



CHEN XING

Chen Xing Development Holdings Limited

辰興發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code: 2286

股份代號：2286

誠以致遠，
信達天下

2021

INTERIM REPORT

中期報告



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Tian Hua
Mr. Qiu Yongqing
Ms. Gao Jianhua (appointed on 26 February 2021)

COMPANY SECRETARY

Ms. Ng Wing Shan

AUTHORIZED REPRESENTATIVES

Mr. Bai Guohua
Ms. Ng Wing Shan

AUDIT COMMITTEE

Mr. Tian Hua *(Chairman)*
(appointed on 26 February 2021)
Mr. Qiu Yongqing
Ms. Gao Jianhua (appointed on 26 February 2021)

REMUNERATION COMMITTEE

Mr. Tian Hua *(Chairman)*
Ms. Gao Jianhua (appointed on 26 February 2021)
Mr. Bai Xuankui

NOMINATION COMMITTEE

Mr. Bai Xuankui *(Chairman)*
Mr. Qiu Yongqing
Ms. Gao Jianhua (appointed on 26 February 2021)

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Jinshang Bank Co., Ltd.
China Construction Bank Corporation
Bank of China Limited
Rural Commercial Bank Co., Ltd.

CORPORATE INFORMATION

LEGAL ADVISORS

As to Hong Kong law
Jingtian & Gongcheng LLP

As to PRC law
Shanxi Dingzheng Law Office

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PLACE OF LISTING

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

STOCK CODE

2286

COMPANY WEBSITE

www.chen-xing.cn

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2021 (the “**Reporting Period**”), the contracted sales amounted to approximately RMB173.2 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 32,369 square meters (“**sq.m.**”), representing a decrease of approximately 74.1% and 63.6% as compared with the same period of last year, respectively;
- Revenue for the Reporting Period amounted to approximately RMB591.5 million, of which approximately RMB589.8 million was revenue from property development;
- Gross profit for the Reporting Period amounted to approximately RMB181.3 million, of which approximately RMB180.0 million was gross profit from property development;
- Net profit for the Reporting Period amounted to approximately RMB30.8 million, of which approximately RMB20.4 million was net profit attributable to equity holders of the Company;
- Total GFA of land bank amounted to approximately 3,071,505 sq.m. and the average cost of land bank was approximately RMB825.9 per sq.m. for the Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) for the Reporting Period was approximately RMB5,350.8 per sq.m.;
- Basic earnings per share for the Reporting Period was approximately RMB0.03; and
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2021.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended 30 June 2021.

BUSINESS REVIEW OF FIRST HALF YEAR OF 2021

For the first half of 2021, the real estate market in China continued with the overall trend after the 2020 COVID-19 epidemic (the “**epidemic**”), with an overall slowdown in growth of the real estate market and stabilization being the main direction for development. On one hand, sales performance and turnover for the real estate industry have slowed down on the whole. Impacted by the varying credit control of financial institutions, new construction area as well as development and investment scale decreased to various degrees when compared to the previous year; on the other hand, the regional differentiation gap in sales performance has widened. Overall turnover for core first-tier and second-tier cities has speeded up when compared to third-tier and fourth-tier cities, while sales scale in the eastern region has warmed up faster than that of the central and western regions, and are major supports of the national real estate market. In the meantime, the government has strengthened its regulatory control on the real estate market, implemented relevant industry and market control policies that are more comprehensive and multi-dimensional. Through the implementation of “Three Red Lines”, “centralised land supply” and centralized management system for loans, the real estate market cooled down and the scale of corporate finance strank, leading to a more rational and stable development for the market and industry.

The Company has also been affected by the epidemic and industry adjustment, as the sales scale for major projects in the first half of 2021 has decreased over the previous year. There has been a large decrease in consumers in the first half of 2021, and the Company opted for home office for the most part in order to ensure the health and safety of our employees, which also had a great impact on our sales performance. As the economy gradually recovered, the Company adjusted its operating strategy in time, thus maintaining a relatively stable scale of development in the first half of the year.

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB173.2 million, representing a decrease of approximately 74.1% as compared with the same period of last year. Contracted GFA sold amounted to approximately 32,369 sq.m., representing a decrease of approximately 63.6% as compared with that in the same period of last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB591.5 million, representing an increase of approximately 104.5% as compared with the same period of last year, including revenue from property development of approximately RMB589.8 million, representing an increase of approximately 110.3% as compared with the same period of last year. The profit for the period attributable to equity holders of the Group was approximately RMB20.4 million, representing a decrease of approximately 59.9% as compared with the same period of last year.

During the Reporting Period, the Group had a land bank of approximately 3,071,505 sq.m..

CHAIRMAN'S STATEMENT

PROSPECTS FOR SECOND HALF YEAR OF 2021

Looking ahead to the second half of 2021, the main undertone of “housing is for accommodation but not for speculation” and “localised policy” would be upheld, while government regulation of the industry and market will continue to strengthen, with focused regulation on hotspot cities and active destock for stressed cities to destress the market. Facing factors such as centralised land supply and annual market sales scale at a high level, real estate enterprises will gather advantageous resources to enlarge their scales, optimize their land bank structure and deepen regional and urban markets, while ensuring the continuous optimization of their capital structures.

As the COVID-19 vaccines are popularized and with the gradual normalization of economic activities it brings about, the Company will comply with the policies, assess the situation and adjust the Company's direction in development and operation in time, according to our prediction on the real estate industry and market in the PRC, in order to guard against market changes and operational risks brought by the epidemic. The Company will continue to improve the Company's management system, enhance the level of the Company's operation and management, focus on strengthening the Company's diversified industrial management on cultural tourism industry and health care industry, as well as achieve a continued stable and high-quality development for the Company.

In the second half of 2021, the Company will strengthen its research on market cycles, adjust its marketing rhythm in line with market development, destock its inventories and put particular focus on early-stage positioning plans and late-stage service quality for products under new projects. Meanwhile, the Company will improve its marketing management, optimise its marketing management system, enhance the level of marketing management, seek out industry elite and actively build up marketing professionals. The Company will also strengthen its customer base study, analyse the trends in population changes, accumulate data on customer demands, accurately locate customer demands and create high-quality, high-end products that meet customer demands.

CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT

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

Bai Xuankui
Chairman

Jinzhong, Shanxi, the PRC
20 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB173.2 million, representing a decrease of approximately 74.1% as compared with the same period of last year. During the Reporting Period, the Group's revenue was approximately RMB591.5 million, representing an increase of approximately 104.5% as compared to the same period of last year. Revenue derived from property development was approximately RMB589.8 million, representing an increase of approximately 110.3% as compared with the same period of last year. During the Reporting Period, the Group had gross profit of approximately RMB181.3 million, net profit of approximately RMB30.8 million, of which net profit attributable to equity holders of the Company was approximately RMB20.4 million.

CONTRACTED SALES

For the six months ended 30 June 2021 and 2020, the Group's contracted sales were approximately RMB173.2 million and approximately RMB669.0 million, respectively, representing a decrease of approximately 74.1% as compared with the same period of last year. Contracted total GFA for the six months ended 30 June 2021 and 2020 were approximately 32,369 sq.m. and 88,936 sq.m., respectively, representing a decrease of approximately 63.6%. The Group's contracted sales by geographic location from Jinzhong, Taiyuan, Mianyang and Haikou, were approximately RMB47.2 million, RMB74.6 million, RMB44.2 million and RMB7.2 million, respectively, accounting for approximately 27.3%, 43.1%, 25.5% and 4.1% of the Group's total contracted sales, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted sales for the six months ended 30 June 2021 by geographic location:

	Contracted Sales for 2021 (RMB million)	Contracted Sales for 2020 (RMB million)	Contracted GFA for 2021 (sq.m.)	Contracted GFA for 2020 (sq.m.)	Contracted Average Sales Price for 2021 (RMB/sq.m.)	Contracted Average Sales Price for 2020 (RMB/sq.m.)
Jinzhong						
Yijun Community (頤郡小區)	2.8	19.7	478	2,095	5,770.9	9,404.5
Chenxing Yijun (辰興頤郡)	42.0	248.1	5,279	31,556	7,959.9	7,863.4
Xiyuan (熙苑)	1.2	14.6	157	1,820	7,889.6	8,011.1
Shiguang Zhicheng (時光之城)	—	1.9	—	225	—	8,393.9
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	1.2	2.7	39	699	31,865.3	3,926.0
Taiyuan						
Yosemite Valley Town – Taiyuan (龍城優山美郡) (Phase I)	6.9	15.9	806	2,038	8,503.9	7,803.8
Yosemite Valley Town – Taiyuan (龍城優山美郡) (Phase II)	30.5	37.6	2,456	3,688	12,428.6	10,188.0
Yosemite Valley Town – Taiyuan (龍城優山美郡) (Phase III)	37.2	306.9	4,633	42,127	8,029.5	7,284.0
Mianyang						
Chang Xing Star Gardens (長興星城)	44.2	21.6	18,066	4,688	2,445.4	4,609.5
Hainan						
Chenxing Shangpinhui (辰興尚品匯)	7.2	—	455	—	15,864.8	—
Total	173.2	669.0	32,369	88,936	5,350.8	7,522.3

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Property Projects

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

As at 30 June 2021, the Group had completed projects with a total GFA of approximately 2,922,128 sq.m. and a land bank with a total GFA of approximately 3,071,505 sq.m. comprising (i) a total GFA of approximately 157,463 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,645,001 sq.m. which is under development; and (iii) a total planned GFA of approximately 1,269,041 sq.m. which is held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with strategic values to generate sustainable and stable revenue. As at 30 June 2021, the Group had investment properties with a total GFA of approximately 21,613 sq.m..

Property Portfolio Summary

Intended use ⁽¹⁾	Completed	Under	Held for future
	Total GFA (sq.m.)	development Total GFA (sq.m.)	development Total GFA (sq.m.)
Mid-rise	844,995	116,742	425,086
High-rise	1,059,592	691,804	264,656
Townhouses	27,612	65,478	133,376
Multi-story garden apartments	576,743	88,290	—
Retail outlets	182,798	264,624	123,342
SOHO apartments	6,931	15,984	15,791
Hotels	—	106,881	20,499
Parking spaces	216,806	276,137	264,521
Ancillary ⁽²⁾	6,651	19,061	21,770
Total GFA	2,922,128	1,645,001	1,269,041
Attributable GFA⁽³⁾	2,787,432	1,342,288	1,136,817

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Completed Projects

The following table sets forth a summary of information on the Group's completed projects and corresponding project phases, if any, as at 30 June 2021:

Project	Location	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leaseable		GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership interest ⁽²⁾ (%)
						Remaining unsold (sq.m.)	GFA held for investment (sq.m.)			
Jinzhong										
1. East Lake Mall (東湖井)	Jinzhong City, Shanxi Province	Retail outlets	July 2000	1,330	17,886	—	10,610	7,276	—	100.00
2. Grand International Mall & Apartments (君豪國際)	Jinzhong City, Shanxi Province	Residential/Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	—	100.00
3. Blossom Gardens (錦綉新城)	Jinzhong City, Shanxi Province	Residential	April 2007	5,261	39,080	—	—	39,080	—	100.00
4. Xin Xing International Cultural Town (新興國際文教城)										
Phase I	Jinzhong City, Shanxi Province	Residential	December 2005	5,600	24,602	—	—	24,602	—	100.00
Phase II	Jinzhong City, Shanxi Province	Residential/Commercial	April 2012	17,968	93,061	—	—	92,910	151	100.00
Phase III	Jinzhong City, Shanxi Province	Residential/Commercial	December 2009	255,918	545,047	2,588	—	542,459	—	100.00
Phase IV	Jinzhong City, Shanxi Province	Residential/Commercial	July 2016	30,987	71,103	2,820	—	68,283	—	100.00
Phase V	Jinzhong City, Shanxi Province	Residential/Commercial	July 2016	22,578	50,438	3,266	—	46,137	1,035	100.00
5. Upper East Gardens (上東庭院)										
Phase I	Jinzhong City, Shanxi Province	Residential/Commercial	November 2006	19,361	47,926	—	—	47,926	—	100.00
Phase II	Jinzhong City, Shanxi Province	Residential/Commercial	December 2011	24,343	75,889	—	—	75,889	—	100.00
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Jinzhong City, Shanxi Province	Residential/Commercial	December 2007	73,035	98,545	—	—	97,990	555	100.00
7. SOLO Apartments (尚座公寓)	Jinzhong City, Shanxi Province	Commercial/Complex	September 2009	2,411	9,783	257	—	9,526	—	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable		GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership interest ⁽²⁾ (%)
						Remaining unsold (sq.m.)	GFA held for investment (sq.m.)			
8. Riverside Gardens – Heshun (和順濱河小區)										
Stage I	Jinzhong City, Shanxi Province	Residential	June 2008	60,100	62,508	—	—	62,168	340	100.00
Stage II	Jinzhong City, Shanxi Province	Residential	October 2012	5,898	51,217	—	—	51,217	—	100.00
9. Mandarin Gardens – Taigu (太谷文華庭院)										
	Jinzhong City, Shanxi Province	Residential/ Commercial	May 2011	30,690	51,525	—	—	51,525	—	100.00
10. Shuncheng Street Underground Space (順城街地下空間)										
	Jinzhong City, Shanxi Province	Retail outlets	August 2015	—	897	—	—	897	—	100.00
11. Yijun Community (驪郡小區)										
Part of Phase I	Jinzhong City, Shanxi Province	Residential	November 2020	25,661	59,660	45,219	—	13,609	832	51.00
Taiyuan										
1. Yosemite Valley Town – Taiyuan (龍城優山美郡)										
Southern District, Phase I	Taiyuan City, Shanxi Province	Residential/ Commercial	December 2014	117,128	406,165	28,150	—	378,015	—	100.00
Northern District, Phase I	Taiyuan City, Shanxi Province	Residential/ Commercial	November 2016	108,005	397,801	14,622	—	312,800	70,379	100.00
Part of Phase II	Taiyuan City, Shanxi Province	Residential/ Commercial	June 2020	34,574	98,809	10,644	—	88,165	—	100.00
Mianyang										
1. Yosemite Valley Town (優山美郡)										
	Mianyang City, Sichuan Province	Residential/ Commercial	May 2012	74,124	126,329	5,288	—	119,196	1,845	83.89
2. Elite Gardens (天禦)										
	Mianyang City, Sichuan Province	Residential/ Commercial	September 2014	68,529	116,816	1,265	—	114,864	687	83.89
3. Chang Xing Star Gardens (長興星城)										
Phase I	Mianyang City, Sichuan Province	Residential/ Commercial	June 2017	68,150	288,450	11,498	—	275,631	1,321	83.89
Phase II	Mianyang City, Sichuan Province	Residential/ Commercial	November 2020	36,158	123,047	22,765	—	99,351	931	83.89
Total				1,095,274	2,922,128	157,463	18,851	2,667,738	78,076	
Total GFA attributable⁽³⁾				1,042,915	2,787,432	128,730	18,851	2,562,953	76,898	

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

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

Properties under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 30 June 2021:

Project	Location	Project type	Site area (sq.m.)	Actual/ estimated completion date	Under development		Held for future development			Ownership interest ⁽¹⁾ (%)
					GFA under development (sq.m.)	Saleable/ leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with land use right not yet obtained (sq.m.)	
Jinzhong										
1. Phase I of Longtian (龍田項目一期)			129,049		449,634	428,000	30,059	—	—	51.00
Stage I	Jinzhong City, Shanxi	Residential/ Commercial/ Parking Space	14,346	December 2021	78,954	74,203	30,059	—	—	51.00
Stage II	Jinzhong City, Shanxi	Residential/ Commercial/ Parking Space	24,367	December 2021	110,725	101,386	—	—	—	51.00
Stage III	Jinzhong City, Shanxi	Residential/ Commercial/ Parking Space	26,682	December 2021	126,120	121,061	—	—	—	51.00
Stage IV	Jinzhong City, Shanxi	Commercial/ Parking Space	13,422	December 2021	28,819	28,819	—	—	—	51.00
Stage V	Jinzhong City, Shanxi	Commercial/ Parking Space	50,232	December 2021	105,016	102,531	—	—	—	51.00
2. Yijun Community (贛郡小區)			79,203		52,641	19,267	1,393	154,347	—	51.00
Part of Stage I	Jinzhong City, Shanxi	Residential	21,102	December 2021	52,641	19,267	1,393	—	—	51.00
Stage II	Jinzhong City, Shanxi	Commercial	16,410	August 2022	—	—	—	44,157	—	51.00
Stage III	Jinzhong City, Shanxi	Residential/ Commercial	41,691	August 2022	—	—	—	110,190	—	51.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Site area (sq.m.)	Actual/estimated completion date	Under development		Held for future development			Ownership interest ⁽¹⁾ (%)
					GFA under development (sq.m.)	Saleable/leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with land use right certificate not yet obtained (sq.m.)	
3. Chenxing Yijun (辰興頤郡)			197,286		130,237	87,468	52,275	356,400	—	100.00
Stage I	Jinzhong City, Shanxi	Residential/Commercial	56,601	December 2021	130,237	87,468	52,275	—	—	100.00
Stage II	Jinzhong City, Shanxi	Residential/Commercial	37,462	December 2022	—	—	—	99,500	—	100.00
Stage III	Jinzhong City, Shanxi	Residential/Commercial	85,669	December 2022	—	—	—	209,300	—	100.00
Stage IV	Jinzhong City, Shanxi	Residential/Commercial	17,554	December 2022	—	—	—	47,600	—	100.00
4. Shiguang Zhicheng (時光之城)	Jinzhong City, Shanxi	Commercial	28,296	October 2022	112,383	53,880	—	—	—	100.00
5. Xiyuan (熙苑)	Jinzhong City, Shanxi	Residential/Commercial	46,603	December 2021	67,400	66,971	53,501	—	—	33.66
6. Jinxiu SOHO (錦綉中心)	Jinzhong City, Shanxi	Commercial	3,461	May 2022	20,507	—	—	—	—	100.00
Taiyuan										
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)			158,783		503,864	474,867	336,527	—	—	100.00
Part of Phase II	Taiyuan City, Shanxi	Residential/Commercial	76,662	December 2021	274,365	258,221	201,921	—	—	100.00
Phase III	Taiyuan City, Shanxi	Residential/Commercial	60,273	November 2021	216,880	216,646	134,606	—	—	100.00
Phase IV	Taiyuan City, Shanxi	Primary school	21,848	September 2021	12,619	—	—	—	—	100.00
Haikou										
1. Shangpinhui (尚品匯)	Haikou City, Hainan Province	Commercial	43,795	October 2021	98,140	55,876	455	—	—	100.00
2. Yousheng (友升)	Haikou City, Hainan Province	Residential	87,021	December 2022	—	—	—	104,426	—	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Site area (sq.m.)	Actual/estimated completion date	Under development		Held for future development			Ownership interest ⁽¹⁾ (%)
					GFA under development (sq.m.)	Saleable/leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with land use right not yet obtained (sq.m.)	
Wuzhishan										
1. Feicui Yijun (翡翠頤郡)			92,522			136,422	12,293	—	—	100.00
Phase I	Wuzhishan City, Hainan Province	Commercial	28,745	November 2021	48,013	1,559	—	—	—	100.00
Phase II	Wuzhishan City, Hainan Province	Residential	23,827	May 2022	35,274	—	—	—	—	100.00
Phase III	Wuzhishan City, Hainan Province	Residential	18,244	May 2022	26,666	10,734	—	—	—	100.00
Phase IV	Wuzhishan City, Hainan Province	Residential	21,706	December 2023	26,469	—	—	—	—	100.00
Xishuangbanna										
1. International Health City (國際健康城)			223,780			—	—	—	302,570	100.00
Stage I	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential/Commercial	51,965	November 2021	—	—	—	59,247	—	100.00
Stage II	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential/Commercial	171,815	December 2022	—	—	—	243,323	—	100.00
Mianyang										
1. Chang Xing Jinhutingyuan (長興金湖庭院)			154,367			73,773	—	—	351,298	83.89
Phase I	Mianyang City, Sichuan Province	Residential/Commercial	62,672	December 2023	73,773	—	—	98,802	—	83.89
Phase II	Mianyang City, Sichuan Province	Residential/Commercial	91,695	December 2025	—	—	—	252,496	—	83.89
Total			1,244,166			1,645,001	1,186,329	473,755	1,269,041	—
Total Attributable GFA⁽²⁾						1,342,288	935,033	423,306	1,136,817	—

Notes:

- (1) Calculated based on the Group's effective ownership interest in the respective project companies.
- (2) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of information on the Group's investment properties as at 30 June 2021:

Project	Type of property	Total GFA held for investment (sq.m.)	Effective leased GFA (sq.m.)	Occupancy rate (%)	Rental income for the six months ended 30 June	
					2021 (RMB million)	2020
Grand International Mall & Apartments (君豪國際)	Retail outlets	8,241	—	—	—	—
East Lake Mall (東湖井)	Retail outlets	10,610	8,161	76.9	0.5	0.5
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail outlets	2,762	2,762	100.0	0.8	1.5
Total		21,613	10,923	—	1.3	2.0

The table below sets forth a summary of the Group's land bank as at 30 June 2021 by geographical location:

	Completed	Under development	Future development	Total land bank ⁽¹⁾	% of total land bank	Average land cost
	Saleable/Leasable GFA remaining unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	63,231	832,801	510,747	1,406,779	45.8	851.5
Taiyuan	53,416	503,865	—	557,281	18.1	393.5
Mianyang	40,816	73,773	351,298	465,887	15.2	1,063.6
Haikou	—	98,140	104,426	202,566	6.6	1,851.6
Wuzhishan	—	136,422	—	136,422	4.4	1,145.2
Xishuangbanna	—	—	302,570	302,570	9.9	927.2
Total	157,463	1,645,001	1,269,041	3,071,505	100.0	825.9

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of the Group's land bank as at 30 June 2021 by type of property:

	Completed	Under development	Future development	Total land bank ⁽¹⁾	% of total land bank
	Saleable/ Leasable GFA remaining unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Mid-rise	47,828	116,742	425,086	589,656	19.2
High-rise	32,157	691,804	264,656	988,617	32.2
Townhouses	1,472	65,478	133,376	200,326	6.5
Multi-story garden	3,408	88,290	—	91,698	3.0
Available-for-sale office/commercial properties	39,403	264,624	123,342	427,369	13.9
SOHO apartments	58	15,984	15,791	31,833	1.0
Hotels	—	106,881	20,499	127,380	4.1
Parking spaces	33,137	276,137	264,521	573,795	18.7
Ancillary ⁽²⁾	—	19,061	21,770	40,831	1.4
Total	157,463	1,645,001	1,269,041	3,071,505	100.0

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was approximately RMB591.5 million, representing an increase of approximately 104.5% as compared with approximately RMB289.2 million for the corresponding period of last year. The increase was mainly because of a substantial number of deliveries for Chang Xing Star Gardens Phase II during the Reporting Period.

The Group's revenue from property development during the Reporting Period was approximately RMB589.8 million, representing an increase of approximately 110.3% as compared with the corresponding period of last year. The increase was mainly because of a substantial number of deliveries for Chang Xing Star Gardens Phase II.

Sales and Services Cost

The Group's sales and services cost increased by approximately 134.4% from approximately RMB175.0 million for the six months ended 30 June 2020 to approximately RMB410.2 million for the six months ended 30 June 2021, which was mainly due to a corresponding increase in cost of sales and services during the Reporting Period with the increase in revenue for the Reporting Period.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB181.3 million, representing an increase of approximately 58.8% from approximately RMB114.2 million for the six months ended 30 June 2020. The Group's gross profit margin during the Reporting Period was approximately 30.6% as compared with approximately 39.5% for the corresponding period of last year.

During the Reporting Period, the Group's gross profit on property development was approximately RMB180.0 million, representing an increase of approximately 62.0% as compared with approximately RMB111.1 million for the six months ended 30 June 2020. The increase in the gross profit on property development of the Group was mainly due to the gross profit arising from the deliveries of Chang Xing Star Gardens Phase II during the Reporting Period.

During the Reporting Period, the gross profit margin of property development of the Group was approximately 30.5%, while the gross profit margin was approximately 39.6% for the six months ended 30 June 2020.

Other Income and Gains

The Group's other income and gains amounted to approximately RMB10.2 million during the Reporting Period, while the other income and gains amounted to approximately RMB17.6 million for the six months ended 30 June 2020. The decrease was primarily due to a decrease in interest income from loans to an associate and foreign exchange gains, net during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Profit Attributable to Owners of the Company

During the Reporting Period, net profit attributable to owners of the Company was approximately RMB20.4 million, representing a decrease of approximately 59.9% from approximately RMB50.9 million for the six months ended 30 June 2020. The decrease of the net profit attributable to owners of the Company was primarily due to an increase in land appreciation tax.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 14.4% from approximately RMB20.8 million for the six months ended 30 June 2020 to approximately RMB23.8 million for the six months ended 30 June 2021, primarily due to an increase in revenue from property development during the Reporting Period.

Administrative Expenses

The Group's administrative expenses decreased by approximately 9.0% from approximately RMB33.2 million for the six months ended 30 June 2020 to approximately RMB30.2 million for the six months ended 30 June 2021. This was primarily due to a decrease in entertainment expenses during the Reporting Period.

Finance Costs

During the Reporting Period, the Group's finance costs amounted to approximately RMB11.9 million, while the finance costs for the six months ended 30 June 2020 was approximately RMB2.2 million, primarily due to an increase in finance cost of Shiguang Zhicheng during the Reporting Period.

Income Tax Expense

The Group's income tax expense increased by approximately 148.0% from approximately RMB25.4 million for the six months ended 30 June 2020 to approximately RMB63.0 million for the six months ended 30 June 2021, primarily due to the increase in profit before tax and land appreciation tax during the Reporting Period.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period decreased by approximately 45.7% from approximately RMB50.1 million for the six months ended 30 June 2020 to approximately RMB27.2 million for the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Position

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB260.8 million, representing a decrease of approximately 51.2% as compared with approximately RMB534.1 million as at 31 December 2020 primarily due to a negative operating cash flow.

Net Operating Cash Flow

The Group recorded a negative operating cash flow of approximately RMB393.5 million as at 30 June 2021 as compared with a positive operating cash flow of approximately RMB1.3 million as at 30 June 2020.

Borrowings

The Group had outstanding bank and other borrowings of approximately RMB2,837.0 million as at 30 June 2021, with 90.6% of bank and other borrowings at fixed rate and the Group had outstanding bank borrowings of approximately RMB2,740.9 million as at 31 December 2020.

The Group repaid bank and other borrowings of approximately RMB99.6 million and obtained new bank and other borrowings of approximately RMB195.7 million during the Reporting Period.

Pledged Assets

Certain of the Group's borrowings were secured by properties under development, investment properties, as well as property, plant or equipment or a combination of the above items. As at 30 June 2021, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB873.4 million, while the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB879.7 million as at 31 December 2020.

Financial Guarantees and Contingent Liabilities

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at 30 June 2021, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB2,107.5 million, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB2,477.5 million as at 31 December 2020.

The Group had no significant contingent liabilities as at 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisitions and Disposals and Significant Investments

Save as disclosed herein, the Group did not have any material acquisition and disposal and significant investment during the Reporting Period.

Events after the Reporting Period

Save as disclosed herein, as at the date of this report, the Group did not have any significant events after the Reporting Period that are required to be disclosed.

Future Plans for Material Investments or Capital Assets

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

Employees and Remuneration Policies

As at 30 June 2021, the Group had 312 employees. During the Reporting Period, the Group incurred employee costs of approximately RMB25.4 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans operated by the municipal and provincial governments, including housing provident funds, pension, medical, occupational injury and unemployment benefit plans.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 7 March 2019, the Company completed a Rights Issue pursuant to which the Company has issued 99,999,989 ordinary shares of the Company at HK\$1.50 per rights share on the basis of one rights share for every five the then shares held on 11 February 2019. Valid applications and acceptances in respect of a total of 130,896,578 rights shares had been received, representing approximately 130.9% of the total number of 99,999,989 rights shares available for subscription under the rights issue. The closing price per Share as quoted on the Stock Exchange on the last trading day (11 January 2019) was HK\$1.59. The Directors believe that the Rights Issue will better enhance the Company's ability to fund and develop the Group's business.

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

Intended use	Percentage (%)	Amount of proceeds (HK\$ million)	Amount utilised as at 30 June 2021 (HK\$ million)	Amount not utilised as at 30 June 2021 (HK\$ million)
Used to pay for the unpaid registered capital of Jinzhong Chen Xing Hui for future investment opportunities (if appropriate opportunities arise) in Jinzhong Chen Xing Hui's construction materials and decorative materials trading business	82.11	120.95	110.00	10.95
Used as the Company's general working capital	17.89	26.36	—	26.36

As at 30 June 2021, the Company utilised HK\$110.0 million, representing approximately 74.7% of the net proceeds from the Rights Issue. In view of the slowdown in growth of the global economy and the outbreak of COVID-19, the Company has been taking a more prudent approach in the utilisation of the unutilised proceeds from the Right Issues, resulting in a delay in the utilisation of the use of proceeds. Subject to further weakening of COVID-19 pandemic, the Directors expect the unutilised proceeds will be fully utilised by end of 2021.

CORPORATE GOVERNANCE AND OTHER MATTERS

CORPORATE GOVERNANCE PRACTICE

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

The Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with the CG Code during the Reporting Period, save as disclosed below.

On 30 November 2020, Mr. Gu Jiong (“**Mr. Gu**”) resigned as an independent non-executive director of the Company, the chairman of the audit committee, the member of each of the remuneration committee and nomination committee of the Company due to his other business commitments. Following the resignation of Mr. Gu, the Board fails to meet the requirements of having: (i) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules; (ii) the audit committee comprising only non-executive directors with a minimum of three members; (iii) at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; and (iv) any of the other requirements set out in Rule 3.21 regarding the audit committee under Rule 3.23 of the Listing Rules.

On 26 February 2021, the Board appointed Ms. Gao Jianhua as an independent non-executive director and member of each of the audit committee, remuneration committee and nomination committee of the Company. On the same day, Mr. Tian Hua was appointed as the chairman of the audit committee. Since then, the Company has complied with the requirement of Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

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

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

CORPORATE GOVERNANCE AND OTHER MATTERS

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company has established an audit committee (“**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua. The Audit Committee is chaired by Mr. Tian Hua.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including the review of the interim results and interim report of the Company for the six months ended 30 June 2021. The Audit Committee considered that the interim results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE AND OTHER MATTERS

DISCLOSURE OF INTERESTS

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

As at 30 June 2021, the following Directors and chief executives of the Company had interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered into the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of Appendix 10 to the Listing Rules:

Long Positions in the Shares of the Company

Name of Director/ chief executive	Capacity/ Nature of interest	Number of shares held	Percentage of Shareholdings ^(Note 1)
Mr. Bai Xuankui (“ Mr. Bai ”) ^(Note 2)	Settlor of a discretionary trust	346,944,000	57.82%
Mr. Bai Wukui ^(Note 3)	Interest of a controlled corporation	64,944,000	10.82%
Mr. Bai Guohua ^(Note 4)	Beneficiary of a discretionary trust	346,944,000	57.82%
Mr. Dong Shiguang (“ Mr. Dong ”) ^(Note 5)	Interest of a controlled corporation	10,827,740	1.80%

Notes:

- As at 30 June 2021, the total number of issued shares of the Company was 599,999,989 shares.
- The shares were held by White Dynasty Global Holdings Limited (“**White Dynasty BVI**”) in the capacity of a legal beneficial owners, which was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited (“**White Empire BVI**”) in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian (“**Mrs. Bai**”), the spouse of Mr. Bai), and other beneficiaries to be nominated by the trustee from time to time. Since Mr. Bai was the settlor of the family trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.

CORPORATE GOVERNANCE AND OTHER MATTERS

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

Long Positions in the Shares of Associated Corporations of the Company

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

Note:

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

As at 30 June 2021, save as disclosed above, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER MATTERS

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

As at 30 June 2021, to the best knowledge of the Company and the Directors, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO:

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

Notes:

1. As at 30 June 2021, the Company had a total number of 599,999,989 shares in issue.
2. White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the family trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the family trust.
3. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
4. Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the family trust, Mrs. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
5. Ms. Zhang Lindi was the wife of Mr. Bai Guohua. Since Mr. Bai Guohua was a beneficiary of the family trust, Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO, therefore, Ms. Zhang Lindi was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
6. Ms. Gan Xuelin was the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI.

CORPORATE GOVERNANCE AND OTHER MATTERS

As at 30 June 2021, save as disclosed above, the Company was not aware of any other persons (other than Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO.

SHARE OPTION SCHEME

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

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

CHANGE OF THE INFORMATION OF THE DIRECTORS

Since the publication of annual report 2020 of the Company, there are no changes in the information of each of the Directors needed to be disclosed under Rule 13.51B(1) of the Listing Rules.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
REVENUE	5	591,501	289,181
Cost of sales		(410,224)	(174,994)
Gross profit		181,277	114,187
Other income and gains	5	10,181	17,587
Selling and distribution expenses		(23,849)	(20,792)
Administrative expenses		(30,152)	(33,245)
Other expenses		(33,108)	(726)
Finance costs		(11,946)	(2,152)
Share of profits and losses of:			
Joint ventures		1,482	535
An associate		—	(105)
PROFIT BEFORE TAX	6	93,885	75,289
Income tax expense	7	(63,039)	(25,368)
PROFIT FOR THE PERIOD		30,846	49,921
Attributable to:			
Owners of the parent		20,429	50,914
Non-controlling interests		10,417	(993)
		30,846	49,921
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— for profit for the period	9	RMB0.03	RMB0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	30,846	49,921
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(571)	1,091
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(571)	1,091
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(4,133)	(1,227)
Income tax effect	1,033	307
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(3,100)	(920)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(3,671)	171
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	27,175	50,092
Attributable to:		
Owners of the parent	16,758	51,085
Non-controlling interests	10,417	(993)
	27,175	50,092

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	73,748	78,051
Investment properties		138,000	138,000
Right-of-use assets		1,488	1,735
Properties under development	11	253,434	253,101
Intangible assets		80	111
Investment in joint ventures		4,327	2,846
Equity investments designated at fair value through other comprehensive income	12	60,367	64,501
Deferred tax assets		224,970	224,166
Total non-current assets		756,414	762,511
CURRENT ASSETS			
Properties under development	11	9,841,832	8,875,146
Completed properties held for sale	13	780,871	931,224
Inventories		27,415	31,916
Trade receivables	14	4,424	4,319
Prepayments, other receivables and other assets		861,594	1,429,486
Tax recoverable		94,606	93,182
Pledged deposits	15	24,604	20,652
Restricted cash	15	1,807	1,033
Cash and cash equivalents	15	260,777	534,101
Total current assets		11,897,930	11,921,059
CURRENT LIABILITIES			
Trade and bills payables	16	1,143,854	1,210,518
Other payables and accruals		1,978,805	1,841,889
Contract liabilities		4,838,427	5,125,592
Interest-bearing bank and other borrowings	17	767,373	2,034,122
Tax payable		194,589	131,288
Total current liabilities		8,923,048	10,343,409
NET CURRENT ASSETS		2,974,882	1,577,650
TOTAL ASSETS LESS CURRENT LIABILITIES		3,731,296	2,340,161

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Note	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	2,069,589	706,737
Deferred tax liabilities		24,931	23,823
Total non-current liabilities		2,094,520	730,560
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital		4,855	4,855
Reserves		1,462,746	1,445,988
		1,467,601	1,450,843
Non-controlling interests		169,175	158,758
TOTAL EQUITY		1,636,776	1,609,601

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent										
	Share capital	Share premium account	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Fair value	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
						reserve of					
						financial assets at fair value through other comprehensive income					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2021 (audited)	4,855	344,141	102,552	164,887	23,331	(68,352)	13,857	865,572	1,450,843	158,758	1,609,601
Profit for the period	—	—	—	—	—	—	—	20,429	20,429	10,417	30,846
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	(3,100)	—	—	(3,100)	—	(3,100)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(571)	—	(571)	—	(571)
Total comprehensive income for the period	—	—	—	—	—	(3,100)	(571)	20,429	16,758	10,417	27,175
At 30 June 2021 (unaudited)	4,855	344,141*	102,552*	164,887*	23,331*	(71,452)*	13,286*	886,001*	1,467,601	169,175	1,636,776

* These reserve accounts comprise the consolidated reserves of RMB1,462,746 the condensed consolidated statement of financial position as at 30 June 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		93,885	75,289
Adjustments for:			
Depreciation of property, plant and equipment		5,359	5,193
Depreciation of right-of-use assets		246	509
Amortisation of intangible assets		31	41
Loss on disposal of items of property, plant and equipment		18	—
Other interest income from financial assets at fair value through profit or loss	5	—	(1,074)
Share of profits of joint ventures and an associate		(1,482)	(430)
Finance costs		11,946	2,129
Interest income	5	(5,496)	(8,938)
		104,507	72,719
Increase in properties under development		(337,590)	(574,918)
Decrease/(increase) in completed properties held for sale		150,353	(50,626)
Decrease/(increase) in inventories		4,501	(8,546)
(Increase)/decrease in trade receivables		(105)	3,062
Decrease/(increase) in prepayments, other receivables and other assets		23,248	(43,250)
(Increase)/decrease in pledged deposit		(3,952)	12,197
Increase in restricted bank balance		(774)	—
(Decrease)/increase in trade and bills payables		(66,664)	273,141
Increase in other payables and accruals		19,960	7,351
(Decrease)/increase in contract liabilities		(287,165)	339,673
Cash generated from operations		(393,681)	30,803
Tax paid		175	(29,509)
Net cash flows from operating activities		(393,506)	1,294

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(1,085)	(3,940)
Loss on disposal of items of property, plant and equipment	10	—
Purchase of intangible assets	—	(31)
Purchases of financial assets at fair value through profit or loss	—	(81,000)
Proceeds from disposal of financial assets at fair value through profit or loss	—	82,500
Proceeds from disposal of an associate	20,000	—
Income from financial assets at fair value through profit or loss	—	1,074
Interest received	1,910	2,373
Net cash flows from investing activities	20,835	976
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other loans	307,950	64,700
Repayment of bank loans	(99,067)	(68,050)
Principal portion of lease payments	(480)	(126)
Interest paid	(108,484)	(113,090)
Net cash flows from/(used in) financing activities	99,919	(116,566)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	534,101	1,107,248
Effect of foreign exchange rate changes, net	(572)	1,093
CASH AND CASH EQUIVALENTS AT END OF PERIOD	260,777	994,045
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	287,188	1,050,105
Less: Pledged deposits	24,604	56,060
Restricted cash	1,807	—
	260,777	994,045

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB based on the China Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

During the reporting period, no lease payments for the leases of the Group's buildings has been reduced or waived by the lessors. The amendment did not have any impact on the financial position and performance of the Group.

4. OPERATING SEGMENT INFORMATION

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

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

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the six months ended 30 June 2021 and 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
<i>Revenue from contracts with customers</i>	590,233	287,208
<i>Revenue from other sources</i>		
Property leasing income	1,268	1,973
	591,501	289,181

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Type of goods or services		
Sale of properties	589,799	280,478
Sale of construction materials	434	6,730
Total revenue from contracts with customers	590,233	287,208
Timing of revenue recognition		
Goods transferred at a point in time	590,233	287,208

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other income		
Bank interest income	1,910	2,373
Interest income from loans to an associate	—	6,565
Interest income from third parties	3,586	—
Income from financial assets		
at fair value through profit or loss	—	1,074
Gross rental income	4,585	5,465
Others	100	250
	10,181	15,727
Gains		
Foreign exchange gains, net	—	1,860
	10,181	17,587

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cost of properties sold	409,798	169,373
Cost of construction materials sold	426	5,621
Depreciation of property, plant and equipment	5,359	5,193
Depreciation of right-of-use assets	246	509
Amortisation of intangible assets	31	41
Lease payments not included in the measurement of lease liabilities	526	—
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	13,015	9,305
Pension scheme contributions	1,090	314
Staff welfare expense	1,646	1,689
	15,751	11,308
Bank interest income	(1,910)	(2,373)
Interest income from loans to an associate	—	(6,565)
Interest income from third parties	(3,586)	—
Income from financial assets at fair value through profit or loss	—	(1,074)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

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

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

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
Income tax charge	29,003	31,244
Land appreciation tax	32,698	—
Deferred tax	1,338	(5,876)
Total tax charge for the period	63,039	25,368

8. DIVIDENDS

The Board did not declare any interim dividend for the six months ended 30 June 2021 (the six months ended 30 June 2020: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	20,429	50,914

	For the six months ended 30 June	
	2021 '000 (unaudited)	2020 '000 (unaudited)
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	600,000	600,000

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2021 and 2020.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB1,085,000 (the six months ended 30 June 2020: RMB3,940,000).

During the six months ended 30 June 2021, the Group disposed of assets with a cost of RMB812,000 (the six months ended 30 June 2020: RMB877,000).

At 30 June 2021, certain of the Group's buildings with a net carrying amount of approximately RMB31,601,000 (31 December 2020: RMB33,207,000) were pledged to secure bank loans granted to the Group (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Carrying amount at beginning of period/year	9,128,247	8,997,082
Additions	1,226,665	1,379,338
Transfer to completed properties held for sale (note 13)	(259,646)	(1,248,173)
Carrying amount at end of period/year	10,095,266	9,128,247
Less: Current portion	(9,841,832)	(8,875,146)
Non-current portion	253,434	253,101

Properties under development expected to be recovered:

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Within one year	5,199,787	5,180,984
After one year	4,895,479	3,947,263
	10,095,266	9,128,247

At 30 June 2021, certain of the Group's properties under development with a carrying value of approximately RMB672,516,000 (31 December 2020: RMB621,233,000) were pledged to secure bank loans granted to the Group (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Listed equity investment, at fair value JINSHANG BANK Co., Ltd.	60,367	64,501

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

13. COMPLETED PROPERTIES HELD FOR SALE

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Carrying amount at beginning of period/year	931,224	411,983
Transfer from properties under development (note 11)	259,646	1,248,173
Transfer to cost of properties sold	(409,798)	(723,492)
Impairment during the period/year	(201)	(5,440)
Carrying amount at end of period/year	780,871	931,224

Certain of the Group's completed properties held for sale, which had aggregate carrying value of approximately RMB31,303,000 as at 30 June 2021 (31 December 2020: RMB87,220,000) (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE RECEIVABLES

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

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Within 3 months	—	502
3 to 6 months	303	3,392
6 to 12 months	3,709	425
Over 12 months	412	—
	4,424	4,319

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Total cash and bank balances, including pledged deposits	287,188	555,786
Less: Pledged deposits	(24,604)	(20,652)
Restricted cash	(1,807)	(1,033)
Cash and cash equivalents	260,777	534,101

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND BILLS PAYABLES

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

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Less than 1 year	380,210	469,822
1 to 2 years	248,867	213,607
2 to 3 years	29,055	385,995
3 to 4 years	376,985	12,858
4 to 5 years	11,854	74,321
Over 5 years	96,883	53,915
	1,143,854	1,210,518

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	RMB'000
31 December 2020 (audited)			
Current			
Lease liabilities	4.75	2021	480
Current portion of long term bank loans — secured	6.18–15.00	2021	2,033,642
			2,034,122
Non-current			
Bank loans — secured	6.18–8.65	2022–2025	706,737
			2,740,859
30 June 2021 (unaudited)			
Current			
Current portion of long term bank loans — secured	6.18–15.00	2021–2022	767,373
Non-current			
Bank loans — secured	6.51–9.00	2022–2025	2,069,589
			2,836,962

Notes:

- (i) The bank borrowings of approximately RMB136,000,000 (31 December 2020: RMB181,000,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB13,194,000 (31 December 2020: RMB69,111,000) (note 13), the Group's investment properties of RMB138,000,000 (31 December 2020: RMB138,000,000), the Group's buildings of RMB31,601,000 (31 December 2020: RMB33,207,000) (note 10) and are guaranteed by the Company.
- (ii) The bank borrowings of approximately RMB129,369,000 (2020: RMB129,369,000) are guaranteed by a company controlled by a non-controlling shareholder of a subsidiary of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

- (iii) The bank borrowings of approximately RMB100,000,000 (2020: RMB100,000,000) are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (iv) The bank borrowings of approximately RMB1,450,000,000 (2020: RMB1,450,000,000) are secured by a 100% equity interest of a subsidiary of the Group and are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (v) The bank borrowings of approximately RMB98,000,000 (2020: RMB98,000,000) are secured by the pledge of certain of the Group's properties under development of RMB100,900,000 (2020: RMB100,900,000) (note 11) and are guaranteed by a subsidiary of the Group.
- (vi) The bank borrowings of approximately RMB245,000,000 (2020: RMB255,000,000) are secured by the pledge of certain of the Group's properties under development of RMB251,700,000 (2020: RMB251,700,000) (note 11) and a 100% equity interest of a subsidiary of the Group and are guaranteed by a subsidiary of the Group.
- (vii) The bank borrowings of approximately RMB198,680,000 (2020: RMB196,460,000) are secured by the pledge of certain of the Group's properties under development of RMB63,700,000 (2020: RMB63,700,000) (note 11) and a 100% equity interest of a subsidiary of the Group and are guaranteed by two subsidiaries of the Group.
- (viii) The bank borrowings of approximately RMB34,613,333 (2020: RMB20,550,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB18,109,000 (2020: RMB18,109,000) (note 13) and are guaranteed by a subsidiary of the Group, a director of the Company and the Company's controlling shareholder.
- (ix) The bank borrowings of approximately RMB180,000,000 (2020: RMB180,000,000) are guaranteed by a subsidiary of the Group and a non-controlling shareholder of a subsidiary of the Group.
- (x) The bank borrowings of approximately RMB186,000,000 (2020: RMB130,000,000) are secured by the pledge of certain of the Group's properties under development of RMB226,822,000 (2020: RMB204,933,000) (note 11) and are guaranteed by a subsidiary of the Group and the Company's controlling shareholder.
- (xi) The bank borrowings of approximately RMB10,000,000 (2020: Nil) are secured by the pledge of certain of the Group's properties under development of RMB29,394,000 (2020: Nil) (note 11) and are guaranteed by a subsidiary of the Group and a director of the Company.
- (xii) The bank borrowings of approximately RMB19,300,000 (2020: Nil) are guaranteed by a subsidiary of the Group, two employees, a director of the Company and the Company's controlling shareholder.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Contracted, but not provided for:		
Property development activities	1,985,570	2,987,027
Capital contribution payable to joint ventures	252,950	252,950
	2,238,520	3,239,977

19. CONTINGENT LIABILITIES

At 30 June 2021 and 31 December 2020, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	2,107,481	2,477,533

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. CONTINGENT LIABILITIES *(continued)*

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

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

20. RELATED PARTY TRANSACTIONS

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS *(continued)*

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

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Property management service from:		
Shanxi Greentown Property	2,579	2,840
Shanxi Wanjia	323	—
	2,902	2,840
Interest income from:		
Yunchen Real Estate	—	6,565
Interest expense from:		
Shanghai Xuanyu	2,875	—
Royalty fee to:		
Xi'an Agile	179	117
Leasing from:		
Ms. Bai Lihua	286	237

* The investment in an associate was disposed of by a subsidiary of the Company to a third party on 30 October 2020.

- (b) Other transactions with related parties:

Mr. Bai Xuankui has guaranteed certain of the Group's bank loans up to RMB1,789,913,000 (31 December 2020: RMB1,700,550,000) as at the end of the Reporting Period (note 17).

Mr. Bai Wukui has guaranteed certain of the Group's bank loans up to RMB10,000,000 (31 December 2020: Nil) as at the end of the Reporting Period (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS *(continued)*

- (c) Outstanding balances with related parties:

The Group had the following balances with its related parties during the Reporting Period:

	Notes	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Due from joint ventures	(i)	—	246
Due from a related party	(i)	26,793	26,793
Due to related parties	(i)	112,371	935
Due to directors	(i)	86	87

Notes:

- (i) The balances are unsecured, interest-free and have no fixed terms of repayment.

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

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Short term employee benefits	963	963
Pension scheme contributions	52	19
Total compensation paid to key management personnel	1,015	982

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	60,367	—	—	60,367

As at 31 December 2020

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	64,501	—	—	64,501

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Group did not have any financial liabilities measured at fair value as at 30 June 2021, and 31 December 2020.

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

22. EVENT AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group has no events after the Reporting Period that needs to be disclosed.



CHEN XING