<b>1,294</b>	109,251

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(3,940)</b>	(3,379)
Purchase of intangible assets	<b>(31)</b>	(61)
Purchases of financial assets at fair value through profit or loss	<b>(81,000)</b>	(119,000)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>82,500</b>	228,400
Increase in amounts due from a related party	<b>—</b>	(102,600)
Repayments for acquisition of a subsidiary	<b>—</b>	20,028
Acquisition of a subsidiary	<b>—</b>	(587,172)
Income from financial assets at fair value through profit or loss	<b>1,074</b>	2,408
Interest received	<b>2,373</b>	6,035
Net cash flows from/(used in) investing activities	<b>976</b>	(555,341)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	<b>—</b>	127,845
Share issue expenses	<b>—</b>	(2,270)
New bank and other loans	<b>64,700</b>	464,000
Repayment of bank loans	<b>(68,050)</b>	(238,539)
Principal portion of lease payments	<b>(126)</b>	—
Interest paid	<b>(113,090)</b>	(26,517)
Net cash flows (used in)/from financing activities	<b>(116,566)</b>	324,519
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	<b>1,107,248</b>	1,447,161
Effect of foreign exchange rate changes, net	<b>1,093</b>	6,415
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>994,045</b>	1,332,005
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>1,050,105</b>	1,416,026
Less: Pledged deposits	<b>56,060</b>	84,021
	<b>994,045</b>	1,332,005

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in property development with focus on development projects of residential and commercial properties.

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, wealth management products and equity investment which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group, as the Group does not have rent concessions arising as a direct consequence of the covid-19 pandemic.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

## 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the six months ended 30 June 2020 and 2019.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
<i>Revenue from contracts with customers</i>	287,208	611,258
<i>Revenue from other sources</i>		
Property leasing income	1,973	2,977
	289,181	614,235

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
<b>Type of goods or services</b>		
Sale of properties	280,478	590,017
Sale of construction materials	6,730	19,867
Construction services	—	1,374
Total revenue from contracts with customers	287,208	611,258
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	287,208	609,884
Services transferred over time	—	1,374
Total revenue from contracts with customers	287,208	611,258



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. REVENUE, OTHER INCOME AND GAINS *(continued)*

	For the six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
<b>Other income</b>		
Bank interest income	2,373	6,035
Interest income from loans to an associate	6,565	6,156
Income from financial assets at fair value through profit or loss	1,074	1,534
Gross rental income	5,465	6,824
Others	250	410
	<b>15,727</b>	20,959
<b>Gains</b>		
Foreign exchange gains, net	1,860	—
	<b>17,587</b>	20,959

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Cost of properties sold	169,373	403,744
Cost of construction materials sold	5,621	17,192
Cost of services provided	—	2,548
Depreciation of property, plant and equipment	5,193	4,894
Depreciation of right-of-use assets	509	22
Amortisation of intangible assets	41	25
Lease payments not included in the measurement of lease liabilities	—	63
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	9,305	8,763
Pension scheme contributions	314	268
Staff welfare expense	1,689	1,535
	11,308	10,566
Bank interest income	(2,373)	(6,035)
Interest income from loans to an associate	(6,565)	(6,156)
Income from financial assets at fair value through profit or loss	(1,074)	(1,534)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The major components of the Group's income tax expense are as follows:

	For the six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Current tax:		
Income tax charge	31,244	41,105
Land appreciation tax	—	14,098
Deferred tax	(5,876)	(9,950)
Total tax charge for the period	25,368	45,253

## 8. DIVIDENDS

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	50,914	78,760

	For the six months ended 30 June	
	2020 '000 (unaudited)	2019 '000 (unaudited)
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	600,000	584,384

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2020 and 2019.

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of RMB3,940,000 (the six months ended 30 June 2019: RMB2,708,000).

During the six months ended 30 June 2020, the Group disposed of assets with a cost of RMB877,000 (the six months ended 30 June 2019: RMB504,000).

At 30 June 2020, certain of the Group's buildings with a net carrying amount of approximately RMB34,812,700 (31 December 2019: RMB36,418,400) were pledged to secure bank loans granted to the Group (note 17).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Carrying amount at beginning of period/year	8,997,082	5,311,072
Additions	904,211	4,182,110
Transfer to completed properties held for sale (note 13)	(219,999)	(496,100)
Carrying amount at end of period/year	9,681,294	8,997,082
Less: Current portion	(9,124,217)	(8,395,674)
Non-current portion	557,077	601,408

Properties under development expected to be recovered:

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Within one year	5,454,534	4,728,018
After one year	3,669,683	3,667,656
	9,124,217	8,395,674

At 30 June 2020, certain of the Group's properties under development with a carrying value of approximately RMB352,600,000 (31 December 2019: RMB462,244,900) were pledged to secure bank loans granted to the Group (note 17).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Listed equity investment, at fair value JINSHANG BANK Co., Ltd.	61,671	62,898

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

### 13. COMPLETED PROPERTIES HELD FOR SALE

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Carrying amount at beginning of period/year	411,983	841,439
Transfer from properties under development (note 11)	219,999	496,100
Transfer to cost of properties sold	(169,373)	(924,740)
Impairment during the period/year	—	(816)
Carrying amount at end of period/year	462,609	411,983

Certain of the Group's completed properties held for sale, which had aggregate carrying value of approximately RMB60,520,800 as at 30 June 2020 (31 December 2019: RMB60,520,800) (note 17).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Within 1 month	276	5,170
1 to 12 months	1,981	509
Over 12 month	360	—
	<b>2,617</b>	<b>5,679</b>

### 15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Total cash and bank balances, including pledged deposits	<b>1,050,105</b>	1,175,505
Less: Pledged deposits	<b>(56,060)</b>	(68,257)
Cash and cash equivalents	<b>994,045</b>	1,107,248

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables at the end of the reporting period, based on the payment due dates, is as follows:

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Less than 1 year	583,993	421,071
1 to 2 years	552,304	433,577
2 to 3 years	17,096	25,151
3 to 4 years	28,563	83,689
4 to 5 years	70,727	19,489
Over 5 years	56,880	53,445
	<b>1,309,563</b>	1,036,422

Trade and bills payables are unsecured and interest-free and are normally settled based on the progress of construction.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	RMB'000
<b>31 December 2019 (audited)</b>			
<b>Current</b>			
Lease liabilities	4.75	2020	1,036
Current portion of long term bank loans — secured	5.23–6.80	2020	428,520
			429,556
<b>Non-current</b>			
Lease liabilities	4.75	2021	529
Bank loans — secured	6.18–15.00	2021–2022	2,385,949
			2,386,478
			2,816,034
<b>30 June 2020 (unaudited)</b>			
<b>Current</b>			
Lease liabilities	4.75	2021	810
Current portion of long term bank loans — secured	5.23–6.80	2020–2021	684,289
			685,099
<b>Non-current</b>			
Bank loans — secured	6.18–15.00	2021–2022	2,126,830
			2,811,929

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS *(continued)*

Notes:

- (i) The bank borrowings of approximately RMB226,000,000 (31 December 2019: RMB246,000,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB60,520,800 (31 December 2019: RMB60,520,800) (note 13), the Group's investment properties of RMB141,000,000 (31 December 2019: RMB141,000,000), the Group's buildings of RMB34,812,700 (31 December 2019: RMB36,418,400) and are guaranteed by the Company (note 10).
- (ii) The bank borrowings of approximately RMB129,919,000 (31 December 2019: RMB130,469,000) are guaranteed by a non-controlling shareholder of a subsidiary of the Group.
- (iii) The bank borrowings of approximately RMB325,000,000 (31 December 2019: RMB325,000,000) are guaranteed by a subsidiary of the Group and a non-controlling shareholder of a subsidiary of the Group.
- (iv) The bank borrowings of approximately RMB100,000,000 (31 December 2019: RMB100,000,000) are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (v) The bank borrowings of approximately RMB1,450,000,000 (31 December 2019: RMB1,450,000,000) are pledged by 100% equity interest of a subsidiary of the Group and are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (vi) The bank borrowings of approximately RMB98,000,000 (31 December 2019: RMB98,000,000) are secured by the pledge of certain of the Group's properties under development of RMB100,900,000 (31 December 2019: RMB100,900,000) (note 11) and are guaranteed by a subsidiary of the Group.
- (vii) The bank borrowings of approximately RMB275,000,000 (31 December 2019: RMB295,000,000) are secured by the pledge of certain of the Group's properties under development of RMB251,700,000 (31 December 2019: RMB251,700,000) (note 11) and 100% equity interest of a subsidiary of the Group and are guaranteed by a subsidiary of the Group.
- (viii) The bank borrowings of approximately RMB207,200,000 (31 December 2019: RMB150,000,000) are pledged by 100% equity interest of a subsidiary of the Group and are guaranteed by two subsidiaries of the Group.
- (ix) The bank borrowings of approximately RMB Nil (2019: RMB20,000,000) are secured by the pledge of certain of the Group's properties under development of RMB Nil (2019: RMB109,644,900) (note 11) and are guaranteed by the Company, a director of the Company and the Company's controlling shareholder.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 18. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Contracted, but not provided for:		
Property development activities	3,405,505	2,787,064
Capital contribution payable to joint ventures	252,950	252,950
	<b>3,658,455</b>	3,040,014

## 19. CONTINGENT LIABILITIES

At 30 June 2020 and 31 December 2019, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	1,513,461	1,796,911

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19. CONTINGENT LIABILITIES *(continued)*

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends at the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the reporting periods in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

### 20. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship
Mr. Bai Xuankui	Director, the ultimate controlling shareholder
Mr. Bai Guohua	Director, the ultimate controlling shareholder
Shanxi Wanjia Property Management Co., Ltd. (" <b>Shanxi Wanjia</b> ")	Company controlled by the daughter of Mr. Bai Xuankui
Shanxi Wanzhong Heating Co., Ltd. (" <b>Shanxi Wanzhong</b> ")	Company controlled by the daughter of Mr. Bai Xuankui
Xi'an Agile Consulting Co., Ltd. (" <b>Xi'an Agile</b> ")	Shareholder of a subsidiary
Shanxi Greentown Property Service Co., Ltd. (" <b>Shanxi Greentown Property</b> ")	A joint venture
Xishuangbanna Yunchen Real Estate Co., Ltd (" <b>Yunchen Real Estate</b> ")	An associate
Ms. Bai Lihua	The daughter of Mr. Bai Xuankui

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. RELATED PARTY TRANSACTIONS *(continued)*

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

	For the six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Property management service from:		
Shanxi Greentown Property	2,840	—
Shanxi Wanjia	—	240
	<b>2,840</b>	240
Loans to:		
Yunchen Real Estate	—	102,600
Interest income from:		
Yunchen Real Estate	6,565	6,156
Advance to:		
Yunchen Real Estate	—	200
Royalty fee to:		
Xi'an Agile	117	—
Leasing from:		
Ms. Bai Lihua	237	—

- (b) Other transactions with related parties:

Mr. Bai Xuankui has guaranteed certain of the Group's bank loans up to RMB1,550,000,000 (31 December 2019: RMB1,570,000,000) as at the end of the reporting period (note 17).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 20. RELATED PARTY TRANSACTIONS *(continued)*

- (c) Outstanding balances with related parties:

The Group had the following balances with its related parties during the reporting period:

	Notes	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (unaudited)
Due from related parties			
Yunchen Real Estate	(i)	135,697	128,739
Xi'an Agile	(ii)	6,993	6,993
Shanxi Greentown Property	(ii)	—	516
		142,690	136,248
Due to a director			
Mr. Bai Guohua	(ii)	95	93
Due to related parties			
Shanxi Wanjia	(ii)	399	1,205
Shanxi Wanzhong	(ii)	7	7
Xi'an Agile	(ii)	—	472
Shanxi Greentown Property	(ii)	1,371	—
		1,777	1,684

Notes:

- (i) The loans to Yunchen Real Estate amounted to RMB135,697,000 (31 December 2019: RMB128,739,000). The loan amount of RMB121,017,000 is secured by the pledge of 51% equity interest of this associate owned by another shareholder and the remaining loan amount of RMB14,680,000 is unsecured, bears interest at 12% per annum and the loans are due in January 2021 and November 2020, respectively.
- (ii) The balances are unsecured, interest-free and have no fixed terms of repayment.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 20. RELATED PARTY TRANSACTIONS *(continued)*

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short term employee benefits	963	891
Pension scheme contributions	19	72
<b>Total compensation paid to key management personnel</b>	<b>982</b>	<b>963</b>

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

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the financial assets at fair value through profit or loss, which represent wealth management products issued by banks in Mainland China, have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for financial assets at fair value through profit or loss as at the end of the reporting period was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Management has assessed that the fair values of the non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and an independent third party financial institution based on prevailing market interest rates.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 30 June 2020

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	61,671	—	—	61,671

As at 31 December 2019

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	62,898	—	—	62,898
Financial assets at fair value through profit or loss	—	1,500	—	1,500
	62,898	1,500	—	64,398



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### **21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** *(continued)*

The Group did not have any financial liabilities measured at fair value as at 30 June 2020, and 31 December 2019.

During the period, 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 (six months ended 30 June 2019: Nil).

### **22. EVENT AFTER THE REPORTING PERIOD**

At present, the Group expects the COVID-19 outbreak to have limited impact on its business. However, it is difficult to estimate the full impact in the coming months given the dynamic nature of these circumstances. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts.



**CHEN XING**

