

Stock Code : 726



DIT Group Limited
(Incorporated in Bermuda with limited liability)

**A LEADING INTEGRATED SERVICE
PROVIDER IN SMART BUILDING**

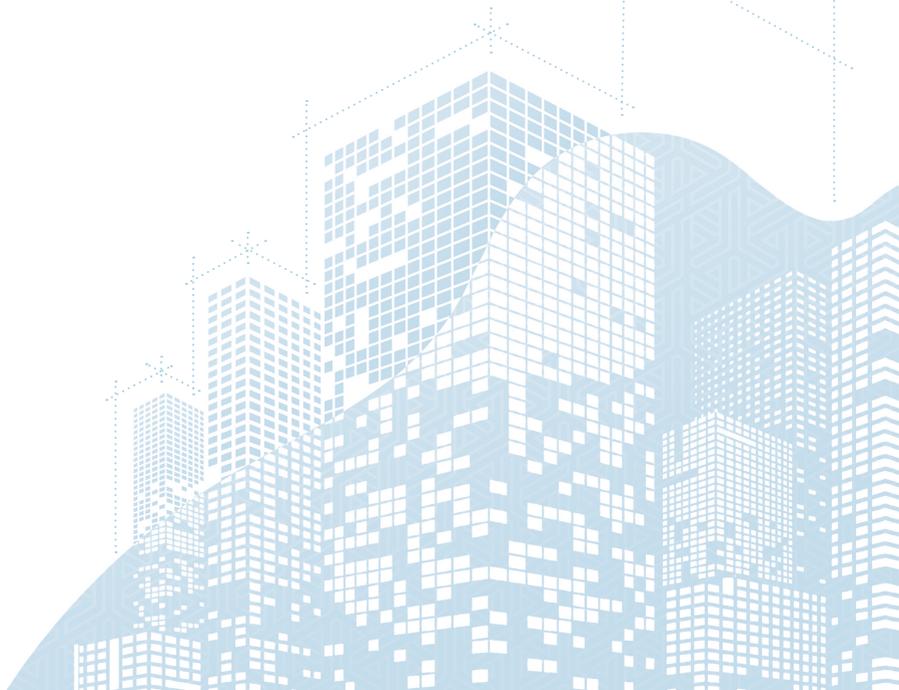
INTERIM REPORT

2021



Contents

Corporate Information	2
Corporate Profile	3
Chairman's Statement	5
Management Discussion and Analysis	8
Corporate Governance	23
General Information	24
Condensed Consolidated Financial Statements	
• Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	30
• Condensed Consolidated Statement of Financial Position	32
• Condensed Consolidated Statement of Changes in Equity	34
• Condensed Consolidated Statement of Cash Flows	35
• Notes to the Condensed Consolidated Financial Statements	36



CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-executive Director

Ms. WU Wallis (alias LI Hua)
Mr. WANG Jun

Independent Non-executive Directors

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

Board Committees

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Company Secretary

Mr. TSANG Ho Pong

Authorised Representatives

Mr. GUO Weiqiang
Mr. TSANG Ho Pong

Registered Office

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

Principal Place of Business in the PRC

10 Zhongshi Road, Changsha City
Hunan Province, the PRC

Head Office and Principal Place of Business in Hong Kong

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

Legal Advisor

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

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Banker

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

Principal Share Registrar and Transfer Office

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

Hong Kong Share Registrar and Transfer Office

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

Stock Code

The Stock Exchange of Hong Kong Limited:
00726

Website

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

Shareholders' Information

Share listing

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

Ordinary Share (as at 30 June 2021)

Shares outstanding: 2,802,400,730 shares
Nominal value: HK\$0.40 per share

CORPORATE PROFILE

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

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

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

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

CORPORATE PROFILE *(Continued)*

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

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company, I am pleased to report the consolidated results of the Group and present a business review for the half year ended 30 June 2021.

In 2021, the COVID-19 pandemic is still raging, affecting the global economy, the global governance system and the international political landscape. Faced with a complex and volatile environment both at home and abroad, China continuously consolidated its achievements in pandemic prevention and control as well as economic and social development. China's GDP grew 12.7% year-on-year in the first half of 2021. This means that the national economy recovered steadily with the sound growth momentum consolidated. The sold area of commodity houses across China increased 27.7% year-on-year, while new-home construction starts saw a year-on-year rise of 5.5%. It reflects the steady growth of China's real estate market. However, under policies including the "three red lines" for asset management, the "two red lines" against property loans and the "two centralisations" for residential land transfer, the real estate market will face new challenges in the future. Therefore, instability and uncertainty in the real estate market further increased. China made continuous efforts on green buildings. "Green ecology" has become one of the five important indicators in the 14th Five-Year Plan. China set forth the strategic "Goal 3060", which promises to achieve carbon peak by 2030 and carbon neutrality by 2060. The construction industry that is one of the three key fields amid China's attempt to reduce carbon emissions needs to develop green and eco-friendly prefabricated buildings more than ever.

Guided by Central China Group's strategy of "Expanding base areas and serving Central China", the Group persisted with "Smart Home" strategy and positioned itself as a provider of integrated smart building solutions. It pressed ahead with the development of the entire prefabricated construction industry chain under the general policy of "new situation, new thinking, new model and new growth". The Group improved business efficiency through organizational governance and gave full play to the advantages of the professional capabilities of the entire industry chain and the synergistic advantages of each segment of the Central China Group, which effectively achieved business performance goals and boosted the steady growth of various core indicators. The Group recorded operating revenue of HK\$594 million in the first six months of 2021, a year-on-year increase of 47.6%. Its gross margin rose 51.3% from a year earlier to HK\$170 million. Net profit attributable to the parent company was HK\$26.29 million, a year-on-year surge of 209.8%.

Specifically, revenue from PC components and patent licensing amounted nearly to HK\$500 million, a year-on-year rise of 35.5%. Benefitting from the accelerated development of businesses in the whole industry chain, it achieved contract sales of RMB519 million for decoration and landscaping businesses.

CHAIRMAN'S STATEMENT *(Continued)*

It saw improvement in both the size and quality of orders. The Group reported contract sales of RMB2.601 billion for the first half of this year, a year-on-year surge of 477%. It marks an explosive growth. The value of newly-signed contracts on PC jumped 369% from the previous year to RMB1.568 billion during the period. The order backlog of PC components was 549,100 cubic metres, up 73% year-on-year. The Group focused on establishing partnerships with the top 30 property developers in 2021. The PC orders from the top 30 clients accounted for up to 32% of its total orders. It won the bidding for the annual centralised procurement project of nine entities, including CURA, China Construction Third Engineering Bureau, China Construction Eighth Engineering Division, Zhengzhou Vanke and Hunan Poly. The increase of high-quality clients provides a strong guarantee for the growth of its performance. What's more gratifying is that the Company's market image and business are being widely recognised. Meanwhile, 99.5% of its orders in the first six months of this year came from external clients.

PC plants' operation scale and benefits improved steadily. The output of PC components grew 24% year-on-year to 154,600 cubic metres in the first six months of this year. The Company's plant size expanded quickly. As of the end of June 2021, the number of its plants in operation totaled 18, an increase of 3 plants (Dengfeng, Qijiang, and Huidong plant) from the beginning of the Year, all have become profitable. The Company signed an agreement on investment in Shipeng, Foshan, quickening its pace to develop businesses in the Greater Bay Area. A deal to build an asset-light plant in Renqiu, Hebei was signed. Four commercial concrete mixing plants in Dengfeng, Ruyang, Queshan and Yuxi came into production smoothly. New business growth points are highlighted.

Its product quality, customer service and brand influence constantly improved. PC plants got an average score of 90 based on actual measurements, a year-on-year increase of 9%. The ratio of complaints per shipment was 0.1%, a sharp decline of 62% from 2020. The Group rounded off the DIT Smart Home Ecological Conference and announced Smart Home 1.0 and a new smart building ecosystem. It was awarded the title as a company that carries the banner of the industry, takes the lead in exploring a perfect industry ecosystem platform and promotes win-win cooperation in the industry. Technologies including a smart plant management platform led the ZZPCE and multiple innovations like an industrial high precision moulding production line attracted industry attention. Its plants received awards at the provincial and municipal level and won the praise from clients. For instance, the Changsha Plant was honoured as a 'little giant' characterised by specialty, refinement, uniqueness and novelty in Hunan. The Jiaozuo Plant won the title of a firm characterised by specialty, refinement, uniqueness and novelty in Henan. The Foshan Plant was awarded as a contract-abiding and credit-keeping trustworthy firm. This is a recognition from governments, the industry and clients, which have created favourable conditions for the Group to improve its market image, expand its market influence, improve its market position, and accelerate its development in the next step.

CHAIRMAN'S STATEMENT *(Continued)*

The strength in scientific research and innovation constantly improved. The Company rounded off the ceremony to inaugurate a national postdoctoral research station and unveil the relevant research programme, marking the start of operation of the station. It undertook national key R&D programmes in China's 13th Five-Year Plan, which passed the acceptance check by a panel of experts and gained high recognition. Its research programmes of the self-developed long-span prestressed structure system and RIFF structure system proceeded steadily, of which three CECS standards were established and written. Digital and intelligent construction was in full swing. It launched a series of digital and intelligent platforms, such as the first phase of MES 2.0, smart survey system 1.0, SRM 1.0, PC-Link 1.0, CRM 1.0 and QQSv2.0, and achieved good effects. The Company continuously took the lead in the number of patents. It submitted 37 patent applications in the first six months of this year, increasing the total number of its patent applications to 1,827.

The year 2021 is the first year of China's 14th Five-Year Plan, and also the year when the prefabricated construction sector starts again. MHURD made it clear in a circular released in March that low-level standardisation remains a prominent problem restricting the development of prefabricated construction. It is necessary to guide manufacturers to unify the common dimensions of components and parts with designers and constructors, in a bid to improve the efficiency of the production of components and parts and the design and construction of prefabricated buildings, and further promote the coordinated development of the entire industry chain.

Therefore, relying on the parent company, the Group will focus on making breakthroughs in R&D, leading design, scientific investment and organisational efficiency in the second half of this year. Resources will be pooled to develop the "Long-Span Prestressed Structure System" and the "RIFF Structure System", and promote the completion of 10 types of standard houses and 64 standard component libraries. Steady progress will be made in the expansion of industrial parks and building and production of parks. Attention will be paid to improve design efficiency, bidding and procurement efficiency, manufacturing efficiency and construction efficiency and set up an ecological cooperation platform covering the entire industry chain to create a win-win situation. Moreover, it will partner with industry players at all levels to push the coordinated development of the whole industry chain through technology sharing, standard establishment and win-win cooperation. Efforts will be made to explore and apply green building technology and digital and intelligent technology to support China's new urbanisation and the development of prefabricated construction industry and contribute to the realisation of China's strategic goals of carbon peak-achieving and carbon neutrality.

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

Liu Weixing
Chairman

14 September 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group saw a remarkable increase in the business scale and a significant improvement in its business and operational efficiency in the first half of 2021, benefitting from the market demand growth driven by the accelerated implementation of policies supporting the prefabricated construction industry and the rapid expansion of prefabricated component capacity. As of 30 June 2021, the Group recorded sales revenue of approximately HK\$594 million, a year-on-year increase of approximately 47.6%. Its gross profit rose approximately 51.3% from a year earlier to approximately HK\$170 million for the six months ended 30 June 2021. Net profit attributable to the parent company was approximately HK\$26.29 million for the six months ended 30 June 2021, a year-on-year surge of approximately 209.8%. During the Reporting Period, the Group launched two new businesses, namely Smart Landscaping and Smart Decoration services, expanding its business across the entire industry chain.

I. Contract sales of prefabricated components soared approximately 369.5% YoY; the Group won the bid of CURA's procurement project

The Group accelerated its pace to expand its prefabricated component business during the Reporting Period. Six green building sci-tech parks have come into production after completion. The Company focused on establishing business relationship with the top 30 property developers. The company won the bidding for the annual centralised procurement project of nine entities, including China Urban Realty Association (CURA), China Construction Third Engineering Bureau, China Construction Eighth Engineering Division, Zhengzhou Vanke and Hunan Poly. This has laid a solid foundation for its business orders. Contract sales of prefabricated components soared approximately 369.5% year-on-year to approximately RMB1.568 billion in the first half of 2021. The whole year output of prefabricated components was 154,600 cubic metres, a year-on-year rise of approximately 24.2%. As of 30 June 2021, the Group had 18 directly-operated smart PC factories. The capacity utilisation rate of the Group's prefabricated component business stayed at approximately 39% during the Reporting Period.

The Group stood out among many competitors and won the bid of CURA's procurement project in June 2021, becoming the bid winner of a prefabricated component project, the 11th joint purchasing project of CURA, China's largest joint purchasing platform in the real estate sector. CURA is a strategic alliance formed by Vanke, Tiantai and other renowned real estate developers in major Chinese cities based on the principle of equality and mutual benefit. It now has 68 members. The Group won the bid after passing a strict screening process. This is a major recognition of the Group's technologies, strong R&D capabilities, high-quality product and service capabilities. It is a significant milestone.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(continued)*

I. **Contract sales of prefabricated components soared approximately 369.5% YoY; the Group won the bid of CURA's procurement project *(continued)***

Moreover, it is rapidly expanding its franchise and asset-light prefabricated component businesses. Two franchisees successively won the bid for land parcels to build two franchise PC factories. Xiangxi Green Building Sci-tech Park, one of the two franchised projects, will be built on a 100-mu land parcel in the Western Ecological Industrial Park of Xiangxi High-tech Industrial Development Zone in Hunan, while the other one Shijiazhuang Ruimin Intelligent Building Sci-tech Park will cover 80 mu of land in the Gaocheng Economic Development Zone in Shijiazhuang, Hebei. Completion of the construction of the two projects will further optimise the Group's production capacity coverage in China. The Group will continuously cooperate with partners through direct operation, franchise, and asset-light model. By introducing brands, utilising R&D capabilities, sharing management experience and licensing patents, the Group will draw on each other's resources with partners.

II. **Digital transformation of production improved operational efficiency; the number of patents rose 14%**

The Group focuses on the strategy of "Smart Home" and positions itself as a provider of integrated smart building solutions. Our core competitive advantages lie in our strengths in professional services and R&D along the entire smart building industry chain covering R&D, design, construction, prefabricated component, landscaping and decoration. The Group, which highly emphasizes R&D and technology, continuously invested many resources during the Reporting Period to improve core technology and promote digital transformation in production, aiming to improve product quality and reduce costs and increase efficiency for its own production process.

The number of its self-developed patents totalled 1,827 as of 30 June 2021, up 14% from a year earlier, consistently ranking first in the industry. The Group's "Flexible manufacturing technology and demonstration of complex-shaped concrete parts and components transformed based on a standard production line", the subproject of a national key R&D programme during the "13th Five-Year Plan" (2016-2020), passed the acceptance check by a panel of experts from China Academy of Building Research in Jiaozuo Green Building Sci-Tech Park in April 2021. Flexible production line is a demonstration production line of complex-shaped components developed by the Group, which integrates concrete automatic conveying, integration of concrete transferring and distributing, intelligent steam curing, universal modular mould, large working surface structure and so forth. It can adapt to the efficient production of multi-category prefabricated components, such as complex wall panels, prestressed concrete composite slabs and bay windows. Flexible production line can improve the production capacity by more than 30%. It offers a new solution for the production of components in PC factories. The panel recognised that the research results of the assigned topic were applied in the demonstration production line. The prefabricated components produced by the demonstration production line have been widely applied in prefabricated construction projects in Zhengzhou, Jiaozuo, Luoyang, etc., with remarkable economic, social and environmental benefits.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(continued)*

II. **Digital transformation of production improved operational efficiency; the number of patents rose 14%** *(continued)*

In the context of “Smart Home” and carbon neutrality, the Group, which relies on the scientific and technological innovation and integration at the core production steps of the whole prefabricated construction industry chain, achieved standardised design, factory manufacturing, platform-based procurement, fine management and intelligent operation in the entire smart building industry chain by combining building information modelling (BIM) technology, cloud computing, big data, Internet of things and other digital technologies. This leads to an overall upgrade of construction quality and cost. Robots operated in the production process are gradually replacing manpower in repetitive process. More front-line managers will make decisions based on data-driven analysis. The key to improving smart factories’ operational efficiency is to get hold of the operational data from each production step in real time. The Group is currently establishing a digital middle platform system. The new middle platform system will not only connect various systems at each production step through cloud computing, big data, Internet of Things, AI, 5G and other technologies, but also achieve intelligent design, manufacturing and operation and maintenance based on BIM data generated during design. Today, the digital and intelligent management platform of our smart factories enables the management team to instantly monitor the production status and management data of various factories across the country. The management system that integrates the Kanban system of a production line, smart lighting system, factory central control system, MES system, video monitoring system, facial recognition system, digital cockpit decision-making system and other systems related to intelligent factories can provide a variety of aided decision-making statements and show the real-time management data changes and factory production.

The decoration industrial park recently put into production in Kaifeng, Henan is the Group’s first high-tech industrial park focusing on prefabricated decoration. With intelligent and automatic production equipment and digital management system, the park has built a digital management system based on the Internet of Things to upgrade smart manufacturing through the application of 5G, artificial intelligence, big data, cloud computing and other advanced technologies. Empowered by China’s state-of-the-art production equipment and the industry’s most advanced digital management system, the smart production line for doors and windows consists of robots and smart equipment, which allows production in a complete darkness with no human intervention. Such factories are dubbed “dark factories”.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(continued)*

III. Business outlook: Policies support the rapid development of the industry and explosive growth in 2021

Our products are uniquely positioned with competitive advantages in the rapidly-growing prefabricated construction market, based on our positioning as a provider of integrated smart building solutions and technological strength in the prefabricated construction sector. The production capacity and orders of prefabricated components are increasing. Besides, the new smart landscaping and smart decoration businesses will further accelerate the Group's business growth in the second half of 2021. The Group is likely to achieve a major breakthrough in its full-year business performance, entering into a period of unprecedented rapid growth.

China is on track to meet its goal of becoming carbon neutral by 2060. Efficient and eco-friendly prefabricated construction technology can significantly reduce building waste, save water and reduce pollution, which will become an important carbon neutral solution for the construction industry. As clarified in the Action Plan for Prefabricated Buildings in the 13th Five-Year Plan Period released by the Ministry of Housing and Urban-Rural Development (MOHURD), the area of prefabricated buildings should account for no less than 30% of the gross floor area of new buildings by 2025. Official data from MHURD showed that the gross floor area of prefabricated buildings in China amounted to 420 million and 630 million square metres in 2019 and 2020, a year-on-year rise of 45% and 50% respectively. The proportion of prefabricated buildings to the gross floor area of new buildings in China grew to 20.5% in 2020 from 13.4% in 2019. It is still lower than the national target of 30% penetration rate in 2025 and the penetration rate of more than 70% in European and American countries. Judging by the policies released in the first half of 2021, local governments are stepping up efforts to support the development of prefabricated buildings. In addition, governments of Shanghai, Shenzhen, Taizhou in Jiangsu, Nanchang in Jiangxi and Jingzhou in Hubei have issued circulars to regulate the employment of elderly workers of construction companies, banning them from recruiting men aged over 60 and women aged over 50 for the construction work. The labour shortage and environmental pressure in the construction industry will further push the market demand to shift toward new construction methods represented by prefabricated construction. The prefabricated construction market is widely expected to see rapid growth.

The Group has created a wide range of services covering the entire industry chain, and the newly-added smart landscaping and smart decoration businesses will become its profit growth drivers in the second half of this year. We will focus on increasing the number of third-party customers in prefabricated components, smart landscaping and smart decoration, including national real estate developers and contractors. We will explore new projects, achieve new business growth and improve returns to shareholders. With the support of Central China Group, DIT Group has a complete production capacity coverage in Henan Province. Relying on the brand influence of Central China Group in Henan Province and the 'Great Central China Strategy', DIT Group and its subsidiaries will continuously explore synergies. Central China Real Estate and Central China Management rank among the top ten property developers in China in terms of construction area, which means there are considerable demands for prefabricated components, landscaping and decoration services. Central China New Life whose property management area exceeds 100 million square metres will have plenty of opportunities for home decoration and landscape maintenance businesses.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (continued)

As of 30 June 2021, the Group has signed contracts with the third parties for prefabricated components with a total contract amount of approximately RMB1,186.64 million and a total volume of 657,131 cubic metres.

Sales revenue of prefabricated construction units — by region

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Nanjing	69,254	70,890
Huizhou	63,030	19,123
Foshan	57,926	26,320
Changsha	57,141	72,458
Jiaozuo	49,602	68,361
Hefei	34,235	45,052
Zhoukou	34,188	—
Xiangtan	23,840	18,470
Zhengzhou	15,238	—
Kunshan	13,048	27,320
Hengyang	6,875	3,519
Luoyang	5,982	—
Nantong	5,667	—
Huaian	3,498	—
Yuxi	1,884	—
Zhumadian	1,622	—
Chongqing	1,114	—
Jiaozhou	773	272
Total	444,917	351,785

Sales revenue of prefabricated construction units

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Sales revenue from third parties	378,331	282,110
Sales revenue from related parties	66,586	69,675
Total	444,917	351,785

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(continued)*

Technology trademarks and patents obtained by the Group during the first half of 2021

Patents: For the six months ended 30 June 2021, 37 applications for patents have been made, and 27 patents were granted. As at 30 June 2021, there were approximately 1,827 applications for patents in aggregate, and 1,242 patents were granted.

Plants in operations

Regions	Annual estimated capacity (approximate '000 cubic metre)	Area (approximate mu)	Area of plants (approximate square metre)
Changsha Technology Park	110	352	33,433
Nanjing Technology Park	110	151	35,981
Hefei Technology Park	80	154	22,398
Hengyang Technology Park	70	150	24,905
Foshan Technology Park	70	123	36,550
Huizhou Technology Park	70	61	22,284
Zhoukou Technology Park	60	135	20,639
Qingdao Jiaozhou Technology Park	60	92	19,339
Kunshan Technology Park	60	50	18,061
Jiaozuo Technology Park	50	81	19,383
Huaian Technology Park	40	120	19,356
Xiangtan Technology Park	40	100	19,310
Zhengzhou Technology Park	20	134	19,659
Total	840	1,703	311,298

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(continued)*

Plants under construction

Regions	Proportion of attributable equity interest	Volume of investment (approximate RMB100 million)	Area of land (approximate mu)	Area of plants (approximate square metre)	Annual estimated capacity (approximate '000 cubic metre)
Luoyang Technology Park	100%	3.7	308	55,260	50
Zhengzhou Technology Park	100%	3.0	143	49,954	60
Zhumadian Technology Park	100%	2.1	130	26,873	40
Wuhan Technology Park	100%	1.9	116	29,767	20
Tianjin Technology Park	100%	1.9	94	26,154	20
Yuxi Technology Park	100%	1.7	124	18,191	60
Chongqing Technology Park	100%	1.3	134	19,659	20
Nantong Technology Park	60%	1.7	100	26,154	40
Total		17.3	1,149	252,012	310

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(continued)*

Incorporation of new subsidiaries for the six months ended 30 June 2021

Name	Place of incorporation and operation and kind of legal entity	Principal activities	Particulars of authorised share capital	Proportion of ordinary shares held by the Group (%)
Hainan DIT Construction Technology Limited* 海南築友智造建築科技有限公司	China, limited liability company	Construction industrialisation	RMB100,000,000	100%
Zhumadian DIT Construction Materials Limited* 駐馬店築友智造建材有限公司	China, limited liability company	Construction industrialisation	RMB30,000,000	100%
Luoyang DIT Construction Materials Limited* 洛陽築友智造建材有限公司	China, limited liability company	Construction industrialisation	RMB30,000,000	100%

* For identification purpose only

Government grants in the first half of the year

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Government grants	15,322	4,215

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review

Review of results

The Group was principally engaged in the manufacture and sale of prefabricated building units and equipment, and granting licenses in the PRC.

Revenue

The revenue of the Group increased by approximately HK\$191.4 million from approximately HK\$402.4 million for the six months ended 30 June 2020 to approximately HK\$593.8 million for the six months ended 30 June 2021. The increase in revenue were mainly attributable to (i) the increase in revenue from sales of prefabricated construction units and consulting services as a result of the increasing number of customers for the six months ended 30 June 2021; and (ii) revenue from the smart landscaping business and smart decoration business for the six months ended 30 June 2021 were approximately HK\$63.7 million, which were new sources of revenue as compared to the revenue for the six months ended 30 June 2020. As a result, the Group recorded sales revenue for the six months ended 30 June 2021 of prefabricated construction units of approximately HK\$444.9 million (2020: approximately HK\$351.8 million), revenue from decoration and landscaping services of approximately HK\$63.7 million (2020: nil), revenue from granting licenses of approximately HK\$53.4 million (2020: approximately HK\$16.1 million), revenue from consulting services of approximately HK\$17.7 million (2020: approximately HK\$0.3 million), rental income from investment properties of approximately HK\$10.8 million (2020: approximately HK\$5.6 million) and revenue from sales of prefabricated construction equipments of approximately HK\$3.3 million (2020: approximately HK\$28.5 million).

Cost of sales

The Group recorded cost of sales of approximately HK\$424.0 million (2020: approximately HK\$290.1 million) for the six months ended 30 June 2021. The increase was primarily attributable to the increase in sales of prefabricated construction units, and new costs brought by the newly deployed smart landscaping business and smart decoration business.

Other income

The other income of the Group increased by approximately HK\$6.6 million from approximately HK\$1.0 million for the six months ended 30 June 2020 to approximately HK\$7.6 million for the six months ended 30 June 2021. Other income mainly came from financing component from a related party and interest income generated from bank deposits.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(continued)*

Other gains — net

For the six months ended 30 June 2021, other gains-net amounting to approximately HK\$1.2 million mainly comprised of (i) gains on disposal of equipments amounting to approximately HK\$2.1 million; (ii) net exchange losses amounting to approximately HK\$0.1 million; and (iii) non-business expenditures of approximately HK\$0.7 million.

Selling and distribution expenses

For the six months ended 30 June 2021, the selling and distribution expenses decreased by approximately HK\$0.2 million to approximately HK\$30.7 million for the six months ended 30 June 2021 from approximately HK\$30.9 million for the six months ended 30 June 2020, such expenses are directly related to the sale of prefabricated construction units.

Administrative expenses

For the six months ended 30 June 2021, the administrative expenses increased by approximately 64.1% from approximately HK\$54.9 million for the six months ended 30 June 2020 to approximately HK\$90.1 million for the six months ended 30 June 2021. Such increase was mainly because staff's basic salaries increased by approximately HK\$6.7 million. The remaining increase was due to the rise of other general administrative expenses such as professional fees, entertainment, travelling expenses, and office expenses.

Finance costs

For the six months ended 30 June 2021, the finance costs increased by approximately HK\$9.1 million from approximately HK\$14.7 million for the six months ended 30 June 2020 to approximately HK\$23.7 million for the six month ended 30 June 2021 which was mainly attributable to (i) the interest expenses of approximately HK\$44.7 million for the bank borrowing; (ii) the interest expenses of approximately HK\$1.7 million for the lease liabilities; and (iii) capitalisation interest of approximately HK\$22.6 million in plant under development for prefabricated construction business for the period.

Profit for the period

As a result of the foregoing, our profit increased by approximately HK\$19.6 million to approximately HK\$30.2 million for the six months ended 30 June 2021 as compared to a profit of approximately HK\$10.6 million for the corresponding period of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(continued)*

Liquidity and financial resources

For the six months ended 30 June 2021, the Group's net cash generated from operating activities was approximately HK\$3.3 million (six months ended 30 June 2020: net cash generated from operating activities was approximately HK\$14.1 million) and the Group's cash and cash equivalents were approximately HK\$281.9 million as at 30 June 2021 (31 December 2020: approximately HK\$443.9 million).

As at 30 June 2021, the Group had current assets of approximately HK\$2,076.9 million (31 December 2020: approximately HK\$1,912.8 million) and current liabilities of approximately HK\$1,588.6 million (31 December 2020: approximately HK\$1,300.4 million). The current ratio (which is calculated by dividing total current assets by total current liabilities) was approximately 1.3 as at 30 June 2021 (31 December 2020: 1.5).

As at 30 June 2021, the Group hold borrowings amounted to approximately HK\$1,915.2 million (31 December 2020: approximately HK\$1,380.0 million) and the net gearing ratio (calculated as net debt divided by total equity) was 54.2% (31 December 2020: 30.2%).

Other than the matters above, there has been no material change from the information published in the report for the year ended 31 December 2020.

Capital structure

As at 30 June 2021, the total number of issued shares of the Company (the "Share(s)") was 2,802,400,730 Shares with a par value of HK\$0.4 each. Based on the closing price of HK\$0.810 per Share as at 30 June 2021, the Company's market value as at 30 June 2021 was approximately HK\$2,269,944,591.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(continued)*

Structure of Borrowings and Deposits

The Group continued to adopt a prudent principle on financial management and centralise our funding and financial management. Therefore, we maintained a high proportion of cash with a reasonable level of borrowing. As at 30 June 2021, the repayment schedule of the Group's loans and lease liabilities was as follows:

Repayment Schedule	As at 30 June 2021 HK'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Borrowings		
Within one year	447,271	386,999
More than one year, but not exceeding two years	521,142	375,895
More than two year, but not exceeding five years	772,767	545,839
More than five years	174,040	71,289
	1,915,220	1,380,022
Lease Liabilities		
Within one year	21,953	13,735
More than one year, but not exceeding two years	17,499	7,784
More than two year, but not exceeding five years	19,190	11,184
More than five years	10,789	12,576
	69,431	45,279
Total debt	1,984,651	1,425,301
Interest payable	515	600
Less: restricted cash for borrowings	(130,000)	(130,000)
Less: cash and cash equivalents	(281,886)	(443,882)
Net debt	1,573,280	852,019
Total equity	2,905,331	2,821,584
Net gearing ratio	54.2%	30.2%

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(continued)*

Exposures to exchange rates

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

Employees And Remuneration Policy

1. Analysis of employees as at 30 June 2021

As at 30 June 2021, the Group had 847 employees (31 December 2020: 848) employees excluding directors of the Company (the "Directors") 842 (31 December 2020: 843) of them worked in the PRC and 5 (31 December 2020: 5) of them worked in Hong Kong, with a turnover rate of approximately 9.2%. The numbers of employees by age, education level and function are set out as below:

Age:

20-30	244
31-40	392
41-50	158
51-60	50
61 or above	3
<hr/>	
Total	847

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employees And Remuneration Policy *(continued)*

1. Analysis of employees as at 30 June 2021 *(continued)*

Education level:

Master degree or above	30
Bachelor degree	290
Associate degree	177
Middle school or below	350

Total	847
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Function:

Construction	606
Finance and accounting (finance and costing)	62
Engineering	44
Sales, marketing and customer service	35
Research and Development	29
Investment (investment, preliminary work)	13
Others	58

Total	847
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2. Remuneration policy

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Charges on Group Assets

As at 30 June 2021, the Group had no significant assets pledged to banks to secure general banking facilities and bank loan granted to the Group, except for the one as disclosed in the Note 25 to the consolidated financial statements.

Capital Commitments and Contingent Liabilities

As at 30 June 2021, the Group had outstanding capital commitments in the aggregate amount of approximately HK\$58.5 million (31 December 2020: HK\$54.1 million) and no material contingent liabilities (31 December 2020: Nil).

Issue of Equity Securities for Cash by the Group

During the six months ended 30 June 2021, the Group has not issued for cash any equity securities (including securities convertible into equity securities).

Segment Reporting

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

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

Significant Investment, Acquisition and Disposal of Subsidiaries

The Group has no significant investment, acquisition or disposal of subsidiaries, associates and joint ventures during the six-months ended 30 June 2021.

Future Plans for Material Investments and Capital Assets

The Group did not have other plans for material investments or capital assets as at 30 June 2021.

Material Events After The Reporting Period

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

CORPORATE GOVERNANCE

Corporate Governance Practices

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

For the six months ended 30 June 2021, the Company has fully complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. In response to the specific enquiry made by the Company, all the Directors confirmed that they fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2021.

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

GENERAL INFORMATION

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

As at 30 June 2021, the following Directors and chief executives of the Company had or were deemed to have interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (i) have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) have been entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code to the Listing Rules.

Long positions in the Shares and underlying Shares of the Company

Name of Director or chief executive	Capacity	Number of Share Options held (note 2)	Number of Shares held	Percentage of the Issued Share Capital (note 1)
Mr. Liu Weixing	Director	28,000,000	4,840,000	1.17%
Mr. Guo Weiqiang	Director	21,000,000	2,930,000	0.85%
Ms. Wang Jing	Director	8,000,000	–	0.29%

Note:

1. It was based on 2,802,400,730 Shares as at 30 June 2021.
2. Such interest in the Shares is held pursuant to the share options granted under the Share Option Scheme (as defined below), the details of which are disclosed on pages 27 to 28.

Save as disclosed above or under the section headed "Share Option Scheme" below, as at 30 June 2021, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

GENERAL INFORMATION (Continued)**Substantial Shareholders' Interest and Short Positions in Shares and Underlying Shares**

As at 30 June 2021, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares and underlying Shares of the Company as at 30 June 2021

Name of Shareholders	Capacity	Number of Shares held	Percentage of the Issued Share Capital (note 1)
Jiayao Global Investments Limited ("Jiayao")	Beneficial owner	1,470,110,000	52.46%
Jiamin (Holding) Investment Limited	Beneficial owner	80,000,000	2.85%
Jianuo (Holding) Investment Limited	Beneficial owner	77,500,000	2.77%
Jiaxin (Holding) Investment Limited	Beneficial owner	68,500,000	2.44%
Jiaheng (Holding) Investment Limited	Beneficial owner	67,250,000	2.40%
Jiacheng (Holding) Investment Limited	Beneficial owner	16,250,000	0.58%
Jialing (International) Investment Limited	Interest of controlled corporation	309,500,000	11.04%
Jiayao	Interest of controlled corporation	309,500,000	11.04%
Jiaye Summit Global Investments Limited	Interest of controlled corporation	1,779,610,000	63.50%
Drawin Intelligent Manufacture Technology Industry Group Limited	Interest of controlled corporation	1,779,610,000	63.50%
Henan Drawin Intelligent Manufacture Technology Industry Group Limited (formerly known as Tianjin Drawin Technology Limited)	Interest of controlled corporation	1,779,610,000	63.50%

GENERAL INFORMATION (Continued)**Substantial Shareholders' Interest and Short Positions in Shares and Underlying Shares** (continued)**Long positions in the Shares and underlying Shares of the Company as at 30 June 2021**
(continued)

Name of Shareholders	Capacity	Number of Shares held	Percentage of the Issued Share Capital (note 1)
Henan Hongdao Business Information Consultancy Company Limited	Interest of controlled corporation	1,779,610,000	63.50%
Henan Jianye Business Information Consultancy Company Limited	Interest of controlled corporation	1,779,610,000	63.50%
Construction Development (HK) Company Limited	Interest of controlled corporation	1,779,610,000	63.50%
Construction Housing Group Company Limited	Interest of controlled corporation	1,779,610,000	63.50%
Jianye Holdings Limited	Interest of controlled corporation	1,779,610,000 (Note 2)	63.50%
Joy Bright Investments Limited	Beneficial owner	245,567,425 (Note 2)	8.77%
Mr. Wu Po Sum	Interest of controlled corporation	2,025,177,425 (Note 2)	72.27%

Notes:

1. It was based on 2,802,400,730 Shares as at 30 June 2021.
2. Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright Investments Limited and Jianye Holdings Limited.

Save as disclosed above, and as at 30 June 2021, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

GENERAL INFORMATION *(Continued)*

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Share Options

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

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

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

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

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

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant. As at 30 June 2021, share options to subscribe for 201,850,000 Shares (representing approximately 7.20% of the issued share capital of the Company as of 30 June 2021 (i.e. 2,802,400,730 shares)) remained outstanding.

GENERAL INFORMATION *(Continued)***Share Options** *(continued)*

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

The New Scheme will expire on 16 July 2030.

Movement of share options granted by the Company under the New Scheme for the year from 1 January 2021 to 30 June 2021 was as follows:

Name or category of participants	Date of grant	Exercise price per Share	Exercise period	As at 1 January 2021	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	As at 30 June 2021
Directors								
Mr. Liu Weixing	30 November 2020	HK\$1.09	6 years	28,000,000	-	-	-	28,000,000
Mr. Guo Weiqiang	30 November 2020	HK\$1.09	10 years	21,000,000	-	-	-	21,000,000
Ms. Wang Jing	30 November 2020	HK\$1.09	10 years	8,000,000	-	-	-	8,000,000
Senior management and other employees of the Group	30 November 2020	HK\$1.09	10 years	142,900,000	-	-	-	142,900,000
				199,900,000	-	-	-	199,900,000

GENERAL INFORMATION *(Continued)*

Review of Interim Results

The audit committee of the Company has reviewed the interim results and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021.

Choice of Languages or Means of Receiving Corporate Communications

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	593,811	402,375
Cost of sales	7	(423,950)	(290,112)
Gross profit		169,861	112,263
Government grants		15,322	4,215
Other income	5	7,617	1,002
Other gains/(losses) — net	6	1,240	(526)
Selling and distribution expenses	7	(30,695)	(30,878)
Administrative expenses	7	(90,062)	(54,883)
Share of gains of associates		2,067	4,087
Net impairment losses on financial assets		(4,859)	(3,075)
Operating profit		70,491	32,205
Finance costs	8	(23,740)	(14,682)
Profit before income tax		46,751	17,523
Income tax expenses	9	(16,546)	(6,941)
Profit for the period		30,205	10,582
Profit for the period, attributable to			
— Owners of the Company		26,288	8,486
— Non-controlling interests		3,917	2,096
		30,205	10,582
Earnings per share attributable to owners of the Company (expressed in HK\$ cents per share)			
— Basic and diluted	11	0.94	0.30

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

For the six months ended 30 June 2021

	Six months ended 30 June	
Notes	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	30,205	10,582
Other comprehensive income/(loss), which may be reclassified subsequently to profit or loss		
— Currency translation differences	31,532	(49,805)
Other comprehensive income/(loss) for the period, net of tax	31,532	(49,805)
Total comprehensive income/(loss) for the period	61,737	(39,223)
Total comprehensive income/(loss) for the period, attributable to		
— Owners of the Company	57,866	(39,073)
— Non-controlling interests	3,871	(150)
	61,737	(39,223)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,596,147	1,978,312
Right-of-use assets	13	1,014,383	991,017
Investment properties	14	18,239	18,298
Intangible assets		3,543	4,567
Deferred income tax assets	23	47,449	39,067
Investments in associates	15	225,843	222,996
Financial assets at fair value through profit or loss	18	46,808	46,276
		3,952,412	3,300,533
Current assets			
Inventories	17	185,286	89,456
Trade and other receivables and prepayments	16	1,401,806	1,159,868
Cash and cash equivalents	19	281,886	443,882
Restricted cash	20	207,956	219,613
		2,076,934	1,912,819
Total assets		6,029,346	5,213,352
EQUITY			
Equity attributable to owners of the Company			
Share capital (nominal value)	21	1,120,960	1,120,960
Reserves		1,092,715	1,029,059
		2,213,675	2,150,019
Non-controlling interests	22	691,656	671,565
Total equity		2,905,331	2,821,584

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Amount due to a related party	27	4,000	50,463
Deferred income		2,626	2,709
Deferred income tax liabilities	23	13,373	13,613
Lease liabilities		47,478	31,544
Borrowings	25	1,467,949	993,023
		1,535,426	1,091,352
Current liabilities			
Trade and other payables	24	1,032,171	835,377
Contract liabilities		65,793	17,558
Current income tax liabilities		21,401	46,747
Lease liabilities		21,953	13,735
Borrowings	25	447,271	386,999
		1,588,589	1,300,416
Total liabilities		3,124,015	2,391,768
Total equity and liabilities		6,029,346	5,213,352

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Notes	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Contributed surplus reserve	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2020	1,120,960	863,669	(76,794)	131,166	29,439	(236,995)	1,831,445	587,598	2,419,043
Profit for the period	-	-	-	-	-	8,486	8,486	2,096	10,582
Other comprehensive loss:									
Currency translation difference	-	-	(47,559)	-	-	-	(47,559)	(2,246)	(49,805)
Total comprehensive loss for the period	-	-	(47,559)	-	-	8,486	(39,073)	(150)	(39,223)
Transactions with owners in their capacity as owners:									
Transactions with non-controlling interests	-	-	-	-	(2,293)	-	(2,293)	39,731	37,438
Total transactions with owners	-	-	-	-	(2,293)	-	(2,293)	39,731	37,438
Balance at 30 June 2020 (unaudited)	1,120,960	863,669	(124,353)	131,166	27,146	(228,509)	1,790,079	627,179	2,417,258
Balance at 1 January 2021	1,120,960	863,905	87,340	131,166	24,810	(78,162)	2,150,019	671,565	2,821,584
Profit for the period	-	-	-	-	-	26,288	26,288	3,917	30,205
Other comprehensive income:									
Currency translation difference	-	-	31,578	-	-	-	31,578	(46)	31,532
Total comprehensive income for the period	-	-	31,578	-	-	26,288	57,866	3,871	61,737
Transactions with owners in their capacity as owners:									
Share-based compensation	-	-	-	-	5,790	-	5,790	-	5,790
Transactions with NCI:									
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	16,220	16,220
Total transactions with owners	-	-	-	-	5,790	-	5,790	16,220	22,010
Balance at 30 June 2021 (unaudited)	1,120,960	863,905	118,918	131,166	30,600	(51,874)	2,213,675	691,656	2,905,331

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Operating activities			
Cash generated from operations		53,336	20,567
Income tax paid		(50,048)	(6,470)
Net cash generated from operating activities		3,288	14,097
Investing activities			
Purchase of properties, plants and equipments		(561,354)	(144,992)
Purchase of right-of-use assets		-	(90,200)
Purchase of intangible assets		-	(1,115)
Proceeds from disposal of equipments		3,306	2,478
Proceeds from disposal of investment properties		268	-
Interest received		2,988	931
Net cash used in investing activities		(554,792)	(232,898)
Financing activities			
Proceeds from borrowings		705,697	200,636
Amounts due to a related party		-	77,438
Repayments of borrowings		(291,081)	(75,434)
Interest paid		(44,763)	(15,104)
Decrease in restricted cash		-	5,000
Payment of lease liability		(9,311)	(6,515)
Capital contributions by non-controlling interests		16,220	39,731
Net cash generated from financing activities		376,762	225,752
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		(174,742)	6,951
Net exchange gains/(losses) on cash and cash equivalents		443,882	82,415
		12,746	(14,846)
Cash and cash equivalents at end of the period	19	281,886	74,520

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2021 have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and investment properties, which are carried at fair value, and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2020, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings, and the adoption of the new and amended standards of HKFRSs effective for the financial year ending 31 December 2021, which did not have any significant impact on the Group’s financial statements and did not require retrospective adjustments.

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

3. SEGMENT INFORMATION

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

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

4. REVENUE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from sales of prefabricated construction units	444,917	351,785
Revenue from decoration and landscaping services	63,721	–
Revenue from granting licenses	53,403	16,081
Revenue from consulting services	17,720	329
Rental income	10,770	5,648
Revenue from sales of prefabricated construction equipments	3,280	28,532
	593,811	402,375

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financing component from a related party	4,313	–
Interest income on bank deposits	2,988	931
Others	316	71
	7,617	1,002

6. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gains on disposal of equipments	2,068	36
Net exchange losses	(142)	(193)
Others	(686)	(369)
	1,240	(526)

7. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Raw materials and consumables used	277,111	177,288
Changes in inventories of finished goods, goods in transit and work in progress	(54,936)	(169)
Employee benefits expenses	120,993	78,687
Labour outsourcing	27,093	28,896
Subcontracting charges in relation to decoration and landscaping services	49,902	–
Depreciation	46,249	35,782
Amortisation of right-of-use assets	16,008	10,480
Transportation	23,443	18,178
Land use tax and value-added tax surcharges	10,900	7,646
Provision for inventories impairment	3,632	10
Legal and professional fees	4,260	8,147
Entertainment and travelling expenses	2,892	1,604
Repairs and maintenance	916	1,052
Office expenses	316	338
Others	15,928	7,934
Total of cost of sales, selling and distribution expenses and administrative expenses	544,707	375,873

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

8. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on borrowings	44,678	14,935
Finance charges on lease liabilities	1,680	380
Less: Interest capitalised (Note 12)	(22,618)	(633)
	23,740	14,682

9. INCOME TAX EXPENSES

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). Taxation on PRC profits is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax — PRC corporate income tax	24,843	2,294
Deferred income tax	(8,297)	4,647
Total income tax expenses for the period	16,546	6,941

10. DIVIDEND

The Board of Directors did not recommend any payment of dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

For the six months ended 30 June 2021

11. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Consolidated profit attributable to owners of the Company (HK\$'000)	26,288	8,486
Weighted average number of ordinary shares in issue ('000)	2,802,401	2,802,401
Basic earnings per share (HK cents)	0.94	0.30

note: Weighted average number of ordinary shares in issue and basic earnings per share were stated after taking into account the effect of the share consolidation in October 2020, every 4 ordinary shares of par value HK\$0.10 each being consolidated into 1 share of par value HK\$0.40. Comparative figures have been retrospectively adjusted on the assumption that the above share consolidation had been effective in prior period.

(b) Diluted

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

For the six months ended 30 June 2020, diluted earnings per share were equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

12. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Balance as at 1 January	1,978,312	1,416,328
Additions	646,615	136,303
Disposals	(5,374)	(2,514)
Depreciation charge	(46,249)	(35,782)
Currency translation differences	22,843	(27,092)
Balance as at 30 June (unaudited)	2,596,147	1,487,243

As at 30 June 2021, property, plant and equipment with a net book value of HK\$400.9 million (31 December 2020: HK\$419.7 million) were pledged as collateral for the Group's borrowings HK\$215.7 million (31 December 2020: HK\$218.7 million). Among the collateral, property ownership certificate of the Group's buildings with a net book value HK\$281.2 million (31 December 2020: HK\$280.6 million) is under China Minsheng Drawin Co., Ltd.. These buildings were pledged as collateral for two bank borrowings of HK\$168.3 million (31 December 2020: HK\$164.6 million) which was secured by China Minsheng Drawin Co., Ltd..

In addition, as at 30 June 2021, property, plant and equipment with a net book value of HK\$55.5 million and right-of-use assets with a net book value of HK\$76.3 million were pledged as collateral for bank borrowings of HK\$72.1 million (31 December 2020: HK\$65.3 million) of Drawin Intelligent Manufacturer Technology Industry Group Limited, which is controlled by the same ultimate controlling shareholder.

For the six months ended 30 June 2021, depreciation of property, plant and equipment of approximately HK\$46.2 million (six months ended 30 June 2020: HK\$35.8 million) has been charged to cost of sales and administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income (Note 7).

Interest expenses of HK\$22.6 million were capitalised in plants under development for prefabricated construction business for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$0.6 million) (Note 8).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

13. RIGHT-OF-USE ASSETS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Balance as at 1 January	991,017	726,587
Additions	31,582	109,932
Disposals	(241)	–
Amortisation charged into profit or loss	(16,008)	(10,480)
Amortisation capitalised to plant under development	(3,254)	(1,802)
Currency translation differences	11,287	(14,862)
Balance as at 30 June (unaudited)	1,014,383	809,375

As at 30 June 2021, right-of-use assets with net book value of HK\$757.0 million (31 December 2020:HK\$658.5 million) were pledged as collateral for the Group's borrowings HK\$1,390.5 million (31 December 2020:HK\$926.7 million).

Among the collateral, state-owned land use certificate of the group's lands with a net book value HK\$315.4 million (31 December 2020:HK\$315.4 million) are under China Minsheng Drawn Co., Ltd.. This Land was pledged as collateral for two bank borrowings of HK\$54.1 million (31 December 2020:HK\$53.5 million) which were secured by China Minsheng Drawn Co., Ltd..

14. INVESTMENT PROPERTIES

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Balance as at 1 January	18,298	17,080
Disposals	(268)	–
Currency translation differences	209	(330)
Balance as at 30 June (unaudited)	18,239	16,750

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

15. INVESTMENT IN ASSOCIATES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Share of net assets	225,843	222,996
Less: Provision for impairment	–	–
	225,843	222,996

As at 30 June 2021, the Group had indirect interests in the following associates:

Name	Place of incorporation and operation	Proportion of ownership interest		Issued share capital	Principal activities
		Held by the Company	Indirectly held		
Zhejiang Anju Drawin Technology Company Limited (formerly known as Zhejiang China Minsheng Drawin Technology Company Limited)	China	–	49%	HK\$200,000,000	Construction industrialisation
YMCI China Minsheng Kunming Technology Construction Limited	China	–	30%	RMB100,000,000	Construction industrialisation
Xiangxi China Minsheng Drawin Technology Company Limited	China	–	49%	RMB20,420,000	Construction industrialisation
Hainan Haikong Drawin Technology Company Limited	China	–	40%	RMB15,000,000	Construction industrialisation

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

There are no contingent liabilities relating to the Group's interests in the associates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade receivables — third parties	843,937	756,326
Trade receivables — related parties	305,902	219,969
Value-added tax recoverable	108,446	71,053
Amounts due from related parties	40,209	30,494
Land auction deposits	38,901	28,348
Prepayments	20,825	17,096
Notes receivable	17,753	9,320
Deposits	15,037	12,988
Receivables relating to disposal of subsidiaries	4,438	6,764
Government grants receivable	4,206	5,228
Others	23,853	18,923
	1,423,507	1,176,509
Less: Provision for impairment of trade receivables and other receivables	(21,701)	(16,641)
	1,401,806	1,159,868

The ageing analysis of trade receivables as at 30 June 2021 and 31 December 2020 based on the invoice issue date were as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Less than 1 year	711,903	772,764
1 to 2 years	433,218	199,954
Over 2 years	4,718	3,577
	1,149,839	976,295

The maximum exposure to credit risk as at 30 June 2021 and 31 December 2020 is the carrying value of each class of receivables mentioned above.

As at 30 June 2021 and 31 December 2020, the fair values of trade and other receivables approximate their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

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

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
HK dollar	4,514	6,540
Renminbi	1,397,292	1,153,328
	1,401,806	1,159,868

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

17. INVENTORIES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Raw materials	98,051	53,249
Finished goods	83,013	32,375
Goods in transit	3,891	237
Work in progress	5,266	4,623
Low value articles	41	293
Inventory provision	(4,976)	(1,321)
	185,286	89,456

Inventories recognised as cost of sales during the six months ended 30 June 2021 amounted to HK\$222.2 million (six months ended 30 June 2020: HK\$177.1 million).

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Unlisted equity instruments (note (a))	46,808	46,276

note:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

19. CASH AND CASH EQUIVALENTS

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Cash at bank and on hand		
— Denominated in RMB	274,109	439,820
— Denominated in HKD	7,777	4,062
	281,886	443,882

20. RESTRICTED CASH

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Restricted cash		
— Deposit for bank borrowings (note (a))	130,000	130,000
— Deposit for bank notes	77,956	89,613
	207,956	219,613

note:

- (a) As at 30 June 2021, certificate of deposit of HK\$130.0 million (31 December 2020: HK\$130.0 million) was pledged as collateral of the Group's borrowing HK\$122.2 million (31 December 2020: HK\$124.2 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

21. SHARE CAPITAL**Authorised shares**

	Number of authorised shares
As at 1 January 2020	25,000,000,000
As at 31 December 2020 and 30 June 2021	6,250,000,000

Issued shares

	Number of issued shares (at HK\$0.1 each)	Ordinary shares (nominal value) HK\$'000
As at 1 January 2020	11,209,602,920	1,120,960

	Number of issued shares (at HK\$0.4 each)	Ordinary shares (nominal value) HK\$'000
As at 31 December 2020 and 30 June 2021	2,802,400,730	1,120,960

All the shares issued rank pari passu in all respects.

22. NON-CONTROLLING INTERESTS

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

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Changsha DIT Limited	559,534	555,608
Qingdao Shi Jiaozhou DIT Limited	76,729	61,915
Nantong China Minsheng DIT Limited	48,557	47,461
Nanjing DIT Limited	6,836	6,581
	691,656	671,565

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

For the six months ended 30 June 2021

23. DEFERRED INCOME TAX

The gross movement in deferred income tax assets and liabilities for the six months ended 30 June 2021 and six months ended 30 June 2020, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Opening balance at 1 January	39,067	44,973
Credit/(charged) to profit or loss (Note 9)	7,916	(5,381)
Currency translation differences	466	(825)
Closing balance at 30 June (unaudited)	47,449	38,767

Deferred income tax liabilities

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Opening balance at 1 January	13,613	12,916
Credit to profit or loss (Note 9)	(381)	(734)
Currency translation differences	141	(243)
Closing balance at 30 June (unaudited)	13,373	11,939

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

24. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade payables — third parties	531,219	429,462
Trade payables — related parties	8,769	7,082
Accrued payable for property, plant and equipment construction — third parties	44,791	60,531
Accrued payable for property, plant and equipment construction — related parties	149,859	75,585
Notes payable	96,019	112,476
Amounts due to related parties	90,460	47,890
Accrued tax payable	43,592	44,080
Accrued payroll	10,819	11,404
Deposits	5,164	3,649
Provision for onerous contract	1,709	314
Interest payable	515	600
Others	49,255	42,304
	1,032,171	835,377

The ageing analysis of trade payables as at 30 June 2021 and 31 December 2020 based on the invoice issue date were as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Less than 1 year	346,434	405,556
Over 1 year	193,554	30,988
	539,988	436,544

As at 30 June 2021 and 31 December 2020, the fair values of trade and other payables approximate their carrying amounts.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

25. BORROWINGS

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Non-current, secured		
— Bank borrowings	1,543,415	1,080,707
— Other financial institution borrowings	27,070	25,664
Non-current, unsecured		
— Bank borrowings	–	20,199
	1,570,485	1,126,570
Less: Current portion of non-current borrowings	(102,536)	(133,547)
Non-current, total	1,467,949	993,023
Current, secured		
— Bank borrowings	260,608	241,571
Current, unsecured		
— Bank borrowings	84,127	11,881
	344,735	253,452
Current portion of non-current borrowings	102,536	133,547
Current, total	447,271	386,999

notes:

- (a) These borrowings of the Group are secured by property, plant and equipment (Note 12), right-of-use assets (Note 13) and restricted cash deposit (Note 20) of the Group and/or guaranteed by subsidiaries of the Company or related parties (Note 27(c)).
- (b) The borrowings are all denominated in RMB and their fair values approximate their carrying amounts.
- (c) As at 30 June 2021, the Group's current borrowings included borrowing with principal amount of HK\$9.0 million (31 December 2020: HK\$20.7 million) which the Group has breached certain terms and conditions, as set out in the respective borrowing agreement was originally matured before 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

26. CAPITAL COMMITMENTS

As at 30 June 2021 and 31 December 2020, capital expenditure contracted for but not yet incurred is as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Property, plant and equipment	58,450	54,107

27. RELATED-PARTY TRANSACTIONS**(a) Name and relationship with related parties**

Name	Relationship
Central China Properties Development Limited*	Controlled by the same ultimate controlling shareholder
Henan Jianye Supreme Hotel Management Company Limited*	Controlled by the same ultimate controlling shareholder
Zhengzhou Construction Business Services Company Limited*	Controlled by the same ultimate controlling shareholder
Henan Drawin Intelligent Manufacture Technology Industry Group Limited (formerly known as Tianjin Drawin Technology Limited)*	Controlled by the same ultimate controlling shareholder
Drawin Intelligent Manufacture Technology Industry Group Limited*	Controlled by the same ultimate controlling shareholder
Drawin Intelligent Construction Technology Group Co., Ltd.* (formerly known as China Minsheng Drawin Construction Technology Group Company Limited*)	Controlled by the same ultimate controlling shareholder
China Minsheng Drawin Culture Co., Ltd.*	Controlled by the same ultimate controlling shareholder
China Minsheng Drawin New Material Company Limited*	Controlled by the same ultimate controlling shareholder

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

For the six months ended 30 June 2021

27. RELATED-PARTY TRANSACTIONS *(continued)*

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

Name	Relationship
Jiayao Global Investments Limited (“Jiayao”)	Controlled by the same ultimate controlling shareholder
China Minsheng Drawin Construction Design Co., Ltd.*	Controlled by the same ultimate controlling shareholder
China Minsheng Drawin Co., Ltd.*	Controlled by the same ultimate controlling shareholder
Hunan China Minsheng Drawin Green Construction Investment Limited*	Controlled by the same ultimate controlling shareholder
Xiangxi China Minsheng Drawin Technology Company Limited*	An associate company of the Group
Hainan Haikong Drawin Technology Company Limited*	An associate company of the Group
YMCI China Minsheng Kunming Technology Group Co., Ltd.*	An associate company of the Group
Zhejiang Anju Drawin Technology Company Limited* (formerly known as Zhejiang China Minsheng Drawin Technology Company Limited*)	An associate company of the Group

* For Identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

27. RELATED-PARTY TRANSACTIONS (continued)**(b) Transactions with related parties**

During the six months ended 30 June 2021 and 2020, the Group has the following related party transactions:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Supply of prefabricated construction components and products by the Group, including financing component recognized in other income		
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	59,651	67,757
Hainan Haikong Drawin Technology Company Limited	6,252	–
YMCI China Minsheng Kunming Technology Group Co., Ltd.	1,894	1,626
China Minsheng Drawin Co., Ltd.	1,338	31
Zhejiang Anju Drawin Technology Company Limited (formerly known as Zhejiang China Minsheng Drawin Technology Company Limited)	–	21,141
China Minsheng Drawin Construction Design Co., Ltd.	–	4,657
	69,135	95,212
Supply of granting licenses by the Group		
Xiangxi China Minsheng Drawin Technology Company Limited	11,540	–
	11,540	–
Supply of decoration and landscaping services by the Group		
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	20,245	–
	20,245	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

27. RELATED-PARTY TRANSACTIONS (continued)**(b) Transactions with related parties** (continued)

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Leasing of properties to related parties		
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	4,903	1,863
China Minsheng Drawin Construction Design Co., Ltd.	2,239	1,270
Drawin Intelligent Manufacture Technology Industry Group Limited	1,225	694
China Minsheng Drawin New Material Company Limited	753	1,079
China Minsheng Drawin Culture Co., Ltd.	–	87
	9,120	4,993
Supply of consulting services by the Group		
China Minsheng Drawin Construction Design Co., Ltd.	2,693	–
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	2,489	–
China Minsheng Drawin Co., Ltd.	2,240	–
	7,422	–
Provision of engineering, procurement and construction general contracting services by a related party		
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	371,806	47,460
	371,806	47,460
Provision of design services by a related party		
China Minsheng Drawin Construction Design Co., Ltd.	4,101	136
	4,101	136

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

27. RELATED-PARTY TRANSACTIONS (continued)**(b) Transactions with related parties** (continued)

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Leasing of properties by a related party		
Central China Properties Development Limited	2,219	–
	2,219	–
Leasing of equipment by a related party		
China Minsheng Drawin Co., Ltd.	1,234	–
	1,234	–
Payment on behalf of related parties by the Group		
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	1,691	1,289
China Minsheng Drawin Co., Ltd.	1,127	1,090
China Minsheng Drawin Construction Design Co., Ltd.	272	94
Hainan Haikong Drawin Technology Company Limited	185	–
Drawin Intelligent Manufacture Technology Industry Group Limited	125	41
China Minsheng Drawin New Material Company Limited	–	49
	3,400	2,563
Payment on behalf of the Group by related parties		
Henan Drawin Intelligent Manufacture Technology Industry Group Limited (formerly known as Tianjin Drawin Technology Limited)	22,343	–
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	1,351	214
China Minsheng Drawin Co., Ltd.	130	–
	23,824	214

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

27. RELATED-PARTY TRANSACTIONS (continued)**(c) Related-party balances**

	As at 30 June 2021 HK\$000 (unaudited)	As at 31 December 2020 HK\$000 (audited)
Amount due from related parties		
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	259,089	187,929
Xiangxi China Minsheng Drawin Technology Company Limited	19,750	–
China Minsheng Drawin Construction Design Co., Ltd.	17,309	15,189
China Minsheng Drawin Co., Ltd.	13,040	9,857
Drawin Intelligent Manufacture Technology Industry Group Limited	12,911	4,508
China Minsheng Drawin New Material Company Limited	10,279	9,449
YMCI China Minsheng Kunming Technology Group Co., Ltd.	4,735	5,332
Zhejiang Anju Drawin Technology Company Limited (formerly known as Zhejiang China Minsheng Drawin Technology Company Limited)	4,552	14,899
Hainan Haikong Drawin Technology Company Limited	1,578	–
Central China Properties Development Limited	1,426	1,426
Hunan China Minsheng Drawin Green Construction Investment Limited	1,116	1,103
China Minsheng Drawin Culture Co., Ltd.	1,069	1,057
Henan Jianye Supreme Hotel Management Company Limited	28	–
Zhengzhou Construction Business Services Company Limited	12	12
	346,894	250,761
Amount due to related parties		
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	159,877	130,770
Jiayao Global Investments Limited — Current	77,438	30,975
— Non-current (note (a))	4,000	50,463
China Minsheng Drawin Construction Design Co., Ltd.	6,098	3,231
China Minsheng Drawin Co., Ltd.	3,166	3,249
Central China Properties Development Limited	1,368	–
Zhejiang Anju Drawin Technology Company Limited (formerly known as Zhejiang China Minsheng Drawin Technology Company Limited)	1,127	1,114
China Minsheng Drawin New Material Company Limited	14	14
Drawin Intelligent Manufacture Technology Industry Group Limited	–	12,295
	253,088	232,111

note:

- (a) As at 30 June 2021, the amount due to Jiayao Global Investments Limited of US\$10.0 million (equivalent to HK\$77.4 million) and HK\$4.0 million are unsecured and bears no interest, of which HK\$77.4 million will be matured within one year and HK\$4.0 million will be matured till August 2022.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2021

27. RELATED-PARTY TRANSACTIONS (continued)**(c) Related-party balances** (continued)

	As at 30 June 2021 HK\$000 (unaudited)	As at 31 December 2020 HK\$000 (audited)
Guarantee/security for borrowings provided by related parties		
Drawin Intelligent Manufacture Technology Industry Group Limited	580,350	119,369
China Minsheng Drawin Co., Ltd.	222,334	218,027
Drawin Intelligent Construction Technology Group Co., Ltd. (formerly known as China Minsheng Drawin Construction Technology Group Company Limited)	57,086	53,467
	859,770	390,863

(d) Key management compensation

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

	Six months ended 30 June 2021 HK\$000 (unaudited)	2020 HK\$000 (unaudited)
Salaries and other short-term employee benefits	9,263	1,627