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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 2024**

The board (the “Board”) of directors (the “Directors”) of China Sandi Holdings Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2023 (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 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue			
Goods and services	3	148,551	1,362,291
Rental of investment properties	3	44,394	65,134
		<u>192,945</u>	<u>1,427,425</u>
Total revenue			
Cost of sales and services		(113,357)	(1,106,741)
		<u>79,588</u>	<u>320,684</u>
Gross profit			
Other income	5	486	2,843
Other gains and losses		(1,220)	(2,331)
Change in fair value of investment properties		(148,006)	(44,668)
Impairment of properties under development		(219,685)	—
Change in fair value of derivative component of convertible bonds		10,117	5,736
Selling and marketing expenses		(13,607)	(34,983)
Administrative expenses		(29,328)	(30,776)
Finance costs	6	(49,359)	(41,499)
		<u>(371,014)</u>	<u>175,006</u>
(Loss)/profit before tax	7		
Income tax credit/(expense)	8	79,976	(29,340)
		<u>(291,038)</u>	<u>145,666</u>
<b>(Loss)/profit for the period</b>			
		<u>(291,038)</u>	<u>145,666</u>
<b>Other comprehensive loss:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(26,352)	(37,237)
		<u>(26,352)</u>	<u>(37,237)</u>
Total comprehensive (loss)/income for the period		<u>(317,390)</u>	<u>108,429</u>

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(Loss)/profit for the period attributable to:</b>			
– Owners of the Company		<b>(289,500)</b>	82,197
– Non-controlling interests		<b>(1,538)</b>	63,469
		<u><b>(291,038)</b></u>	<u>145,666</u>
<b>Total comprehensive (loss)/income attributable to:</b>			
– Owners of the Company		<b>(315,852)</b>	44,960
– Non-controlling interests		<b>(1,538)</b>	63,469
		<u><b>(317,390)</b></u>	<u>108,429</u>
<b>(LOSS)/EARNINGS PER SHARE</b>			
Basic ( <i>RMB cents</i> )	<i>10</i>	<u><b>(5.69)</b></u>	<u>1.62</u>
Diluted ( <i>RMB cents</i> )	<i>10</i>	<u><b>(5.69)</b></u>	<u>1.62</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	<i>Notes</i>	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		44,669	48,452
Investment properties		10,087,430	10,233,800
Deferred tax assets		211,436	156,514
		<b>10,343,535</b>	10,438,766
<b>Current assets</b>			
Inventories of properties		11,021,432	11,049,745
Contract costs		67,959	64,228
Trade and other receivables and prepayments	11	1,106,299	959,406
Deposits for land use rights for properties under development for sale		53,270	53,270
Prepaid income tax		126,107	128,122
Amounts due from related companies	16(c)	89,725	78,262
Amounts due from non-controlling shareholders of subsidiaries	16(d)	236,361	236,461
Restricted bank deposits		229,600	250,704
Bank balances and cash		38,000	148,063
		<b>12,968,753</b>	12,968,261
<b>Current liabilities</b>			
Trade and other payables and accruals	12	3,528,678	3,470,643
Debt component of convertible bonds		–	451,435
Promissory note		–	546,062
Contract liabilities		6,453,953	6,253,719
Income tax payable		586,565	586,556
Amounts due to related companies	16(c)	25,709	24,542
Amount due to a director	16(d)	99,626	99,626
Bank and other borrowings due within one year	13	5,754,374	2,802,910
		<b>16,448,905</b>	14,235,493
<b>Net current assets</b>		<b>(3,480,152)</b>	(1,267,232)
<b>Total assets less current liabilities</b>		<b>6,863,383</b>	9,171,534

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Capital and reserves</b>			
Share capital	14	42,890	42,890
Reserves		<u>4,118,132</u>	<u>4,349,407</u>
Equity attributable to owners of the Company		4,161,022	4,392,297
Non-controlling interests		<u>215,537</u>	<u>217,075</u>
<b>Total equity</b>		<u>4,376,559</u>	<u>4,609,372</u>
<b>Non-current liabilities</b>			
Debt component of convertible bonds		208,623	—
Derivative component of convertible bonds		65,772	—
Promissory note		664,261	—
Deferred tax liabilities		1,291,622	1,317,253
Bank and other borrowings due after one year	13	<u>256,546</u>	<u>3,244,909</u>
		<u>2,486,824</u>	<u>4,562,162</u>
		<u>6,863,383</u>	<u>9,171,534</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 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 Office Unit E, 9/F, Golden Sun Centre, 59-67 Bonham Strand West, Sheung Wan, 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 D2 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 2023 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 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

## 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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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 2024 (unaudited)		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>			
Sales of properties	144,315	–	144,315
Property management and related fee income	–	4,236	4,236
	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	144,315	4,236	148,551
Rental income	–	44,394	44,394
	<hr/>	<hr/>	<hr/>
	<b>144,315</b>	<b>48,630</b>	<b>192,945</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Geographical market</b>			
Mainland China	144,315	48,630	192,945
	<hr/>	<hr/>	<hr/>
<b>Timing of revenue recognition</b>			
At point in time	144,315	–	144,315
Over time	–	4,236	4,236
	<hr/>	<hr/>	<hr/>
	<b>144,315</b>	<b>4,236</b>	<b>148,551</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2024 (unaudited)		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue disclosed in segment information</b>			
External customer	144,315	48,630	192,945
<i>Less: rental income</i>	—	(44,394)	(44,394)
Revenue from contracts with customers	<u>144,315</u>	<u>4,236</u>	<u>148,551</u>
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>
<b>Types of goods or service</b>			
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>
<b>Geographical market</b>			
Mainland China	1,352,740	74,685	1,427,425
<b>Timing of revenue recognition</b>			
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>
<b>Revenue disclosed in segment information</b>			
External customer	1,352,740	74,685	1,427,425
<i>Less: rental income</i>	<u>—</u>	<u>(65,134)</u>	<u>(65,134)</u>
Revenue from contracts with customers	<u>1,352,740</u>	<u>9,551</u>	<u>1,362,291</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 2024 (unaudited)		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
External sales	<u>144,315</u>	<u>48,630</u>	<u>192,945</u>
<b>Segment loss</b>	<u>(211,875)</u>	<u>(130,793)</u>	<u>(342,668)</u>
Unallocated other income			53
Unallocated other gains and losses			(1,244)
Unallocated change in fair value of derivative component of convertible bonds			10,117
Unallocated corporate expenses			(1,650)
Unallocated finance costs			<u>(35,622)</u>
Loss before tax			<u>(371,014)</u>

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>
<b>Segment revenue</b>			
External sales	1,352,740	74,685	1,427,425
<b>Segment profit/(loss)</b>	<u>231,781</u>	<u>(13,860)</u>	<u>217,921</u>
Unallocated other income			1
Unallocated other gains and losses			(2,327)
Unallocated change in fair value of derivative component of convertible bonds			5,736
Unallocated corporate expenses			(2,661)
Unallocated finance costs			<u>(43,664)</u>
Loss before tax			<u>175,006</u>

Segment results represent the profit or loss 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

	<b>As at 30 June 2024 <i>RMB'000</i> (Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> (Audited)
Property development	<b>13,016,355</b>	12,966,428
Property investment	<u><b>10,168,851</b></u>	<u>10,317,025</u>
Total segment assets	<b>23,185,206</b>	23,283,453
Unallocated assets:		
Bank balances and cash	<b>913</b>	712
Other unallocated assets	<u><b>126,169</b></u>	<u>122,862</u>
Consolidated assets	<u><b>23,312,288</b></u>	<u>23,407,027</u>

## Segment liabilities

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Property development	15,510,285	15,475,704
Property investment	<u>2,393,184</u>	<u>2,257,650</u>
Total segment liabilities	17,903,469	17,733,354
Unallocated liabilities:		
Debt component of convertible bonds	208,623	451,435
Derivative component of convertible bonds	65,772	—
Promissory note	664,261	546,062
Amount due to a related company	6,223	2,656
Other unallocated liabilities	<u>87,381</u>	<u>64,148</u>
Consolidated liabilities	<u><u>18,935,729</u></u>	<u><u>18,797,655</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 2024 and 2023, 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 2024 and 2023.

## 5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income from financial assets at amortised cost:		
Bank interest income	327	1,648
Government grants	20	281
Others	139	914
	<u>486</u>	<u>2,843</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interests on bank and other borrowings	236,178	224,555
Effective interests on convertible bonds	11,226	19,325
Effective interests on promissory note	24,398	24,420
Interests on amount due to a related company	11,641	11,750
	<u>283,443</u>	<u>280,050</u>
Total borrowing costs		
	283,443	280,050
Less: amounts capitalised on qualifying assets	(234,084)	(238,551)
	<u>49,359</u>	<u>41,499</u>

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.63% (six months ended 30 June 2023: 6.75%) per annum to expenditure on qualifying assets.

## 7. (LOSS)/PROFIT BEFORE TAX

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss)/profit before tax has been arrived at after charging:		
Directors' emoluments	<b>306</b>	1,453
Other staff costs		
Staff salaries and allowances	<b>16,143</b>	20,647
Retirement benefit contributions	<b>2,148</b>	2,538
	<u><b>18,291</b></u>	<u>23,185</u>
Cost of inventories recognised as an expense	<b>107,486</b>	1,160,213
Impairment of properties under development	<b>219,685</b>	–
Depreciation of property, plant and equipment	<b>3,773</b>	4,641
	<u><b>107,486</b></u>	<u>1,160,213</u>

## 8. INCOME TAX (CREDIT)/ EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax:		
Enterprise Income Tax (“EIT”) in the PRC	<b>444</b>	1,153
Land Appreciation Tax (“LAT”) in the PRC	<b>133</b>	32,783
	<u><b>577</b></u>	<u>33,936</u>
Deferred tax	<b>(80,553)</b>	(4,596)
	<u><b>(79,976)</b></u>	<u>29,340</u>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2023: 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 2023: 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 2023: 25%) for the period.

The provision of LAT is estimated according to the requirement set forth in the relevant PRC tax law and regulation. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

## 9. DIVIDENDS

No dividend was paid, declared or proposed to ordinary shareholders of the Company during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2023: Nil).

## 10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted loss or earnings per share attributable to owners of the Company is based on the following data:

Loss or earnings figures are calculated as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Loss)/earnings for the purpose of basic (loss)/earnings per share		
(Loss)/profit for the period attributable to owners of the Company	<u>(289,500)</u>	<u>82,197</u>

### Number of shares

	Six months ended 30 June	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>5,088,208</u>	<u>5,088,208</u>

For the six months ended 30 June 2024 and 2023, the convertible bond has an anti-dilutive effect on the basic (loss)/earnings per share and the computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share options because the exercise price of the options exceeds the average market price of ordinary shares during the periods. Therefore the amount of diluted (loss)/earnings per share is the same as the amount of basic (loss)/earnings per share for the six months ended 30 June 2024 and 2023.

## 11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows an average credit period of 30 days to its trade customers.

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:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
0 – 30 days	59,948	66,248
31 – 90 days	4,721	1,025
Over 90 days	43,299	28,158
	<u>107,968</u>	<u>95,431</u>

As at 30 June 2024, other receivables and prepayments mainly included RMB615,711,000 (31 December 2023: RMB490,627,160) of prepaid construction cost and deposits paid for construction work and RMB206,471,000 (31 December 2023: RMB198,910,650) 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.

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Trade payables		
Unbilled	436,750	491,215
0 – 30 days	1,125	14,708
31 – 90 days	6,162	37,606
91 – 365 days	63,392	69,119
Over 1 year	286,487	242,434
	<u>793,916</u>	<u>855,082</u>

As at 30 June 2024, other payables and accruals mainly included balances amounting to RMB298,059,000 (31 December 2023: RMB494,159,000) which were advanced from independent third parties for short-term borrowing purposes, which are non-trade related, interest bearing of 7.5% per annum and repayable on demand. Balances amounting to RMB1,384,268,000 (31 December 2023: RMB1,011,734,000) were advanced from independent third parties for short-term borrowing purposes, which are non-trade related and interest-free. The remaining mainly represented of other tax payables and accrued construction costs with an aggregate amount of RMB835,885,000 (31 December 2023: RMB756,658,000).

### 13. BANK AND OTHER BORROWINGS

During the current interim period, the Group did not obtain new bank and other borrowings (six months ended 30 June 2023: RMB424,480,000) and repaid bank and other borrowings amounting to RMB36,899,000 (six months ended 30 June 2023: RMB494,625,000). These bank and other borrowings carry interest at fixed rate ranged from 2.80% to 11.00% (six months ended 30 June 2023: 2.80% to 10.88%) per annum and are repayable in instalments over periods of 1 to 8 years (six months ended 30 June 2023: 1 to 9 years). The proceeds were mainly used to fund the development projects for properties for sale and investment properties.

Borrowings of approximately RMB913,400,000 and their respective interest payables that are not repaid according to their schedule repayment dates, might be demanded for early repayment. As a result, borrowings amounting to RMB1,348,800,000 due for repayment after one year are classified as current liabilities. Also, borrowing of RMB1,073,290,000 due for repayment after one year, which contains a clause that demands immediate repayment when there is default in any bank loans repayment is classified as current liabilities. Subsequent to June 30, 2024, bank borrowings of RMB266,100,000 and certain interest payable were not repaid in accordance with the repayment schedules pursuant to the relevant borrowing agreements.

For borrowings which will be maturing before December 31, 2024, the Group is actively negotiating with the banks for the extension of the repayment schedules.

### 14. SHARE CAPITAL

	Number of shares		Share capital	
	As at 30 June 2024 '000	As at 31 December 2023 '000	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
<b>Authorised</b>				
Ordinary shares of HK\$0.01 each	<b>200,000,000</b>	200,000,000	<b>1,979,280</b>	1,979,280
Convertible preference shares	<b>602,000</b>	602,000	<b>4,902</b>	4,902
<b>Issued and fully paid</b>				
At the beginning of period/year	<b>5,088,208</b>	5,088,208	<b>42,890</b>	42,890
<b>At the beginning and the end of period/year</b>	<b>5,088,208</b>	<b>5,088,208</b>	<b>42,890</b>	<b>42,890</b>

## 15. FINANCIAL GUARANTEE

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Guarantees given in favour of banks for:		
Mortgage facilities granted to customers of the Group's properties ( <i>note a</i> )	3,939,195	3,532,922
Guarantees given to banks in connection with loan facilities granted to related companies ( <i>note b</i> )	561,000	561,000
Guarantees given to banks in connection with loan facilities granted to third parties ( <i>note c</i> )	<u>221,762</u>	<u>222,702</u>
	<u><u>4,721,957</u></u>	<u><u>4,316,624</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	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Fujian Sandi Real Estate Development Co., Ltd. <i>(note)</i>	Rental income received	–	120
	Interest expense	11,641	11,750
Primary Partner International Limited <i>(note)</i>	Interest expense	35,624	43,745

*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 RMB3,441,134,000 (31 December 2023: RMB3,448,672,000).
- (c) As at 30 June 2024, all amounts are non-trade related, interest free and repayable on demand. Mr. Guo Jiadi is the controlling shareholder of the Group and is also the director and shareholder 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 RMB192.9 million, representing a decrease of approximately 86.5% as compared with approximately RMB1,427.4 million for the Corresponding Period.
- Gross profit for the Reporting Period was approximately RMB79.6 million, representing a decrease of approximately 75.2% as compared with approximately RMB320.7 million for the Corresponding Period.
- Loss for the Reporting Period was approximately RMB291.0 million, as compared to profit for the Corresponding Period of approximately RMB145.7 million.
- Loss attributable to owners for the Reporting Period was approximately RMB289.5 million as compared to profit attributable to owners for the Corresponding Period of approximately RMB82.2 million.
- Contracted sales amount of the Group for the Reporting Period amounted to approximately RMB149.3 million, representing a decrease of approximately 77.1% as compared with approximately RMB651.6 million for the Corresponding Period.
- Contracted sales gross floor area (“GFA”) was approximately 12,925 square meters (“sq.m.”) for the Reporting Period, representing a decrease of approximately 80.0% as compared with approximately 64,527 sq.m. for the Corresponding Period.
- As of 30 June 2024, the gearing ratio for the Group was approximately 158.5% (31 December 2023: approximately 150.2%).
- As of 30 June 2024, the current ratio for the Group was approximately 78.8% (31 December 2023: approximately 91.1%).
- As of 30 June 2024, the quick ratio for the Group was approximately 11.8% (31 December 2023: approximately 13.5%).

### 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 2024, the Group had 13 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, Xi'an, 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 RMB149.3 million with contracted GFA of approximately 12,925 sq.m., representing decreases of approximately 77.1% in contracted sales and approximately 80.0% in contracted GFA in comparison with the Corresponding Period. The decrease in contracted sales is mainly influenced by the continued sluggish domestic real estate sales market.

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 <i>(sq.m.)</i>	Average price of contracted sales <i>RMB/sq.m.</i>	Percentage of total contracted sales amount <i>%</i>	Group interest <i>%</i>
<b>Shanghai</b>						
Sandi Manhattan	Commercial	29,154	1,559	21,797	19.5	100
<b>Shaanxi Province</b>						
Sandi Bahe Yihao	Residential	26,876	1,246	21,562	18.0	70

Property projects	Type	Contracted sales amount <i>RMB'000</i>	Contracted sales area <i>(sq.m.)</i>	Average price of contracted sales <i>RMB/sq.m.</i>	Percentage of total contracted sales amount %	Group interest %
<b>Fujian Province</b>						
Sandi Yunqitai	Residential	27,434	2,529	10,849	18.5	51
Sandi Jinyu Yunyu	Residential	35,872	4,025	8,912	24.0	100
Others	Residential/ Commercial	<u>29,924</u>	<u>3,566</u>	11,502	<u>20.0</u>	
Total		<u><u>149,260</u></u>	<u><u>12,925</u></u>	12,317	<u><u>100</u></u>	
Attributable to the Group		<u><u>129,299</u></u>	<u><u>10,590</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 2024:

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed		GFA under development <i>sq.m.</i>	Planned GFA for future development <i>sq.m.</i>	Group's interest %
			Saleable GFA delivered/pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>			
<b>Shaanxi Province</b>							
Sandi Century New City	2024	169,923	1,108,179	67,741	62,659	–	100
Sandi Jinyu Gaoxin	2024	65,157	94,563	2,285	105,114	–	100
Qujiang Xiangsong Fengdan	2022	124,304	333,699	74,928	–	–	100
Sandi Yunding Fengdan	2024	52,870	75,749	–	53,734	–	100
Sandi Bahe Yihao	2024	77,018	–	–	235,433	–	100
Sandi Jinyunfu	2024	40,592	53,097	22,610	74,681	–	51
<b>Fujian Province</b>							
Sandi Jiangshan Waterfront	2024	310,176	10,525	–	215,010	40,086	100
Sandi Xishanyuan	2024	177,010	–	–	96,449	–	100
Sandi Yungu Fengdan	2023	57,813	112,729	3,043	–	–	51
Sandi Fengdan Yazhu	2023	58,169	6,836	129,979	–	–	100
Sandi Yasong Fengdan Garden	2024	38,539	–	–	39,825	–	100
Sandi Yunqitai	2024	60,928	–	–	96,879	–	51
Sandi Jinyu Yunjing	2024	29,332	–	–	67,193	–	100
Sandi Jinyu Yunyue	2024	17,386	–	–	15,383	–	100

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed		GFA under development <i>sq.m.</i>	Planned GFA for future development <i>sq.m.</i>	Group's interest %
			Saleable GFA delivered/pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>			
<b>Zhejiang Province</b>							
Sandi Fengdan Yaju	2023	27,491	54,756	1,167	–	–	100
Sandi Yasong Meizhu	2024	37,252	–	–	66,090	–	100
<b>Shanghai</b>							
Sandi Manhattan	2024	104,251	155,128	58,309	120,280	–	100
Total		<u>1,448,211</u>	<u>2,005,261</u>	<u>360,062</u>	<u>1,248,730</u>	<u>40,086</u>	
Attributable to the Group		<u>1,347,032</u>	<u>1,924,005</u>	<u>347,492</u>	<u>1,094,036</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 Yihao**

Sandi Bahe Yihao (“Bahe Yihao”) 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.

Bahe Yihao 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 2024, contracted sales amounted to approximately RMB434.4 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 RMB600.9 million were recorded during the period from the pre-sales date up to 30 June 2024.

## *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 RMB2,103.3 million were recorded during the period from the pre-sales date up to 30 June 2024.

### ***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 2024, the Group had land bank amounting to a total GFA of approximately 1,686,000 sq.m., of which approximately 1,511,000 sq.m. were attributable to the owners of the Company.

The table below summaries the land bank by location as at 30 June 2024:

### **Land bank**

<b>Location</b>	<b>Total GFA (’000 sq.m.)</b>	<b>Attributable GFA (’000 sq.m.)</b>
Shannxi Province	712	594
Fujian Province	728	671
Shanghai	179	179
Zhejiang Province	67	67
Total	<u>1,686</u>	<u>1,511</u>

## Property investment

During the Reporting Period, the Group recognised rental income and property management and related fee income of approximately RMB48.6 million (Corresponding Period: approximately RMB74.7 million), which is mainly generated by two furniture malls situated in Fuzhou and Baoji. The Group's investment properties also included hotels, commercial and office premises, all of which were located in the PRC and provided a sustainable income stream to the Group.

Set out below are the major investment properties held by the Group as at 30 June 2024:

Location	Existing/ Intended use(s)	Approximate GFA sq.m.	Group's interest %
<b>Completed investment properties</b>			
<b>Fujian Province</b>			
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%
<b>Shaanxi Province</b>			
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%

<b>Location</b>	<b>Existing/ Intended use(s)</b>	<b>Approximate GFA sq.m.</b>	<b>Group's interest %</b>
<b>Shanghai</b>			
Lot N5, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/ Hotel	59,701	100%
Lot N11, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial	26,071	100%
<b>Investment properties under construction</b>			
<b>Fujian Province</b>			
Tang Kou, Xi Nan Village, Ge Ling Town, Yongtai County, Fuzhou City	Hotel	89,668	100%
<b>Shanghai</b>			
Lot N6, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/ Hotel	122,749	100%
<b>Zhejiang Province</b>			
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	8,204	100%

## **OUTLOOK**

We are halfway through 2024. The global political and economic situation remains challenging.

The real estate market is still in a period of adjustment. In the first half of 2024, the saleable area of commercial real estate in China was approximately 479.16 million sq.m., a year-on-year decrease of approximately 19.0%, of which the saleable area of residential properties decreased by approximately 21.9%. As a pillar industry of the national economy, the real estate market experienced a significant cooling down this year, increasing the market adjustment pressure.

Overall, China's property sector had experienced volatile adjustments and encountered unprecedented difficulties in recent years. The Group's liquidity is under unprecedented pressure with a dual tightening of sales and financing. The Group will adhere to prudent financial policies and risk control measure in the face of new challenges. The Group will continue to ensure the sufficiency of cash flow, intensify efforts to revitalise under-performing assets and taking various debt management measures to overcome periodic liquidity pressures.

The Group's contracted sales amount for the Reporting Period was approximately RMB149.3 million (Corresponding Period: approximately RMB651.6 million), which decreased by approximately 77.1% as compared with the Corresponding Period. The Group is facing a significant decline in the rate of property sales in the first half of 2024, which is also a challenge that the entire real estate market in China is confronting. As one of the industry participants, we are experiencing difficulties, but it is only by fully recognising the objective laws of the cycle that we will be able to face reality and seek change.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

The Group's revenue is primarily derived from property sales, which contributed approximately 74.8% 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 2024		For the six months ended 30 June 2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property sales	144,315	74.8	1,352,740	94.8
Property investment	48,630	25.2	74,685	5.2
	<u>192,945</u>	<u>100.0</u>	<u>1,427,425</u>	<u>100.0</u>

## Revenue from property sales

The Group's revenue from property sales decreased to approximately RMB144.3 million for the Reporting Period (Corresponding Period: approximately RMB1,352.7 million).

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

Property projects	Type	30/6/2024	30/6/2024	30/6/2024	Percentage of total amount %
		Sales revenue <i>RMB'000</i>	GFA sold <i>sq.m</i>	Average price per sq.m. <i>RMB/sq.m</i>	
<b>Fujian Province</b>					
Sandi Yunqitai	Residential/ Commercial	37,132	2,652	14,002	25.7
<b>Shanghai</b>					
Sandi Manhattan	Commercial	100,400	3,330	30,150	69.6
Others	Residential/Commercial	6,783	1,000	6,783	4.7
Total		<u>144,315</u>	<u>6,982</u>	<u>21,276</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 RMB48.6 million for the Reporting Period (Corresponding Period: approximately RMB74.7 million), which was derived from the Group's investment properties situated in the PRC, including shopping malls and commercial buildings.

### **Cost of properties sales**

The Group's cost of properties sales decreased to approximately RMB107.7 million for the Reporting Period (Corresponding Period: approximately RMB1,105.3 million). The decrease was primarily attributable to the decrease 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 RMB148.0 million on its investment properties (Corresponding Period: net fair value loss of approximately RMB44.7 million). The increase of net fair value loss on investment properties was mainly due to the decline in demand for commercial property as a result of the unfavourable macro market environment.

### **Impairment of properties under development**

For the Reporting Period, impairment provision of properties under development amounted to approximately RMB219.7 million (Corresponding Period: Nil).

The impairment of properties under development was due to the impact of the dismal real estate market in the PRC, which resulted in the expected net realisable value of the properties under development being lower than their carrying value.

### **Change in fair value of derivative components of convertible bonds**

During the Reporting Period, the Group recognised a fair value gain of approximately RMB10.1 million (Corresponding Period: fair value gain of approximately RMB5.7 million) on the derivative components of the convertible bonds. These convertible bonds, with initial principal amount of HK\$500 million (which was changed to HK\$300 million with retrospective effect from 30 January 2024 by way of an ordinary resolution passed on 13 March 2024), were issued to Primary Partner International Limited ("Primary Partner"), a wholly-owned entity of Mr. Guo Jiadi ("Mr. Guo"), on 30 January 2019 to settle 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. 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 RMB1.2 million (Corresponding Period: net exchange losses of approximately RMB2.3 million).

### **Selling and distribution expenses**

The Group's selling and distribution expenses decreased by approximately RMB21.4 million from approximately RMB35.0 million for the Corresponding Period to approximately RMB13.6 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 RMB1.5 million from approximately RMB30.8 million for the Corresponding Period to approximately RMB29.3 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 RMB49.4 million for the Reporting Period. (Corresponding Period: approximately RMB41.5 million). The increase in finance cost was attributable to the increase of the interest expenses of the convertible bonds and the promissory note.

## **Income tax credit/expense**

Income tax credit mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately RMB80.0 million for the Reporting Period (Corresponding Period: income tax expense of approximately RMB29.3 million). The change was mainly attribute to the recognition of deferred tax for the change in fair value of derivative component of convertible bonds and impairment of properties under development during the Reporting Period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2024, the Group had bank and other borrowings of approximately RMB6,010.9 million denominated in RMB (31 December 2023: approximately RMB6,047.8 million denominated in RMB) and other debts comprising convertible bonds, promissory note and amount due to a related company totaling approximately RMB964.4 million denominated in HK\$ and RMB (31 December 2023: approximately RMB1,022.0 million denominated in HK\$ and RMB). As at 30 June 2024 and 31 December 2023, 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 RMB5,754.4 million and RMB256.5 million respectively (31 December 2023: approximately RMB2,802.9 million and RMB3,244.9 million respectively). As at 30 June 2024, borrowings of approximately RMB913.4 million and certain interest payable that were not repaid according to their respective repayment schedules, might be demanded for early repayment. As at the date of this announcement, bank and other borrowings of approximately RMB1,179.5 million and certain interest payable were not repaid in accordance with their respective repayment schedules pursuant to their respective loan agreements. 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 2024, the Group had cash and cash equivalents of approximately RMB38.0 million (31 December 2023: approximately RMB148.1 million) which were mainly denominated in HK\$ and RMB. The decrease of cash and cash equivalents was mainly due to interest paid and repayment of bank borrowings.

As at 30 June 2024, the gearing ratio for the Group was approximately 158.5% (31 December 2023: approximately 150.2%), 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 RMB6,937.3 million (31 December 2023: approximately RMB6,921.8 million) over the total equity of approximately RMB4,376.6 million (31 December 2023: approximately RMB4,609.4 million). The debt ratio was approximately 81.2% (31 December 2023: approximately 79.5%), calculated as total liabilities over total assets of the Group.

As at 30 June 2024, the Group's net current liabilities amounted to approximately RMB3,480.2 million (31 December 2023: approximately RMB1,267.2 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to approximately 78.8% (31 December 2023: approximately 91.1%). The Group's quick ratio, being percentage of its quick liquid assets (current assets less inventories) over its current liabilities, amounted to approximately 11.8% (31 December 2023: approximately 13.5%). After deduction of the Group's inventory, the Group's current liabilities represented a high proportion compared to its current assets.

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. 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 2024, the Group had bank and other borrowings of approximately RMB6,010.9 million (31 December 2023: approximately RMB6,047.8 million), of which approximately RMB5,754.4 million are repayable within one year and approximately RMB256.5 million are repayable beyond one year. The Group's bank and other borrowings bears interest rates ranging from approximately 2.8% to 11.0% per annum. All the bank and other borrowings were denominated in RMB. As at 30 June 2024, borrowings of approximately RMB913.4 million and certain interest payable that were not repaid according to their respective repayment schedules, might be demanded for early repayment. As at the date of this announcement, bank and other borrowings of approximately RMB1,179.5 million and certain interest payable were not repaid in accordance with their respective repayment schedules pursuant to their respective loan agreements. The Group is actively communicating with banks on the extension of existing loans.

## **(ii) Promissory note**

As at 30 June 2024, the Company had a promissory note (the “Promissory Note”) with principal of HK\$800 million (31 December 2023: HK\$600 million) issued to Mr. Guo, the chairman of the Board and an executive Director, with interest of 6% per annum (31 December 2023: 6% per annum), with interest payable annually in arrears and the principal will be repaid when the Promissory Note falls due on 30 January 2029. 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. For details of the amendments to the terms and conditions of the Promissory Note, please refer to the announcement of the Company dated 30 January 2024.

## **(iii) Convertible bonds**

As at 30 June 2024, the Company had a convertible bonds (the “CB”) with principal amount of HK\$300 million (31 December 2023: HK\$500 million) issued to Primary Partner, which is wholly-owned by Mr. Guo, the chairman of the Board and an executive Director, with interest of 2% per annum (31 December 2023: 1% per annum) payable annually in arrears and carrying a conversion price of HK\$0.09 per conversion Share (31 December 2023: HK\$0.412 per conversion Share), with conversion rights to convert into a maximum of 3,333,333,333 Shares (31 December 2023: 1,213,592,333 Shares). The principal will be repaid when the CBs fall due on 30 January 2029 if no conversion happened on or before 30 January 2029. 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. For details of the amendments to the terms and conditions of the CB, please refer to the announcement of the Company dated 30 January 2024 and the circular of the Company dated 22 February 2024.

## **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 2024.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There were no material subsequent events 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 2024, the Group had pledged certain investment properties, properties under development, land use rights and certain inventories of properties of an aggregate carrying value of approximately RMB16,389.4 million (31 December 2023: approximately RMB16,240.0 million) together with certain rental proceeds over investment properties, and shares of certain subsidiaries of the Group to secure the bank and other 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 2024, the Group provided guarantees for mortgage loans in an amount of approximately RMB3,939.2 million (31 December 2023: approximately RMB3,532.9 million) to banks in respect of such agreements. Certain subsidiaries of the Group have provided corporate guarantees of approximately RMB561.0 million (31 December 2023: approximately RMB561.0 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 RMB221.8 million (31 December 2023: approximately RMB222.7 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 2024, the Group had commitments in respect of investment properties, properties under development, properties for sales and land use rights totaling approximately RMB957.1 million (31 December 2023: approximately RMB985.2 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 2024, 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 2024, 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 2024, the Group employed a total of 198 employees (31 December 2023: 273 employees) of which 196 employees (31 December 2023: 271 employees) were hired in the PRC and 2 employees (31 December 2023: 2 employees) were hired in Hong Kong. Total remuneration paid to the employees for the Reporting Period amounted to approximately RMB18.3 million (Corresponding Period: approximately RMB23.2 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. 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.

## **KEY RISK FACTORS AND UNCERTAINTIES**

The following paragraphs list out the key risks and uncertainties the Group is facing. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

### ***Risks Pertaining to the Property Market and Operation***

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. In the past six months, there has been a significant deviation between the overall property sales failing to meet the Group's expectation. Considering the current real estate market, the Group anticipates that the property sales will continue to be sluggish in the coming period, which will have a profound impact on the Company's operations.

### ***Liquidity Risk***

As affected by the downturn of the property market in the PRC, the Group faced significant challenges in the pre-sale performance, in particular, the Group's pre-sale performance has declined significantly and there has been no obvious sign of rebound up to the date of this announcement. Moreover, the Group is facing more difficulties in obtaining financing through the repayment and extension of loans due to the difficult and challenging debt financing environment. The Group is actively communicating with banks and financial institutions regarding the extension of loan maturity dates and renewal. However, as of the date of this announcement, no definitive outcome has been reached.

Despite the challenges and difficulties, the Group commits to timely delivery of its properties to the property buyers, which requires the Group to place higher priority in construction of pre-sale properties with the current funds of the Group. As a result of the above conditions, the Group is facing phased liquidity pressure.

## **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 C1 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 of the Group. 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 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 C3 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](http://www.hkexnews.hk)) and the Company ([www.chinasandi.com.cn](http://www.chinasandi.com.cn)). The interim report of the Company (the “Interim Report”) will be despatched to the Shareholders who requested a printed copy 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, Mr. Liao Yiyi 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, 2024

*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 Mr. Liao Yiyi, being the independent non-executive Directors.*