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中国三迪

CHINA SANDI

CHINA SANDI HOLDINGS LIMITED

中國三迪控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 910)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “Board”) of directors (the “Directors”) of China Sandi Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2022 (the “Corresponding Period”). The unaudited condensed consolidated interim results have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | <i>Notes</i> | Six months ended 30 June | |
|--|--------------|---------------------------------|--------------------|
| | | 2023 | 2022 |
| | | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | | | |
| Goods and services | 3 | 1,362,291 | 469,340 |
| Rental of investment properties | 3 | 65,134 | 69,981 |
| | | <hr/> | <hr/> |
| Total revenue | | 1,427,425 | 539,321 |
| Cost of sales and services | | (1,106,741) | (339,428) |
| | | <hr/> | <hr/> |
| Gross profit | | 320,684 | 199,893 |
| Other income | 5 | 2,843 | 3,855 |
| Other gains and losses | | (2,331) | 2,944 |
| Change in fair value of investment properties | | (44,668) | 40,697 |
| Change in fair value of derivative component of convertible bonds | | 5,736 | 93,697 |
| Selling and marketing expenses | | (34,983) | (59,923) |
| Administrative expenses | | (30,776) | (81,254) |
| Finance costs | 6 | (41,499) | (40,265) |
| Loss on disposal of subsidiaries, net | | — | (31,466) |
| | | <hr/> | <hr/> |
| Profit before tax | 7 | 175,006 | 128,178 |
| Income tax expense | 8 | (29,340) | (20,936) |
| | | <hr/> | <hr/> |
| Profit for the period | | 145,666 | 107,242 |
| | | <hr/> | <hr/> |
| Other comprehensive income/(expense): | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | (37,237) | 6,695 |
| | | <hr/> | <hr/> |
| Total comprehensive income for the period | | 108,429 | 113,937 |
| | | <hr/> <hr/> | <hr/> <hr/> |

| | <i>Notes</i> | Six months ended 30 June | |
|---|--------------|---------------------------------|-----------------------|
| | | 2023 | 2022 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (Unaudited) | (Unaudited) |
| Profit for the period attributable to: | | | |
| – Owners of the Company | | 82,197 | 119,827 |
| – Non-controlling interests | | 63,469 | (12,585) |
| | | <u>145,666</u> | <u>107,242</u> |
| Total comprehensive income attributable to: | | | |
| – Owners of the Company | | 44,960 | 126,522 |
| – Non-controlling interests | | 63,469 | (12,585) |
| | | <u>108,429</u> | <u>113,937</u> |
| EARNINGS PER SHARE | | | |
| Basic (<i>RMB cents</i>) | <i>10</i> | <u>1.62</u> | <u>2.36</u> |
| Diluted (<i>RMB cents</i>) | <i>10</i> | <u>1.62</u> | <u>1.01</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

| | | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|--|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 52,873 | 57,694 |
| Investment properties | | 10,598,540 | 10,734,280 |
| Deferred tax assets | | 80,950 | 74,601 |
| | | 10,732,363 | 10,866,575 |
| Current assets | | | |
| Inventories of properties | | 12,474,543 | 12,971,557 |
| Contract costs | | 78,210 | 76,682 |
| Trade and other receivables and prepayments | 11 | 892,988 | 886,185 |
| Deposits for land use rights for properties under development for sale | | 105,689 | 105,689 |
| Prepaid income tax | | 74,435 | 91,904 |
| Amounts due from related companies | 16(c) | 81,504 | 66,322 |
| Amounts due from non-controlling shareholders of subsidiaries | 16(d) | 257,610 | 257,550 |
| Restricted/pledged bank deposits | | 247,763 | 487,926 |
| Bank balances and cash | | 359,824 | 310,947 |
| | | 14,572,566 | 15,254,762 |
| Current liabilities | | | |
| Trade and other payables and accruals | 12 | 2,259,392 | 2,208,681 |
| Contract liabilities | | 8,186,702 | 8,977,138 |
| Debt component of convertible bonds | | 442,102 | — |
| Derivative component of convertible bonds | | 467 | — |
| Income tax payable | | 480,342 | 482,271 |
| Amounts due to related companies | 16(c) | 63,453 | 10,873 |
| Amount due to a director | 16(d) | 99,626 | 99,626 |
| Bank and other borrowings | | | |
| – due within one year | 13 | 2,416,736 | 1,933,730 |
| | | 13,948,820 | 13,712,319 |
| Net current assets | | 623,746 | 1,542,443 |
| Total assets less current liabilities | | 11,356,109 | 12,409,018 |

| | | As at 30 June 2023 | As at 31 December 2022 |
|--|--------------|-------------------------------|------------------------------|
| | <i>Notes</i> | <i>RMB'000</i> (Unaudited) | <i>RMB'000</i> (Audited) |
| Capital and reserves | | | |
| Share capital | 14 | 42,890 | 42,890 |
| Reserves | | <u>4,883,700</u> | <u>4,838,740</u> |
| Equity attributable to owners of the Company | | 4,926,590 | 4,881,630 |
| Non-controlling interests | | <u>256,180</u> | <u>192,711</u> |
| Total equity | | <u>5,182,770</u> | <u>5,074,341</u> |
| Non-current liabilities | | | |
| Amount due to a related company | 16(c) | – | 223,750 |
| Debt component of convertible bonds | | – | 404,491 |
| Derivative component of convertible bonds | | – | 6,179 |
| Promissory note | | 545,235 | 519,026 |
| Deferred tax liabilities | | 1,396,694 | 1,394,941 |
| Bank and other borrowings – due after one year | 13 | <u>4,231,410</u> | <u>4,786,290</u> |
| | | <u>6,173,339</u> | <u>7,334,677</u> |
| | | <u>11,356,109</u> | <u>12,409,018</u> |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL AND BASIS OF PRESENTATION

China Sandi Holdings Limited (the “Company” or “China Sandi”) is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate parent is United Century International Limited (incorporated in the British Virgin Islands (“BVI”). The ultimate controlling party is Mr. Guo Jiadi. The addresses of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 2008, 20th Floor, 118 Connaught Road West, Hong Kong respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are engaged in property development, holding of property for investment and rental purpose in the People’s Republic of China (“PRC”).

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements have not been audited. In addition, these unaudited condensed consolidated financial statements have been reviewed by the Company’s Audit Committee.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

These unaudited condensed consolidated financial statements and notes thereto do not include all of the information required for a complete set of accounts prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and should be read in conjunction with the 2022 annual audited financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the investment properties and financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

| | |
|------------------------|---|
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions Beyond 30 June 2021 |
| Amendment to AG5 | Merger Accounting for Common Control Combinations |
| Amendments to HKFRSs | Annual Improvements to HKFRS Standards 2018-2020 cycle |

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue

| Segments | For the six months ended 30 June 2023 (unaudited) | | |
|--|--|--|-------------------------|
| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Total <i>RMB'000</i> |
| Types of goods or service | | | |
| Sales of properties | 1,352,740 | – | 1,352,740 |
| Property management and related fee income | – | 9,551 | 9,551 |
| Revenue from contracts with customers | 1,352,740 | 9,551 | 1,362,291 |
| Rental income | – | 65,134 | 65,134 |
| | <u>1,352,740</u> | <u>74,685</u> | <u>1,427,425</u> |
| Geographical market | | | |
| Mainland China | <u>1,352,740</u> | <u>74,685</u> | <u>1,427,425</u> |
| Timing of revenue recognition | | | |
| At point in time | 1,352,740 | – | 1,352,740 |
| Over time | – | 9,551 | 9,551 |
| | <u>1,352,740</u> | <u>9,551</u> | <u>1,362,291</u> |

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

| Segments | For the six months ended 30 June 2023 (unaudited) | | |
|--|--|--|-------------------------|
| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Total <i>RMB'000</i> |
| Revenue disclosed in segment information | | | |
| External customer | 1,352,740 | 74,685 | 1,427,425 |
| <i>Less: rental income</i> | — | (65,134) | (65,134) |
| Revenue from contracts with customers | <u>1,352,740</u> | <u>9,551</u> | <u>1,362,291</u> |
| For the six months ended 30 June 2022 (unaudited) | | | |
| Segments | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Total <i>RMB'000</i> |
| Types of goods or service | | | |
| Sales of properties | 461,548 | — | 461,548 |
| Property management and related fee income | — | 7,792 | 7,792 |
| Revenue from contracts with customers | 461,548 | 7,792 | 469,340 |
| Rental income | — | 69,981 | 69,981 |
| | <u>461,548</u> | <u>77,773</u> | <u>539,321</u> |
| Geographical market | | | |
| Mainland China | <u>461,548</u> | <u>77,773</u> | <u>539,321</u> |
| Timing of revenue recognition | | | |
| At point in time | 461,548 | — | 461,548 |
| Over time | — | 7,792 | 7,792 |
| | <u>461,548</u> | <u>7,792</u> | <u>469,340</u> |

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

| Segments | For the six months ended 30 June 2022 (Unaudited) | | |
|---|--|--|-------------------------|
| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Total <i>RMB'000</i> |
| Revenue disclosed in segment information | | | |
| External customer | 461,548 | 77,773 | 539,321 |
| <i>Less: rental income</i> | — | (69,981) | (69,981) |
| Revenue from contracts with customers | <u>461,548</u> | <u>7,792</u> | <u>469,340</u> |

4. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker ("CODM")) for the purposes of resource allocation and assessment of performance focuses on the type of goods and services delivered or provided. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

Property development – development and sale of properties

Property investment – lease of investment properties and provision of property management service

The following is an analysis of the Group's revenue and results by reportable and operating segments:

| Segments | For the six months ended 30 June 2023 (unaudited) | | |
|--|--|--|-------------------------|
| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Total <i>RMB'000</i> |
| Segment revenue | | | |
| External sales | <u>1,352,740</u> | <u>74,685</u> | <u>1,427,425</u> |
| Segment profit/(loss) | <u>231,781</u> | <u>(13,860)</u> | <u>217,921</u> |
| Other income | | | 1 |
| Other gains and losses | | | (2,327) |
| Change in fair value of derivative component of convertible bonds | | | 5,736 |
| Unallocated corporate expenses | | | (2,661) |
| Finance costs | | | <u>(43,664)</u> |
| Profit before tax | | | <u>175,006</u> |

| Segments | For the six months ended 30 June 2022 (unaudited) | | |
|--|--|--|-------------------------|
| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Total <i>RMB'000</i> |
| Segment revenue | | | |
| External sales | 461,548 | 77,773 | 539,321 |
| Segment profit | <u>41,498</u> | <u>33,177</u> | <u>74,675</u> |
| Other income | | | 60 |
| Other gains and losses | | | 2,944 |
| Change in fair value of derivative component of convertible bonds | | | 93,697 |
| Unallocated corporate expenses | | | (3,458) |
| Finance costs | | | <u>(39,740)</u> |
| Profit before tax | | | <u>128,178</u> |

Segment results represent the profit generated by each segment without allocation of part of other income, other gains and losses, change in fair value on financial assets at fair value through profit or loss, change in fair value of derivative component of convertible bonds, unallocated corporate expenses and part of finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|--------------------------|--|---|
| Property development | 14,568,770 | 15,110,857 |
| Property investment | 10,650,681 | 10,861,777 |
| Total segment assets | 25,219,451 | 25,972,634 |
| Unallocated assets: | | |
| Bank balances and cash | 841 | 1,904 |
| Other unallocated assets | 84,637 | 146,798 |
| Consolidated assets | <u>25,304,929</u> | <u>26,121,336</u> |

Segment liabilities

| | As at 30 June 2023 RMB'000 (Unaudited) | As at 31 December 2022 RMB'000 (Audited) |
|---|--|--|
| Property development | 16,631,393 | 17,573,013 |
| Property investment | <u>2,428,382</u> | <u>2,478,270</u> |
| Total segment liabilities | 19,059,775 | 20,051,283 |
| Unallocated liabilities: | | |
| Debt component of convertible bonds | 442,102 | 404,491 |
| Derivative component of convertible bonds | 467 | 6,179 |
| Promissory note | 545,235 | 519,026 |
| Other unallocated liabilities | <u>74,580</u> | <u>66,017</u> |
| Consolidated liabilities | <u><u>20,122,159</u></u> | <u><u>21,046,996</u></u> |

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than certain bank balances and cash and other unallocated assets not attributable to respective segment.
- all liabilities are allocated to operating segments other than debt component of convertible bonds, derivative component of convertible bonds, promissory note and other unallocated liabilities not attributable to respective segment.

Geographical information

During the six months ended 30 June 2023 and 2022, the Group's major operations and assets are situated in the PRC in which all of its revenue was derived.

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the six months ended 30 June 2023 and 2022.

5. OTHER INCOME

| | Six months ended 30 June | |
|--|---------------------------------------|---------------------------------------|
| | 2023 <i>RMB'000</i> (Unaudited) | 2022 <i>RMB'000</i> (Unaudited) |
| Interest income from financial assets at amortised cost: | | |
| Bank interest income | 1,648 | 1,606 |
| Government grants | 281 | 708 |
| Others | 914 | 1,541 |
| | <u>2,843</u> | <u>3,855</u> |

6. FINANCE COSTS

| | Six months ended 30 June | |
|--|---------------------------------------|---------------------------------------|
| | 2023 <i>RMB'000</i> (Unaudited) | 2022 <i>RMB'000</i> (Unaudited) |
| Interests on bank and other borrowings | 224,555 | 302,619 |
| Effective interests on convertible bonds | 19,325 | 17,216 |
| Effective interests on promissory note | 24,420 | 22,524 |
| Interests on contract liabilities | – | 3,429 |
| Interests on amount due to a related company | 11,750 | 24,435 |
| | <u>280,050</u> | <u>370,223</u> |
| Total borrowing costs | 280,050 | 370,223 |
| Less: amounts capitalised on qualifying assets | (238,551) | (329,958) |
| | <u>41,499</u> | <u>40,265</u> |

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.75% (six months ended 30 June 2022: 7.18%) per annum to expenditure on qualifying assets.

7. PROFIT BEFORE TAX

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2023 RMB'000 (Unaudited) | 2022 RMB'000 (Unaudited) |
| Profit before tax has been arrived at after charging: | | |
| Directors emoluments | 1,453 | 1,815 |
| Other staff costs | | |
| Staff salaries and allowances | 20,647 | 44,161 |
| Retirement benefit contributions | 2,538 | 5,275 |
| | <u>23,185</u> | <u>49,436</u> |
| Cost of inventories recognised as an expense | 1,160,213 | 321,708 |
| Depreciation of property, plant and equipment | 4,641 | 5,737 |
| | <u>1,164,854</u> | <u>327,445</u> |

8. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2023 RMB'000 (Unaudited) | 2022 RMB'000 (Unaudited) |
| Current tax: | | |
| Enterprise Income Tax (“EIT”) in the PRC | 1,153 | 375 |
| Land Appreciation Tax (“LAT”) in the PRC | 32,783 | 6,641 |
| | <u>33,936</u> | <u>7,016</u> |
| Underprovision in prior years: | | |
| EIT in the PRC | — | — |
| Deferred tax | (4,596) | 13,920 |
| | <u>29,340</u> | <u>20,936</u> |

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profit derived for the period. No provision for Hong Kong Profits Tax has been made for the period as the income of the Group neither arises in nor is derived from Hong Kong (six months ended 30 June 2022: Nil).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 June 2022: 25%) for the period.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The following is an ageing analysis of the Group's trade receivables presented based on the date of properties delivered and the date of demand note for rental income were recognised:

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|--------------|---|---|
| 0 – 30 days | 16,345 | 22,418 |
| 31 – 90 days | 25,318 | 3,683 |
| Over 90 days | 24,669 | 20,414 |
| | <u>66,332</u> | <u>46,515</u> |

As at 30 June 2023, other receivables and prepayments mainly included RMB438,414,000 (31 December 2022: RMB394,671,000) of prepaid construction cost and deposits paid for construction work and RMB279,394,000 (31 December 2022: RMB287,877,000) of other tax prepayment mainly represented prepaid value added tax and other taxes (excluding EIT and LAT).

12. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an ageing analysis of trade payables determined based on the invoice date, presented based on the analysis used by the Group's management to monitor the Group's financial position.

| | As at 30 June 2023 <i>RMB'000</i> (Unaudited) | As at 31 December 2022 <i>RMB'000</i> (Audited) |
|----------------|---|---|
| Trade payables | | |
| Unbilled | 208,583 | 229,473 |
| 0 – 30 days | 25,198 | 15,098 |
| 31 – 90 days | 37,516 | 52,360 |
| 91 – 365 days | 59,391 | 96,034 |
| Over 1 year | 179,083 | 368,825 |
| | <u>509,771</u> | <u>761,790</u> |

As at 30 June 2023, other payables and accruals mainly included deposits received from tenants, other tax payables and accrued construction costs of RMB700,433,000 (31 December 2022: RMB739,095,000).

13. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings amounting to RMB424,480,000 (six months ended 30 June 2022: RMB526,500,000) and repaid bank and other borrowings amounting to RMB494,625,000 (six months ended 30 June 2022: RMB1,199,081,000). These bank and other borrowings carry interest at fixed rate ranged from 2.80% to 10.88% (six months ended 30 June 2022: 4.50% to 13.00%) per annum and are repayable in instalments over periods of 1 to 9 years (six months ended 30 June 2022: 1 to 10 years). The proceeds were mainly used to fund the development projects for properties for sale and investment properties.

14. SHARE CAPITAL

| | Number of shares | | Share capital | |
|--|----------------------------------|--------------------------------------|-------------------------------------|---|
| | As at 30 June 2023 '000 | As at 31 December 2022 '000 | As at 30 June 2023 RMB'000 | As at 31 December 2022 RMB'000 |
| Authorised | | | | |
| Ordinary shares of HK\$0.01 each | 200,000,000 | 200,000,000 | 1,979,280 | 1,979,280 |
| Convertible preference shares | 602,000 | 602,000 | 4,902 | 4,902 |
| Issued and fully paid | | | | |
| At the beginning of period/year | 5,088,208 | 5,088,208 | 42,890 | 42,890 |
| At the beginning and the end of period/year | 5,088,208 | 5,088,208 | 42,890 | 42,890 |

15. FINANCIAL GUARANTEE

| | As at 30 June 2023 RMB'000 (Unaudited) | As at 31 December 2022 RMB'000 (Audited) |
|---|--|--|
| Guarantees given in favour of banks for: | | |
| Mortgage facilities granted to customers of the Group's properties (<i>note a</i>) | 4,067,522 | 4,692,238 |
| Guarantees given to banks in connection with loan facilities granted to related companies (<i>note b</i>) | 831,900 | 872,800 |
| Guarantees given to banks in connection with loan facilities granted to third parties (<i>note c</i>) | <u>223,762</u> | <u>233,612</u> |
| | <u><u>5,123,184</u></u> | <u><u>5,798,650</u></u> |

Notes:

- (a) The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by customers of the Group's properties. Pursuant to the terms of the guarantees, if a customer defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. The guarantee period commences from the dates of grant of the relevant mortgage loans and end after the customer obtained the individual property ownership certificate. In the opinion of the directors, no provision for the guarantee contracts is recognised at the end of the reporting period as the fair value of assets pledged is higher than the guaranteed amount.
- (b) In the opinion of the directors of the Company, the initial fair value of the financial guarantees given to banks in connection with loan facilities granted to the related companies which are controlled by Mr. Guo Jiadi, was insignificant as the fair value of assets pledged is higher than the financial guarantees at the date of inception and the end of each reporting period. Also, no provision for the guarantees contracts at the end of the reporting period is recognised as the fair value of assets pledged is higher than the financial guarantee.
- (c) In the opinion of the directors of the Company, the initial fair value of the financial guarantees given to banks in connection with loan facilities granted to third parties was insignificant as the fair value of assets pledged is higher than the financial guarantees at the date of inception and the end of each reporting period. Also, no provision for the guarantees contracts at the end of the reporting period is recognised as the fair value of assets pledged is higher than the financial guarantee.

16. RELATED PARTY DISCLOSURE

- (a) The Group entered into the following transactions with its related parties during the period:

| Name of related parties | Nature of transaction | Six months ended 30 June | |
|--|------------------------|--------------------------------|--------------------------------|
| | | 2023 RMB'000 (Unaudited) | 2022 RMB'000 (Unaudited) |
| Fujian Sandi Real Estate Development Co., Ltd. <i>(note)</i> | Rental income received | 120 | 120 |
| | Interest expense | 11,750 | 24,435 |
| Primary Partner International Limited <i>(note)</i> | | 43,745 | 39,740 |

Note: Mr. Guo Jiadi is a director and beneficial owner of the related company.

- (b) During the current interim period, Mr. Guo Jiadi and Ms. Shen Bizhen, the spouse of Mr. Guo Jiadi, have provided guarantees to banks for the bank and other borrowings of the Group with principal amount of RMB3,122,000,000 (31 December 2022: RMB3,766,450,000).
- (c) Except for the amount due to a related company of RMB215,250,000 (31 December 2022: RMB223,750,000) which is non-trade related, unsecured, interest-bearing ranged from 9% to 12% (31 December 2022: ranged from 9% to 12%) per annum and repayable after 1 to 2 years, all amounts are non-trade related, interest free and repayable on demand. Mr. Guo Jiadi is the beneficial owner of these related companies.
- (d) The amounts are non-trade related, interest free and repayable on demand.
- (e) The Group provided guarantees to banks in connection with loan facilities granted to the related companies controlled by Mr. Guo Jiadi and details of guarantees are set out in note 15.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

- Total revenue for the Reporting Period was approximately RMB1,427.4 million, representing an increase of approximately 164.7% as compared to approximately RMB539.3 million for the Corresponding Period.
- Gross profit for the Reporting Period was approximately RMB320.7 million, representing an increase of approximately 60.4% as compared to approximately RMB199.9 million for the Corresponding Period.
- Profit for the Reporting Period was approximately RMB145.7 million, representing an increase of approximately 35.9% as compared to approximately RMB107.2 million for the Corresponding Period.
- Profit attributable to owners for the Reporting Period was approximately RMB82.2 million, representing a decrease of approximately 31.4% as compared to approximately RMB119.8 million for the Corresponding Period.
- Contracted sales amount of the Group for the Reporting Period amounted to approximately RMB651.6 million, representing a decrease of approximately 49.4% as compared to approximately RMB1,287.6 million for the Corresponding Period.
- Contracted sales gross floor area (“GFA”) was approximately 64,527 square meters (“sq.m.”) for the Reporting Period, representing a decrease of approximately 52.7% as compared to approximately 136,302 sq.m. for the Corresponding Period.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Reporting Period (Corresponding Period: Nil).

BUSINESS REVIEW

The Group is principally engaged in property development, and holding of properties for investment and rental purposes.

Property development

As at 30 June 2023, the Group had 17 property projects under development which are situated in different cities in the People's Republic of China ("PRC"), including key cities such as Shanghai, Fuzhou, Xian, Baoji and Hangzhou. The Group primarily focuses on the development of residential properties, as well as residential and commercial complex properties, product types including apartments, offices, retail shops and villas, etc.

Contracted property sales

During the Reporting Period, the Group achieved contracted sales of approximately RMB651.6 million with contracted GFA of approximately 64,527 sq.m., representing decreases of approximately 49.4% in contracted sales and approximately 52.7% in contracted GFA in comparison with the Corresponding Period. The decrease in contracted sales is mainly influenced by economic downturn after the COVID-19 epidemic in 2022.

The table below illustrates the contracted sales (stated before the deduction of applicable taxes) achieved by the Group for the Reporting Period:

Property sales

| Property projects | Type | Contracted sales amount <i>RMB'000</i> | Contracted sales area (sq.m.) | Average price of contracted sales (RMB/sq.m.) <i>RMB'000</i> | Percentage of total contracted sales amount | Group interest % |
|--------------------------|----------------------------|---|----------------------------------|--|---|------------------|
| Shanghai | | | | | | |
| Sandi Manhattan | Commercial | 126,676 | 3,647 | 31,435 | 19.5 | 100 |
| Zhejiang Province | | | | | | |
| Sandi Yasong Meizhu | Residential | 103,780 | 6,829 | 14,541 | 15.9 | 100 |
| Shaanxi Province | | | | | | |
| Sandi Bahe Yihao | Residential | 75,898 | 3,812 | 19,910 | 11.6 | 70 |
| Sandi Century New City | Residential/ Commercial | 46,659 | 3,677 | 10,700 | 7.2 | 100 |
| Sandi Jinyu Bowan | Residential/ Commercial | 53,169 | 11,516 | 4,617 | 8.2 | 51 |

| Property projects | Type | Contracted sales amount <i>RMB'000</i> | Contracted sales area (sq.m.) | Average price of contracted sales (RMB/sq.m.) <i>RMB'000</i> | Percentage of total contracted sales amount | Group interest % |
|---------------------------|----------------------------|---|----------------------------------|--|---|------------------|
| Fujian Province | | | | | | |
| Sandi Yunqitai | Residential | 78,317 | 8,479 | 9,237 | 12.0 | 51 |
| Sandi Jinyu Yunyue | Residential | 46,330 | 4,360 | 10,626 | 7.1 | 100 |
| Others | Residential/ Commercial | <u>120,731</u> | <u>22,207</u> | 5,001 | <u>18.5</u> | |
| Total | | <u><u>651,560</u></u> | <u><u>64,527</u></u> | 9,578 | <u><u>100</u></u> | |
| Attributable to the Group | | <u><u>560,527</u></u> | <u><u>52,912</u></u> | | | |

Notes:

- (i) Contracted sales and the calculation of average selling price are based on the sales revenue before the deduction of business/value-added tax and other surcharges/taxes.
- (ii) Contracted sales and GFA attributable to the car parking spaces are excluded in the contracted GFA and average selling price calculation.

Property under development

The table below summaries the major property development projects of the Group as at 30 June 2023:

| Property projects | Expected completion dates | Site area sq.m. | Completed | | | Planned GFA for future development sq.m. | Group's interest % |
|--|---------------------------|-----------------|---------------------------------------|------------------------------|-----------------------------|--|--------------------|
| | | | Saleable GFA delivered/pre-sold sq.m. | GFA available for sale sq.m. | GFA under development sq.m. | | |
| Shaanxi Province | | | | | | | |
| Sandi Century New City | 2023 | 169,923 | 1,103,231 | 72,688 | 62,659 | – | 100 |
| Sandi Jinyu Gaoxin | 2023 | 65,157 | 94,563 | 2,285 | 105,114 | – | 100 |
| Qujiang Xiangsong Fengdan • Xian Sandi | 2022 | 124,304 | 332,779 | 75,848 | – | – | 100 |
| Sandi Yunding Fengdan | 2024 | 52,870 | 42,848 | – | 87,832 | – | 100 |
| Sandi Bahe Yihao | 2024 | 77,018 | – | – | 235,433 | – | 70 |
| Sandi Jinyu Bowan | 2023 | 59,789 | – | – | 99,573 | – | 51 |
| Sandi Jinyunfu | 2023 | 40,592 | – | – | 77,331 | – | 51 |
| Fujian Province | | | | | | | |
| Sandi Jiangshan Waterfront | 2023 | 310,176 | 10,525 | – | 215,010 | 40,086 | 100 |
| Sandi Xishanyuan | 2024 | 177,010 | – | – | 96,449 | – | 100 |
| Sandi Yungu Fengdan | 2022 | 57,813 | – | – | – | – | 51 |
| Sandi Fengdan Yazhu | 2023 | 58,169 | 6,836 | 62,316 | 67,664 | – | 100 |
| Sandi Yasong Fengdan Garden | 2023 | 38,539 | – | – | 39,825 | – | 100 |
| Sandi Yunqitai | 2023 | 60,928 | – | – | 96,879 | – | 51 |
| Sandi Jinyu Yunjing | 2023 | 29,332 | – | – | 67,193 | – | 100 |
| Sandi Jinyu Yunyue | 2023 | 17,386 | – | – | 15,383 | – | 100 |
| Zhejiang Province | | | | | | | |
| Sandi Fengdan Yaju | 2023 | 27,491 | – | – | 54,769 | – | 100 |

| Property projects | Expected completion dates | Site area sq.m. | Completed | | | Planned GFA for future development sq.m. | Group's interest % |
|---------------------------|---------------------------|------------------|---------------------------------------|------------------------------|-----------------------------|--|--------------------|
| | | | Saleable GFA delivered/pre-sold sq.m. | GFA available for sale sq.m. | GFA under development sq.m. | | |
| Sandi Yasong Meizhu | 2024 | 37,252 | – | – | 66,090 | – | 100 |
| Shanghai | | | | | | | |
| Sandi Manhattan | 2024 | <u>104,251</u> | <u>155,128</u> | <u>58,309</u> | <u>120,280</u> | <u>–</u> | 100 |
| Total | | <u>1,508,000</u> | <u>1,745,910</u> | <u>271,446</u> | <u>1,507,484</u> | <u>40,086</u> | |
| Attributable to the Group | | <u>1,377,525</u> | <u>1,745,910</u> | <u>271,446</u> | <u>1,302,701</u> | <u>40,086</u> | |

Notes:

- (i) The table above includes properties for which the Group has obtained the relevant land use rights certificate(s) but has not obtained the requisite construction permits or the Group has received the confirmation letter(s) on bidding of granting land use rights but in progress to obtain the land use right certificate(s). The figures for “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificates. The categories of information are based on our internal records.
- (ii) The figures of “Saleable GFA pre-sold” and “GFA available for sale” include saleable GFA of car parking spaces; the figures of “GFA under development” and “Planned GFA for future development” also include non– saleable GFA such as ancillary area.
- (iii) “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are derived from the Group’s internal records and estimates.

The following section provides further details of the major ongoing projects of the Group.

Shaanxi Province

Sandi Bahe No.1

Sandi Bahe No.1 (“Bahe No.1”) project is located in Baqiao District, Xi’an, north of Xiangyun Road and east of Ba Liu Yi Road. The project is adjacent to the Ba River Ecological Wetland Park, occupies the rare river view resources of the Bahe River, and has an excellent ecological environment in Xi’an.

Bahe No.1 is comparable to New York’s ONE and London’s One Hyde Park, and is a top-level project built by China Sandi in accordance with the concept of “international vision and quality home building”. The project occupies an area of about 19 acres, with a total GFA of 243,363 sq.m., a floor area ratio of 2.21, and a green area ratio of 35%. The project makes full use of the landscape of the Bahe River to create a high-end improvement quality development in the Bahe River New Area. The project plans five high-rise buildings (24-25 floors), five small high-rise buildings (15-16 floors) and eight multi-storey buildings (5-9 floors) along the Ba River, covering a full range of dwelling choices such as pied-à-terre, houses, and large bungalows, making the project the only high-end quality architectural complex with a full range of dwelling choices along the Ba River. Pre-sale of the project commenced in 2022. During the period from the sales commencement date to 30 June 2023, contracted sales amounted to approximately RMB390 million.

Zhejiang Province

Sandi Yasong Meizhu

Sandi Fengdan Yaju (“Fengdan Yaju”) is located in Qiantang New District, Hangzhou City, Zhejiang Province. Qiantang New District is one of the rapidly developing areas in Hangzhou City, which is a “Pudong New Area” of Hangzhou planned by the government.

Fengdan Yaju is approximately 12 away kilometers away from Hangzhou Xiaoshan Airport, with two metro lines under construction and a high-speed railway station in the planning stage nearby. In addition, there are national wetland park, commercial areas, school and hospital in the vicinity of Yasong Meizhu.

Yasong Meizhu is a privileged quality project of the Group, and is planned to be developed into 11 high-rise apartment buildings. The contracted sales amount of approximately RMB582.2 million were recorded during the period from the pre-sales date up to 30 June 2023.

Shanghai

Sandi Manhattan

Shanghai Sandi Manhattan project (“Sandi Manhattan”) is a major project of the Group in Shanghai. It is situated in the prime location of Shanghai Songjiang District, Songjiang New Town International Ecology Business District with a site area of approximately 104,251 sq.m.. Sandi Manhattan is a mixed-use development complex, including offices, shopping malls and hotels. Hyatt Regency Shanghai Songjiang (“Hyatt Regency”) and Shanghai Sandi Xintiandi (“Sandi Xintiandi”), the projects of Sandi Manhattan, opened in July and December 2021, respectively.

Hyatt Regency, an international 5-star hotel, belongs to one of the major investment properties of the Group in Sandi Manhattan. Hyatt Regency is located at the core area of Songjiang New Town International Ecology Business District and provides privileged services to guests. It provides multi-functional spaces of approximately 1,900 sq.m. and 256 guestrooms, including 18 suites, with floor-to-ceiling views of Wulong Lake, gardens or Ecology Business District skyline.

Sandi Xintiandi is also located at the core area of Songjiang New Town International Ecology Business District. It is the first ecology semi-open commercial complex project, with approximately 170,000 sq.m. GFA. The contracted sales amount of approximately RMB1,948.8 million were recorded during the period from the pre-sales date up to 30 June 2023.

Land bank replenishment

The Group’s strategy is to maintain a land bank portfolio sufficient to support the Group’s own development pipeline for the next few years. As at 30 June 2023, the Group had quality land bank amounting to a total GFA of approximately 1,857,000 sq.m., of which approximately 1,643,000 sq.m. were attributable to the owners of the Company.

The table below summaries the land bank by location as at 30 June 2023:

Land bank

| Location | Total GFA (‘000 sq.m.) | Attributable GFA (‘000 sq.m.) |
|-------------------|--------------------------------------|---|
| Shannxi Province | 832 | 674 |
| Fujian Province | 725 | 669 |
| Shanghai | 179 | 179 |
| Zhejiang Province | 121 | 121 |
| | <hr/> | <hr/> |
| Total | <u>1,857</u> | <u>1,643</u> |

Property investment

During the Reporting Period, the Group recognised rental income and property management and related fee income of approximately RMB74.7 million (Corresponding Period: approximately RMB77.8 million), which is mainly generated by two furniture malls situated in Fuzhou and Baoji. The Group’s investment properties also included hotels, kindergartens, commercial and office premises, all of which were located in the PRC and provided a stable income stream to the Group.

Set out below are the major investment properties held by the Group as at 30 June 2023:

| Location | Existing/ Intended use(s) | Approximate GFA <i>sq.m.</i> | Group’s interest % |
|-----------------|--------------------------------------|--|----------------------------------|
|-----------------|--------------------------------------|--|----------------------------------|

Completed investment properties

Fujian Province

| | | | |
|--|------------------|---------|------|
| Sandi Furniture Plaza, No. 173 Gongye Road, Yizhou Street, Taijiang District, Fuzhou City | Shopping Mall | 113,252 | 100% |
| Fuzhou Sandi Chuangfu Square Zone B, Fuxia Road, Cangshan District, Fuzhou City | Commercial/Hotel | 48,713 | 100% |
| Various blocks, Sandi Kaixuan Fengdan, No. 202 Minjiang Avenue, Cangshan District, Fuzhou City | Commercial/Hotel | 13,477 | 100% |

| Location | Existing/ Intended use(s) | Approximate GFA sq.m. | Group's interest % |
|--|--------------------------------------|--------------------------------------|-----------------------------------|
| Shaanxi Province | | | |
| Red Star Macalline, Block 196, No. 8 Bao Guo Road, Jin Tai District, Baoji City | Shopping Mall | 63,643 | 100% |
| Sandi Plaza, Block 186, No. 8 Bao Guo Road, Jin Tai District, Baoji City | Shopping Mall | 63,125 | 100% |
| Ramada Hotel Block No. 184, No. 8 Bao Guo Road, Jintai District, Baoji City | Hotel | 15,181 | 100% |
| Pesht Boutique, Block No. 25, No. 8 Bao Guo Road, Jintai District, Baoji City | Hotel | 12,248 | 100% |
| Jinjiang Inn, Block No. 18, No. 8 Bao Guo Road, Jintai District, Baoji City | Hotel | 7,094 | 100% |
| Shanghai | | | |
| Lot N5, No. 11 Zhongshan Street Neighbourhood, Songjiang District | Commercial/Hotel | 61,434 | 100% |
| Lot N11, No. 11 Zhongshan Street Neighbourhood, Songjiang District | Commercial | 26,071 | 100% |
| Investment properties under construction | | | |
| Fujian Province | | | |
| Tang Kou, Xi Nan Village, Ge Ling Town, Yongtai County, Fuzhou City | Hotel | 89,187 | 100% |
| Shanghai | | | |
| Lot N6, No. 11 Zhongshan Street Neighbourhood, Songjiang District | Commercial/Hotel | 117,629 | 100% |
| Zhejiang Province | | | |
| Northwest of Weiliu Road and Jingwu Road, Qiantang New District, Hangzhou City | Residential | 16,356 | 100% |
| Northeast of Jingsi Road and Changfeng Road, Qiantang New District, Hangzhou City | Residential | 8,337 | 100% |

OUTLOOK

Since the beginning of this year, the overall growth of the global economy has been weak, the international environment is complex and challenging, and China's economy, although steadily recovering, still faces significant pressures. In the first half of 2023, the saleable area of commercial real estate in China was 595.15 million sq.m., a year-on-year decrease of 5.3%, of which the saleable area of residential properties decreased by 2.8%. As a pillar industry of the national economy, the real estate market experienced a significant cooling down in the second quarter of the year, increasing the pressure of market adjustment.

In the second half of 2023, the real estate policy will continue to maintain a relatively favourable stance. On 24 July 2023, the Central Political Bureau meeting clearly pointed out that, "Adapting to the significant changes in the supply and demand dynamics of our country's real estate market, and timely adjusting and optimizing real estate policies" is the fundamental approach for supporting policies. The core strategy is to continue improving housing sales and stimulating residential demand, and simultaneously, on the basis of the current conditions, enhancing the ability of high-quality real estate enterprises to acquire land and expand, and strengthening investments in new construction and project completion. Looking ahead, under the policy background of "housing without speculation" and "city-specific policies", localities will further explore policies conducive to the stabilisation of the real estate market in order to gradually achieve the goal of stabilising the real estate market. The Group will keep abreast of the policy changes, grasp the changes in the market cycle in a timely manner and adjust its marketing strategies to promote sales returns. The Group will also adopt city-specific policies, seize opportunities, make scientific decisions and enhance product and service capabilities to achieve steady development.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The Group's revenue is primarily derived from property sales, which contributed approximately 94.8% of the revenue for the Reporting Period. The table below sets forth the breakdown of the Group's revenue by operating segment as indicated:

| | For the six months ended 30 June 2023 | | For the six months ended 30 June 2022 | |
|---------------------|--|--------------|--|--------------|
| | <i>RMB'000</i> | % | <i>RMB'000</i> | % |
| Property sales | 1,352,740 | 94.8 | 461,548 | 85.6 |
| Property investment | 74,685 | 5.2 | 77,773 | 14.4 |
| | <u>1,427,425</u> | <u>100.0</u> | <u>539,321</u> | <u>100.0</u> |

Revenue from property sales

The Group's revenue from property sales increased to approximately RMB1,352.7 million for the Reporting Period (Corresponding Period: approximately RMB461.5 million).

The table below summarises the revenue from property sales for the Reporting Period:

| Property projects | Type | 30/6/2023 | 30/6/2023 | 30/6/2023 | Percentage of total amount |
|-------------------------|----------------------------|--------------------------|------------------|-------------------------------------|----------------------------|
| | | Sales revenue RMB'000 | GFA sold sq.m | Average price per sq.m. RMB/sq.m | |
| Fujian Province | | | | | |
| Sandi Yunqitai | Residential/ Commercial | 1,084,625 | 112,729 | 9,621 | 80.2 |
| Shanghai | | | | | |
| Sandi Manhattan | Commercial | 138,426 | 4,415 | 31,357 | 10.2 |
| Shaanxi Province | | | | | |
| Sandi Century New City | Residential/ Commercial | 128,545 | 18,747 | 6,832 | 9.5 |
| Others | Residential/ Commercial | 1,144 | — | — | 0.1 |
| Total | | <u>1,352,740</u> | <u>135,891</u> | <u>9,799</u> | <u>100.0</u> |

Notes:

- i. Sales revenue amount and the calculation of average selling price are based on the sales revenue after the deduction of business/value-added tax and other surcharges/taxes.
- ii. GFA and sales revenue attributable to the car parking spaces are excluded in the GFA sold and the average selling price calculation.

Revenue from property investment

Revenue from property investment including rental income and property management and related fee income amounted to approximately RMB74.7 million for the Reporting Period (Corresponding Period: approximately RMB77.8 million), which was derived from the Group's investment properties situated in the PRC, including shopping malls, commercial buildings and kindergartens.

Cost of properties sales

The Group's cost of properties sales increased to approximately RMB1,105.3 million for the Reporting Period (Corresponding Period: approximately RMB321.7 million). The increase was primarily attributable to the increase in the total GFA of properties.

Change in fair value on investment properties

For the Reporting Period, the Group recognised a net fair value loss of approximately RMB44.7 million on its investment properties (Corresponding Period: net fair value gain of approximately RMB40.7 million). The decrease was mainly due to the decline in demand for commercial property as a result of the unfavourable macro market environment.

Change in fair value of derivative components of convertible bonds

During the Reporting Period, the Group recognised a fair value gain of approximately RMB5.7 million (Corresponding Period: fair value gain of approximately RMB93.7 million) on the derivative components of the convertible bonds. These convertible bonds, with principal amount of HK\$500 million, were issued to Primary Partner International Limited ("Primary Partner"), a wholly-owned company of Mr. Guo Jiadi ("Mr. Guo"), on 30 January 2019 as the consideration for acquisition of All Excel Industries Limited. The derivative components of the convertible bonds represented the conversion option into shares (the "Shares") of the Company and an early redemption option before their maturity date on 30 January 2024. They are classified as derivative financial instrument and measured at fair value with changes in fair value recognised in profit or loss.

Other gains and losses

Other gains and losses for the Reporting Period mainly represented net exchange losses of approximately RMB2.3 million (Corresponding Period: net exchange gains of approximately RMB2.9 million).

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately RMB24.9 million from approximately RMB59.9 million for the Corresponding Period to approximately RMB35.0 million for the Reporting Period. The decrease was mainly due to the decrease in contracted sales during the Reporting Period.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB50.5 million from approximately RMB81.3 million for the Corresponding Period to approximately RMB30.8 million for the Reporting Period. The decrease was primarily attributable to the overall decrease in staff cost.

Finance costs

Finance costs consist of interest expenses on bank and other borrowings, convertible bonds, promissory note, contract liabilities and lease liabilities. The finance costs amounted to approximately RMB41.5 million for the Reporting Period. (Corresponding Period: approximately RMB40.3 million). The increase in finance cost was attributable to the increase of the interest expense of the convertible bonds.

Income tax expense

Income tax expense mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately RMB29.3 million for the Reporting Period (Corresponding Period: approximately RMB20.9 million). The substantial increase was mainly attributable to the recognised revenue increased during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group had bank and other borrowings of approximately RMB6,648.1 million denominated in Renminbi ("RMB") (31 December 2022: approximately RMB6,720 million denominated in RMB) and other debts comprising convertible bonds, promissory note and amount due to a related company totaling approximately RMB987.8 million denominated in Hong Kong Dollar ("HK\$") and RMB (31 December 2022: approximately RMB1,153.4 million denominated in HK\$ and RMB). As at 30 June 2023 and 31 December 2022, all bank and other borrowings were secured at fixed interest rates. The bank and other borrowings with maturities within one year and those maturing after one year amounted to approximately RMB2,416.7 million and RMB4,231.4 million respectively (31 December 2022: approximately RMB1,933.7 million and RMB4,786.3 million respectively). Further details of the bank and other borrowings are set out in note 13 to the condensed consolidated financial statements in this announcement.

As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB359.8 million (31 December 2022: approximately RMB310.9 million) which were mainly denominated in HK\$ and RMB.

As at 30 June 2023, the gearing ratio for the Group was approximately 154.3% (31 December 2022: approximately 149%), calculated based on the net debts (comprising bank and other borrowings and other debts comprising convertible bonds, promissory note and amount due to a related company less cash and cash equivalent) of approximately RMB7,995.8 million (31 December 2022: approximately RMB7,562.5 million) over the total equity of approximately RMB5,182.8 million (31 December 2022: approximately RMB5,074.3 million). The debt ratio was approximately 79.5% (31 December 2022: approximately 80.6%), calculated as total liabilities over total assets of the Group.

The Group's current available liquidity resources are sufficient to meet its capital commitments. As at 30 June 2023, the Group's net current assets amounted to approximately RMB623.7 million (31 December 2022: approximately RMB1,542.4 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to approximately 104.5% (31 December 2022: approximately 111.2%).

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders of the Company (the "Shareholders"), issue new shares or sell assets to reduce debt.

CAPITAL STRUCTURE

The capital structure of the Group and fund raising activities during the Reporting Period are summarised as follows:

(i) Bank and other borrowings

As at 30 June 2023, the Group had bank and other borrowings of approximately RMB6,648.1 million (31 December 2022: approximately RMB6,720 million), of which approximately RMB2,416.7 million are repayable within one year and approximately RMB4,231.4 million are repayable beyond one year. The Group's bank and other borrowings bears interest rates ranging from approximately 2.8% to 10.88% per annum. All the bank and other borrowings were denominated in RMB.

(ii) Promissory note

As at 30 June 2023 and 31 December 2022, the Company had a 5-year promissory note (the “Promissory Note”) with principal of HK\$600 million issued to Mr. Guo, an executive Director, with interest of 3% per annum for the first and second years after the date of issuance, 4.5% per annum for the third and fourth years after the date of issuance and 6% per annum for the fifth year after the date of issuance, with interest payable annually in arrears and the principal will be repaid when the Promissory Note falls due on 30 January 2024. The Promissory Note is denominated in HK\$. There was no early redemption of the Promissory Note requested by the Company or Mr. Guo during the Reporting Period.

(iii) Convertible bonds

As at 30 June 2023 and 31 December 2022, the Company had a 5-year convertible bonds (the “CB”) with principal amount to HK\$500 million to Primary Partner, which is wholly-owned by Mr. Guo, an executive Director, with interest of 1% per annum payable annually in arrears and carrying a conversion price of HK\$0.412 per conversion Shares, with a conversion rights to convert into a maximum of 1,213,592,233 Shares. The principal will be repaid when the CBs fall due on 30 January 2024 if no conversion happened on or before 30 January 2024. The CBs are denominated in HK\$. There was no early redemption of the CBs requested by the Company or Mr. Guo during the Reporting Period.

(iv) Amount due to a related company

As at 30 June 2023 and 31 December 2022, Nanping Sandi Yungu Real Estate Development Co., Limited (“Nanping Sandi Yungu”), an indirect non-wholly-owned subsidiary of the Company, had a 3-year borrowing with principal amount of RMB233.75 million, from Fujian Sandi Real Estate Development Co., Limited (“Fujian Sandi”), which is ultimately controlled by Mr. Guo. Interest is payable quarterly with interest rate of 12% per annum.

As at 30 June 2023 and 31 December 2022, Nanping Sandi Yungu also had a 2-year borrowing with principal amount of RMB82.0 million and RMB96.0 million, respectively, from Fujian Sandi. Interest is payable quarterly with interest of 9% and 11% per annum, respectively.

As at 30 June 2023 and 31 December 2022, Wuyishan Gaojia Real Estate Development Co., Limited, an indirect wholly-owned subsidiary of the Company, had a 2-year borrowing with principal amount of RMB32.0 million, from Fujian Sandi. Interest is payable monthly with interest of 9% per annum and the principal will be required to be fully repaid when the borrowing falls due on 13 January 2024.

There is no early repayment of the borrowings requested by Fujian Sandi during the Reporting Period.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Except for investment in subsidiaries, there were no significant investments held by the Group as at 30 June 2023.

Save as disclosed in this announcement, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this announcement.

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2023, the Group had certain investment properties, land use rights, properties under development, certain inventories of properties and certain property, plant and equipment of an aggregate carrying value of approximately RMB17,170.4 million (31 December 2022: approximately RMB17,756.8 million) which had been pledged to secure the Group's bank borrowings. Besides, shares of certain subsidiaries of the Group were pledged to secure loans facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had entered into agreements with certain banks to provide guarantees in respect of mortgage facilities granted to purchasers of the Group's properties. As at 30 June 2023, the Group provided guarantees for mortgage loans in an amount of approximately RMB4,067.5 million (31 December 2022: approximately RMB4,692.2 million) to banks in respect of such agreements. Certain subsidiaries of the Group have provided corporate guarantees of approximately RMB831.9 million (31 December 2022: approximately RMB872.8 million) to certain financial institutions in respect of loan facilities granted to certain companies that were indirectly wholly-owned or controlled by Mr. Guo. In addition, certain subsidiaries of the Group had also provided corporate guarantees amounting to approximately RMB223.8 million (31 December 2022: approximately RMB233.6 million) to certain financial institutions in respect of loan facilities granted to certain independent third parties during the Reporting Period.

COMMITMENTS

As at 30 June 2023, the Group had commitments in respect of investment properties, properties under development, properties for sales and land use rights totaling approximately RMB913.0 million (31 December 2022: approximately RMB987.1 million).

FOREIGN EXCHANGE EXPOSURE

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and HK\$, respectively. The functional currency of the Company and its subsidiaries which operate in Hong Kong as investment holdings companies is HK\$. The functional currency of its principal operating subsidiaries in the PRC is RMB. As at 30 June 2023, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate. As at 30 June 2023, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

EMPLOYEES

As at 30 June 2023, the Group employed a total of 312 employees (31 December 2022: 417 employees) of which 310 employees (31 December 2022: 415 employees) were hired in the PRC and 2 employees (31 December 2022: 2 employees) were hired in Hong Kong. Total remuneration paid to the employees for the Reporting Period amounted to approximately RMB23.2 million (Corresponding Period: approximately RMB49.4 million). In addition to competitive remuneration package offered to the employees, the Group also provided other benefits including contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability so as to safeguard the interests of the Shareholders.

The Board is committed to comply with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Part 2 – Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of Appendix 14 to the Listing Rules to the extent that the Directors consider it to be practical and applicable to the Company. During the Reporting Period and up to the date of this announcement, the Company has complied with the CG Code except for the following deviation:

Code Provision C.2.1

The roles of the chairman and the chief executive officer should be segregated and not be exercised by the same individual. The chairman is responsible for the corporate strategic planning and formulation of corporate policies for the Group, while the chief executive officer is responsible for overseeing day-to-day management of the Group's business.

Mr. Guo currently serves as the chairman of the Board (the "Chairman").

Up to date of this announcement, no individual was appointed as the chief executive officer of the Company (the "CEO"). The day-to-day management of the Group's business is monitored by the executive Directors and senior management. Given the size of the Group, the current business operations and administration have been stable, the Board is of the view that the current management structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time and separate the roles of the Chairman and the CEO when necessary.

The Company has applied the principles of the CG Code to its corporate governance structure and practices as described in this announcement. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code. The Board will continue to monitor and review the Company's corporate governance practices in order to ensure that such practices may meet the general rules and standards as required by the Listing Rules. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for benefit of the Group and the Shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 code of conduct in respect of the securities dealing by the Directors. The Company has made specific enquiry to all Directors in respect of the securities dealing by the Directors and all Directors confirmed that they have complied with the Model Code during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinasandi.com.cn). The interim report of the Company (the "Interim Report") will be despatched to the Shareholders and published on the aforesaid websites in due course.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENT

The Company has established the Audit Committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The Audit Committee which comprised Mr. Chan Yee Ping, Michael, Ms. Wong Wai Man and Mr. Lam Wai Fung, Dominic being independent non-executive Directors, has reviewed the accompanying financial statements prior to their publication.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements, this announcement and the Interim Report, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

By order of the Board
China Sandi Holdings Limited
Guo Jiadi
Chairman

Hong Kong, 30 August, 2023

As at the date of this announcement, members of the Board comprise Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; and Mr. Chan Yee Ping, Michael, Mr. Lam Wai Fung, Dominic and Ms. Wong Wai Man, being the independent non-executive Directors.