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**GUANGDONG – HONG KONG GREATER BAY AREA  
HOLDINGS LIMITED**

**粵 港 灣 控 股 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1396)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**INTERIM RESULTS**

The board of directors (the “**Board**”) of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“**GHKGBA Holdings**”, the “**Company**”, “**we**”, or “**our**”) hereby announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”), together with comparative figures for the preceding period as follows:

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*for the six months ended 30 June 2020 – unaudited*

*(Expressed in Renminbi)*

		<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>733,154</b>	633,452
Cost of sales		<u>(373,716)</u>	<u>(376,622)</u>
<b>Gross profit</b>		<b>359,438</b>	256,830
Other income	5	<b>22,600</b>	241,487
Selling and distribution expenses		<b>(24,814)</b>	(53,910)
Administrative and other operating expenses		<b>(177,670)</b>	(237,675)
Impairment loss on financial assets measured at amortised cost	6(b)	<u><b>(16,235)</b></u>	<u>(21,840)</u>
<b>Profit from operations before fair value gain on investment properties</b>		<b>163,319</b>	184,892
Fair value gain on investment properties	9	<u><b>204,014</b></u>	<u>30,669</u>
<b>Profit from operations after fair value gain on investment properties</b>		<b>367,333</b>	215,561
Share of loss of an associate		–	(251)
Share of loss of joint ventures		<b>(244)</b>	(4,819)
Finance income	6(a)	<b>26,850</b>	20,243
Finance costs	6(a)	<u><b>(182,866)</b></u>	<u>(127,640)</u>
<b>Profit before taxation</b>	6	<b>211,073</b>	103,094
Income tax	7	<u><b>(115,282)</b></u>	<u>(92,906)</u>
<b>Profit for the period</b>		<u><b>95,791</b></u>	<u>10,188</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>100,675</b>	15,896
Non-controlling interests		<u><b>(4,884)</b></u>	<u>(5,708)</u>
<b>Profit for the period</b>		<u><b>95,791</b></u>	<u>10,188</u>
<b>Earnings per share</b>	8		
Basic and diluted (RMB cents)		<u><b>2.5</b></u>	<u>0.4</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*for the six months ended 30 June 2020 – unaudited*

*(Expressed in Renminbi)*

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>95,791</b>	<b>10,188</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	(14,666)	(6,740)
<b>Other comprehensive income for the period</b>	<b>(14,666)</b>	<b>(6,740)</b>
<b>Total comprehensive income for the period</b>	<b>81,125</b>	<b>3,448</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	86,009	9,156
Non-controlling interests	(4,884)	(5,708)
<b>Total comprehensive income for the period</b>	<b>81,125</b>	<b>3,448</b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*at 30 June 2020 – unaudited*

*(Expressed in Renminbi)*

		<b>30 June 2020 RMB'000</b>	<b>31 December 2019 RMB'000</b>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>411,208</b>	422,442
Investment properties	9	<b>3,072,860</b>	2,584,100
Intangible assets		<b>15,366</b>	16,497
Goodwill		<b>2,252</b>	2,252
Interest in joint ventures	10	<b>134,196</b>	134,783
Deferred tax assets		<b>185,086</b>	169,345
Finance lease receivable		<b>11,561</b>	15,692
Other non-current assets	11	<b>432,337</b>	404,818
		<b>4,264,866</b>	3,749,929
<b>Current assets</b>			
Inventories and other contract costs	12	<b>7,151,516</b>	7,383,731
Prepaid tax		<b>208,574</b>	165,086
Other financial assets		<b>4,868</b>	11,140
Trade and other receivables	13	<b>2,428,829</b>	1,361,689
Pledged and restricted cash		<b>539,571</b>	606,043
Cash and cash equivalents		<b>567,633</b>	1,571,204
		<b>10,900,991</b>	11,098,893
<b>Current liabilities</b>			
Trade and other payables	14	<b>2,583,651</b>	2,367,860
Contract liabilities		<b>2,834,173</b>	2,989,327
Bank loans and other borrowings		<b>601,756</b>	505,462
Lease liabilities		<b>9,068</b>	8,972
Senior notes	15	–	314,220
Corporate bonds	16	–	259,700
Current tax liabilities		<b>667,476</b>	695,220
Deferred income		<b>436,921</b>	479,160
		<b>7,133,045</b>	7,619,921
<b>Net current assets</b>		<b>3,767,946</b>	3,478,972
<b>Total assets less current liabilities</b>		<b>8,032,812</b>	7,228,901

		<b>30 June 2020 RMB'000</b>	<b>31 December 2019 RMB'000</b>
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank loans and other borrowings		<b>811,528</b>	728,221
Lease liabilities		<b>29,749</b>	33,112
Senior notes	15	<b>1,714,267</b>	1,338,799
Deferred tax liabilities		<b>160,945</b>	108,924
Other financial liabilities	17	<b>77,292</b>	70,838
		<u><b>2,793,781</b></u>	<u>2,279,894</u>
<b>NET ASSETS</b>		<u><b>5,239,031</b></u>	<u>4,949,007</u>
<b>CAPITAL AND RESERVES</b>	18		
Share capital		<b>36,598</b>	31,825
Reserves		<b>5,197,746</b>	4,900,927
<b>Total equity attributable to equity shareholders of the Company</b>		<b>5,234,344</b>	4,932,752
<b>Non-controlling interests</b>		<u><b>4,687</b></u>	<u>16,255</u>
<b>TOTAL EQUITY</b>		<u><b>5,239,031</b></u>	<u>4,949,007</u>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

### 1 BASIS OF PREPARATION

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2020 but are extracted from that financial report.

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on 28 August 2020.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“**the Company**”) and its subsidiaries (collectively referred to as “**the Group**”) since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

### 2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of material*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to IFRS 16, *Covid-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

### 3 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the interim financial report, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the People's Republic of China (the "PRC"). The Group does not operate any material business in any other geographical or business segment during the period.

### 4 REVENUE

The principal activities of the Group are development, sales and operation of commercial trade and logistic centers and residential properties in the PRC.

Revenue represents income from sales of properties, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
– Sales of properties	659,382	566,436
– Property management services	31,455	30,391
– Others	18,515	14,586
	<b>709,352</b>	611,413
<b>Revenue from other sources</b>		
– Rental income	23,802	22,039
	<b>733,154</b>	633,452

### 5 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Government grants (i)	5,231	1,662
Net realised and unrealised fair value gain from financial assets measured at fair value through profit and loss ("FVTPL")	22,023	22,330
Net gain on disposal of subsidiaries (ii)	–	225,842
Net gain on disposal of property, plant and equipment	37	414
Net loss on disposal of investment property and investment properties classified as held for sale (note 9)	(6,355)	(10,247)
Others	1,664	1,486
	<b>22,600</b>	241,487

- (i) During the six months ended 30 June 2020, the Group transferred certain properties under development for sale to investment properties (note 9). The related government grants of RMB4,344,000 (six months ended 30 June 2019: RMB Nil) previously recorded as deferred income were recognised in profit or loss as other income during the period.

- (ii) During the six months ended 2019, the Group generated net gain on disposal of subsidiaries of RMB225,842,000. No disposal of subsidiaries occurred during this period.

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) **Finance income and finance costs:**

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
<b>Finance income</b>		
Interest income	(26,850)	(20,243)
<b>Finance costs</b>		
Interest on bank loans and other borrowings	63,687	54,259
Interest on corporate bonds	5,717	10,587
Interest on senior notes	137,770	94,371
Interest on lease liabilities	1,976	1,957
Accrued interest on significant financing component of contract liabilities	25,486	27,767
	234,636	188,941
Less: interest expenses capitalised into properties under development	(59,031)	(65,115)
	175,605	123,826
Net foreign exchange loss	7,261	3,814
	182,866	127,640



(b) Other items:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Depreciation and amortisation		
– plant and equipment	9,407	7,100
– right of use assets	7,049	6,983
– intangible assets	1,130	1,114
	<u>17,586</u>	<u>15,197</u>
Impairment losses		
– trade and other receivables	14,377	21,840
– finance lease receivables	660	–
– loans to third parties	1,198	–
	<u>16,235</u>	<u>21,840</u>
Cost of properties sold (i)	341,905	345,355
(i) Cost of properties sold is after netting off benefits from government grants of RMB155,049,000 (six months ended 30 June 2019: RMB77,387,000).		

7 INCOME TAX

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Current tax</b>		
PRC Corporate Income Tax (“PRC CIT”)	44,216	80,521
PRC Land Appreciation Tax (“PRC LAT”)	34,786	23,900
	<u>79,002</u>	<u>104,421</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>36,280</u>	<u>(11,515)</u>
	<u>115,282</u>	<u>92,906</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (b) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the period.

**(c) PRC CIT**

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

In July 2013, Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. was approved to enjoy a preferential PRC CIT rate of 15% from the years 2012 to 2020 according to a tax notice issued by the local tax bureau.

In December 2015, Wuzhou Hydoo Commercial and Trade Centre Development Co., Ltd. was also approved to enjoy a preferential PRC CIT rate of 15% for the years from 2015 to 2020 according to a tax notice issued by the local tax bureau.

The preferential tax treatment was based on various tax rules and regulations in relation to PRC government's strategy in encouraging investment and development of wholesale trading markets in certain regions in the PRC.

**(d) PRC LAT**

PRC LAT which is levied on properties developed for sale by the Group in the PRC, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

**(e) PRC dividend withholding tax**

Withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 at 5%. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the Mainland China, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

## 8 EARNINGS PER SHARE

### (a) Basic earnings and diluted earnings per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB100,675,000 (six months ended 30 June 2019: RMB15,896,000) and the weighted average of 4,058,260,000 ordinary shares (six months ended 30 June 2019: 4,014,844,000 ordinary shares).

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Profit attributable to equity shareholders of the Company</b>	<b>100,675</b>	<b>15,896</b>
<b>Weighted average number of shares (thousand shares)</b>	<b>'000</b>	<b>'000</b>
Issued ordinary shares	4,058,260	4,014,844
Weighted average number of shares	4,058,260	4,014,844

For the period ended 30 June 2020, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive. For the period ended 30 June 2019, as all options granted under the Company's Pre-IPO Share Option Scheme had expired on 31 December 2018, there was no effect of deemed issue of the share option scheme.

## 9 INVESTMENT PROPERTIES

### (a) Additions

During the six months ended 30 June 2020, the Group transferred certain completed properties held for sale and properties under development to investment properties since there was an actual change in use from sale to earning rental income purpose.

### (b) Disposals

During the six months ended 30 June 2020, items of investment properties with a net book value of RMB17,151,000 (six months ended 30 June 2019: RMB21,092,000) were disposed, resulting in a loss of RMB6,355,000 (six months ended 30 June 2019: RMB9,900,000).

During the six months ended 30 June 2019, items of investment properties classified as held for sale with a net book value of RMB26,463,000 were disposed, resulting in a loss of RMB347,000.

### (c) Valuations

The Group's investment properties and investment properties classified as held for sale carried at fair value were revalued as at 30 June 2020 by Savills Valuation and Professional Services Limited ("Savills"), an independent firm of surveyors. In valuing the property interest in the PRC, Savills has adopted the investment approach (income approach) by taking into account the current rental income of the property interest and the reversionary potential of the tenancy, and also adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc., between the comparable properties and the subject property.

During the six months ended 30 June 2020, a fair value gain of RMB209,469,000 (six months ended 30 June 2019: RMB Nil) upon the transfer, and a loss on fair value of RMB5,455,000 (six months ended 30 June 2019: a gain on fair value of RMB30,669,000) in respect of existing investment properties, with the total corresponding deferred tax of RMB35,851,000 (six months ended 30 June 2019: RMB7,297,000), had been recognised in the consolidated statement of profit or loss for the period.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,061,900,000 (31 December 2019: RMB688,300,000).

The Group's investment properties are held on leases of between 1 to 3 years in the PRC.

## 10 INTEREST IN JOINT VENTURES

As at 30 June 2020, the Group's interest in Hydoo Best Group Co., Ltd. ("Hydoo Best") amounted to RMB125,473,000 (31 December 2019: RMB125,818,000).

In 2018, Hydoo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydoo Best was obligated to repurchase certain shares in Hydoo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydoo Best held by the Group.

The directors expect that the Group will be able to recover part of its interest in Hydoo Best by applying public auction of the land pieces still held by Hydoo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, considering the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydoo Best and a specific loss allowance of RMB19,613,000 on the amount due from that joint venture in 2018. Based on the fair value of the land pieces assessed as at 30 June 2020, the directors considered that no further provision for impairment loss was necessary during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB Nil).

## 11 OTHER NON-CURRENT ASSETS

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Financial assets measured at amortised cost		
– Loans to the third parties, net of loss allowance (i)	59,295	61,608
Financial assets measured at FVTPL		
– Unlisted equity investments not held for trading	215,746	191,398
– Amount due from an associate (ii)	81,167	77,936
	296,913	269,334
Deposit and prepayment (iii)	76,129	73,876
	<b>432,337</b>	<b>404,818</b>

- (i) As at 30 June 2020 and 31 December 2019, loans to the third parties are interest-bearing 14% to 16% per annum unsecured and to be recovered after more than one year.

- (ii) As at 30 June 2020, the amount due from an associate measured at FVTPL included consideration receivables of disposed entities amounted to RMB48,987,000 and the amounts due from disposed entities of RMB32,180,000. The amount due from an associate measured at FVTPL will be recovered according to the development progress of the underlying projects in the disposed project company.
- (iii) As at 30 June 2020, deposit and prepayment mainly included an earnest payment of RMB46,678,000 (31 December 2019: RMB44,856,000) for a development project which is interest bearing and expected to be recovered after more than one year.

## 12 INVENTORIES AND OTHER CONTRACT COSTS

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Leasehold land held for further development for sale	<b>820,765</b>	888,809
Properties under development for sale	<b>3,430,960</b>	3,849,462
Completed properties held for sale	<b>2,868,053</b>	2,620,154
Others	<b>1,350</b>	993
	<b>7,121,128</b>	7,359,418
Other contract costs	<b>30,388</b>	24,313
	<b>7,151,516</b>	7,383,731

As at 30 June 2020, certain properties under development for sale, completed properties held for sale and properties held for future development for sale were pledged for certain bank loans granted to the Group.

### 13 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Within 1 month	<b>16,789</b>	18,483
1 to 3 months	<b>6,973</b>	11,588
3 to 6 months	<b>8,316</b>	3,207
Over 6 months	<b>205,669</b>	203,689
	<hr/>	<hr/>
Trade and bill receivables, net of loss allowance	<b>237,747</b>	236,967
	<hr/>	<hr/>
Finance lease receivables	<b>67,210</b>	71,302
Less: loss allowance	<b>(13,078)</b>	(12,474)
	<hr/>	<hr/>
	<b>54,132</b>	58,828
	<hr/>	<hr/>
Amount due from joint ventures	<b>57,337</b>	41,013
Less: loss allowance ( <i>note 10</i> )	<b>(19,613)</b>	(19,613)
	<hr/>	<hr/>
	<b>37,724</b>	21,400
	<hr/>	<hr/>
Other debtors, net of loss allowance ( <i>iii</i> )	<b>546,665</b>	119,210
	<hr/>	<hr/>
Financial assets measured at amortised cost	<b>876,268</b>	436,405
Prepaid sales related tax and other taxes	<b>324,088</b>	281,940
Deposits and prepayments ( <i>iv</i> )	<b>1,228,473</b>	643,344
	<hr/>	<hr/>
	<b>2,428,829</b>	1,361,689
	<hr/>	<hr/>

- (i) In respect of other receivables due from third parties, the Group reviews the exposures and manages them based on the need of operation.
- (ii) Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

(iii) The details of other debtors (net of loss allowance) are set out below:

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Loans to the third parties (a)	396,186	27,437
Others (b)	150,479	91,773
	<u>546,665</u>	<u>119,210</u>

a. As at 30 June 2020, loans to the third parties are interest-bearing from 15% to 36% per annum (31 December 2019: 10% to 36% per annum), unsecured and to be recovered within one year.

b. As at 30 June 2020, included in others are government grants related to certain projects of RMB92,190,000 (31 December 2019: Nil), which are recovered subsequent to 30 June 2020.

(iv) As at 30 June 2020, deposits and prepayments mainly included earnest payments for further development projects of RMB587,066,000 (31 December 2019: Nil) and deposits related to purchase of land use rights and property development of RMB569,803,000 (31 December 2019: RMB575,776,000).

#### 14 TRADE AND OTHER PAYABLES

As at the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on due date, is as follows:

	30 June 2020 RMB'000	31 December 2019 RMB'000
Due within 1 month or on demand	201,813	232,775
Due after 1 month but within 3 months	167,313	171,324
Due after 3 months but within 6 months	514,901	531,301
Due after 6 months	725,816	633,641
Trade and bills payables	1,609,843	1,569,041
Other payables and accruals	725,068	632,461
Financial liabilities measured at amortised cost	2,334,911	2,201,502
Deposits	246,916	163,254
Receipts in advance	1,824	3,104
	<u>2,583,651</u>	<u>2,367,860</u>

## 15 SENIOR NOTES

	30 June 2020 RMB'000	31 December 2019 RMB'000
<b>Current</b>		
US\$157 million senior notes due in 2020		
– Tranche 1 (i)	–	260,272
– Tranche 2 (ii)	–	53,948
	–	314,220
<b>Non-current</b>		
US\$194 million senior notes due in 2021 (iii)	1,361,196	1,338,799
US\$50 million senior notes due in 2021 (iv)	353,071	–
	1,714,267	1,338,799
	1,714,267	1,653,019

- (i) On 24 April 2018, the Company offered its 12% senior notes due May 2020 in an exchange offer to existing holders of the 13.75% senior notes with the principal amount of US\$160,000,000 due in 2018 (the “**2018 Senior Notes**”). US\$98,400,000 (approximately 61.5%) of the 2018 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$25,893,000 of additional 2020 senior notes, which, together with the US\$104,107,000 of the 2020 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$130,000,000, 12% due 2020 senior notes (the “**2020 Senior Notes**”). The exchange offer and the concurrent new issue were completed on 9 May 2018, and the net proceeds from the new issue, after including interest in arrear and deducting the transaction costs, of US\$25,112,000 (equivalent to RMB159,826,000) was received by the Company on 10 May 2018. Interest expense on the 2020 Senior Notes is calculated using effective interest rate of 13.78% per annum. The Company has redeemed all outstanding 2020 Senior Notes on maturity on 11 May 2020.
- (ii) On 10 August 2018, the Company issued additional 2020 Senior Notes with an aggregate principal amount of US\$27,000,000 (equivalent to RMB184,667,000) at 98.44% of the principal amount plus accrued interest, which are consolidated and formed a single class with the US\$130,000,000 aggregate principal amount of 12% 2020 Senior Notes due 2020 issued by the Company on 9 May 2018. The net proceeds from the additional 2020 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$27,065,000 (equivalent to RMB186,605,000) was received by the Company on 16 August 2018. Interest expense on the additional 2020 Senior Notes is calculated using the effective interest rate of 13.74% per annum. On 19 December 2019, US\$111,673,000 (equivalent to RMB781,934,000) of the 2020 Senior Notes was validly tendered for exchange and accepted for the 2021 Senior Notes (as defined below) as further elaborated in the below note (iii). As a result of the completion of this exchange offer, there was an outstanding principal amount of US\$45,327,000 (equivalent to RMB317,380,000) 2020 Senior Notes. The Company has redeemed all outstanding 2020 Senior Notes on maturity on 11 May 2020.



- (iii) On 12 December 2019, the Company offered its 14% senior notes due December 2021 in an exchange offer to existing holders of 2020 Senior Notes. US\$111,673,000 (approximately 71.1%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$81,827,000 of additional 2021 senior notes, which, together with the US\$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$193,500,000, 14% due 2021 senior notes (the “**2021 Senior Notes**”). The exchange offer and the concurrent new issue were completed on 19 December 2019, and the net proceeds from the new issue, after deducting the transaction costs, of US\$80,214,000 (equivalent to RMB561,661,000) was received by the Company on 20 December 2019. Interest expense on the 2021 Senior Notes is calculated using effective interest rate of 14.49% per annum.
- (iv) On 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$50,000,000 (equivalent to RMB348,450,000), which are consolidated and formed a single class with the US\$193,500,000 aggregate principal amount of 14% 2020 Senior Notes due 2021 issued by the Company on 19 December 2019. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$50,163,000 (equivalent to RMB349,585,000) was received by the Company on 7 January 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.20% per annum.

## 16 CORPORATE BONDS

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
RMB260 million corporate bonds	—	259,700

In 2017, the Group issued certain non-public offering of corporate bonds totaling RMB260 million with a coupon rate of 7.50% per annum. The net proceeds from bonds issued, after deducting the transaction costs, of RMB256,360,000 was received by the Group. Interest expenses on these non-public offering corporate bonds are calculated with the effective interest rate of 8.04% per annum. The corporate bonds was redeemed on 9 April 2020.

## 17 OTHER FINANCIAL LIABILITIES

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Contingent consideration payable	16,586	15,250
Estimated compensation payable	60,706	55,588
	<b>77,292</b>	70,838

In 2019, the Group disposed its entire interest in Beijing Hydoo Yingchuang Corporate Management Company Limited (北京毅德盈創企業管理有限公司), which has a direct wholly owned subsidiary of Lanzhou Hydoo Yingchuang Estate Company Limited (蘭州毅德盈創置業有限公司), (collectively “**Yingchuang**”) with consideration of Nil to an associate, Beijing Sunac Hydoo Corporate Management Company Limited (北京融創毅德企業管理有限公司) (“**Sunac Hydoo**”), which was established by the Group, Beijing Sunac Construction Investment Real Estate Co., Ltd (北京融創建投房地產集團有限公司) (“**Sunac**”) and Mr Yi Jiming (collectively “**Partners**”).

Pursuant to the agreement, if the Group fails to change the title of the certain purchase documents related to initial land cost to Yingchuang, the Group has to compensate Sunac Hydo the relevant future tax expenses to be incurred. As the potential payment obligation would be measured based on future matters, it is the contingent consideration payable recorded as financial liability at FVTPL. The fair value of this contingent consideration payable at 30 June 2020 was RMB16,586,000 (31 December 2019: RMB15,250,000).

Subsequent to the completion of the disposal, Yingchuang was requested by the local government authority to pay additional land costs, and the Group agreed to compensate Sunac Hydo for the reduction of profit due to the additional land cost of Yingchuang. The estimated compensation amount as at 30 June 2020 was RMB60,706,000 (31 December 2019: RMB55,588,000) and the Group recorded this amount as financial liabilities measured at FVTPL.

## 18 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

The Board have resolved not to declare any interim dividends for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil). No dividend was paid to equity shareholders attributable to the previous financial year, approved and paid during the interim period (six months ended 30 June 2019: Nil).

### (b) Share capital

#### *Authorised and issued share capital:*

	At 30 June 2020		At 31 December 2019	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<b>8,000,000</b>	<b>80,000</b>	8,000,000	80,000

#### *Ordinary shares, issued and fully paid:*

	Par value HK\$	Number of shares '000	Nominal value of ordinary shares	
			HK\$'000	RMB'000
At 1 January 2020	0.01	4,014,844	40,148	31,825
Issuance of new shares	0.01	522,510	5,225	4,773
At 30 June 2020	0.01	4,537,354	45,373	36,598

(c) **Equity settled share-based transactions**

On 12 June 2020, the Group offered to grant share options to subscribe for a total of 175,400,000 shares of HK\$0.01 each in the capital of the Company to 5 directors and certain eligible employees under the Share Option Scheme. Based on the acceptance confirmation signed by grantees, 164,200,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

- (1) The terms and conditions of the options granted are as follows:

	<b>Number of instruments</b>	
<i>Options granted on 12 June 2020</i>		
– directors	42,700,000	
– employees	132,700,000	
<b>Vesting date</b>	<b>Percentage of vested shares</b>	<b>Contractual life of options</b>
1 April 2021	30%	12 months
1 April 2022	30%	24 months
1 April 2023	40%	36 months

- (2) The number and the weighted average exercise price of share option are as follows:

	<b>Weighted average exercise price</b>	<b>Number of share options</b>
Outstanding at 1 January	–	–
Granted	HK\$0.5	175,400,000
Lapsed	HK\$0.5	(11,200,000)
		<hr/>
Outstanding at 30 June	HK\$0.5	164,200,000
		<hr/>
Exercisable at 30 June	HK\$0.5	164,200,000
		<hr/>

No options were exercised during the six months ended 30 June 2020.

**(d) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio. The Group defines this ratio as total interest-bearing liabilities (includes bank loans and other borrowings, senior notes, corporate bonds and lease liabilities) divided by total assets of the Group. At 30 June 2020 and 31 December 2019, the gearing ratio of the Group was calculated as follows:

	<b>30 June 2020 RMB'000</b>	<b>31 December 2019 RMB'000</b>
Bank loans and other borrowings	<b>1,413,284</b>	1,233,683
Corporate bonds	–	259,700
Senior notes	<b>1,714,267</b>	1,653,019
Lease liabilities	<b>38,817</b>	42,084
	<hr/>	<hr/>
Total interest-bearing borrowings	<b>3,166,368</b>	3,188,486
Total assets	<b>15,165,857</b>	14,848,822
	<hr/>	<hr/>
Gearing ratio	<b>20.9%</b>	21.5%

## **CHAIRMAN’S STATEMENT**

Dear shareholders,

On behalf of the Board of the Company, I hereby present the interim results of the Group for the Period.

## **FINANCIAL RESULTS**

During the Period, the Group’s revenue and gross profit reached approximately RMB733.2 million and RMB359.4 million, representing an increase of 15.7% and 40.0%, respectively (the revenue and gross profit for the six months ended 30 June 2019: RMB633.5 million and RMB256.8 million, respectively). Profit for the period and basic earnings per share for the Period were RMB95.8 million and RMB2.5 cents, representing an increase of 839.2% and 525.0%, respectively (for the six months ended 30 June 2019: Profit for the period and basic earnings per share were RMB10.2 million and RMB0.4 cents, respectively).

## **MARKET AND OPERATION REVIEW**

The global economy kicked off with a difficult start in 2020 due to the impact of the COVID-19 outbreak. For the economic performance of China in the first half year, according to National Bureau of Statistics released in July 2020, the Gross Domestic Product decreased by 1.6% year-on-year. Apart from the challenges affecting the real estate industry that were caused by the epidemic, the continuous tightening up of top-level policies and the market’s wait-and-see attitude had led to a significant decline in real estate development and investment growth, which further surged the industry concentration trend with increasingly intensified enterprise competition.

The Group actively responded to the test of the environment to control the pace of project commencement, supply and delivery, and improve operational control and efficiency, so as to minimize the negative impact brought by the epidemic. During the Period, the Group achieved earnings and gross profit that were higher than the same period of last year, despite shutdown in both our sales and construction activities in February and March. However, the Group’s contract sales were still affected to a certain extent due to the outbreak, and we are confident that we are able to close the performance gap in the second half year to meet our annual sales targets.

To maintain a safe and healthy cash flow, the Group optimized the balance between production and sales, prepared the overall forecasts according to the existing value of goods, supply plan and sales plan, adjusted measures in destocking, project progress, and land acquisition etc., while taking into account inventory backlog reduction and supply guarantee. At the same time, the Group also intensified its efforts in payment collection management to improve payment collection efficiency, and basically completed the payment collection target for the first half year set by the Group. For financing, the Group developed a variety of financing channels and methods to raise funds. Meanwhile, during the Period, the Company completed the issuance of 522,510,000 new shares, representing approximately 11.52% of the Company's issued share capital, and generated net proceeds of approximately HK\$234,929,500. Such move had provided additional security to meet the needs of the Group's working capital and potential investments. As at the end of the Period, the Group's gearing ratio (after excluding receipts in advance), net debt ratio ((interest-bearing liabilities-cash) divided by net assets) and cash to short-term debt ratio were 46.8%, 39.3% and 1.56%, respectively, and continued to maintain a healthy debt level.

During the Period, the Group continued to strengthen its commercial operation and property management services, which continued to expand during the Period. At the end of the Period, the Group's property management area was approximately 6.0 million square meters, and its commercial operation management area was approximately 4.5 million square meters. Against the backdrop of the epidemic, the opening rate of the commercial projects operated by the Group still achieved a good momentum during the Period, with an increase of approximately 10% against the trend.

Moreover, during the Period, the Group introduced the latest version of the digital system, adopted the "management + IT" model, and opened up the main line for core business operations in four aspects, namely standardization, informatization, online and intelligent operation. Such measure had thoroughly run through the entire links of assets revitalization, target setting, rhythm control, supply guarantee, collaboration facilitation, and risk prevention of the Group. The new digital system was supported by all members of the Group. From launching to promotion, the process was highly efficient and worked in concerted efforts under the Group. The system facilitated the comprehensive and intelligent upgrade of the Group's operation management, improved our refined operation management efficiency, and assisted the Group in gaining advantages despite under fierce industry competition.

While operating steadily, the Group also took care of cultivating new development opportunities and had achieved significant progress during the Period. In June 2020, we successfully signed the Mianyang Cultural and Creative Industrial Park Project Investment Cooperation Agreement with Fucheng District Government of Mianyang City in Sichuan Province. The total planned site area of the project is approximately 3,540 mu. The signing and implementation of the Mianyang Cultural and Creative Industrial Park project is of profound significance to the Group. It is the first cultural and tourism industry project of the Group, which is a good start for the Group to march into the cultural tourism and great health service industry. Moreover, it echoes the Mianyang Commerce and Logistics Center Project developed by the Group, and has comprehensively improved the quality and attractiveness of

the project zones where they located, expanded the Group's influence, and is conducive to our in-depth urban cultivation. In addition, we also deployed the Greater Bay Area and explored project opportunities of urban renewal concepts, and actively developed other new projects in Guangxi, Guizhou and other regions.

Talent is the foundation of enterprise development. By adhering the talent concepts of “giving equal stress on ability and integrity, responsibility fulfillment, appointment on merits and capability, fair competition”, and on the basis of recruiting social talents, the Group recruited and hired high caliber personnel especially targeted for new graduates during the Period, with an aim to continuously cultivate excellent, high-quality and high potential young staff full of vitality, to make them become the management cadres reserves of the Group, so as to provide good talents guarantee and wisdom support for the rapid and sustainable development of the Group.

## **PROSPECTS AND FUTURE DEVELOPMENT STRATEGY**

With the epidemic under effective control, China's economic operations are recovering steadily. However, for the real estate industry, the positioning of “the housing is for accommodation, not for speculation” is the long-term basic policy, and there is no sign of loosening up the government's austerity measures, hence the challenges faced by the industry continue to exist. The overall profit of the industry has been shrunk, and competition layout is further divided.

In 2019, the Group introduced new strategic shareholders, seeking to upgrade and enrich our industrial form, and proposed a diversified business philosophy of “commerce and logistics + cultural tourism and health service + urban renewal” for industry empowerment. Nowadays, in facing the profound changes of the internal and external environment of the Group, we actively conform to policies and industry trends, conduct in-depth analysis and systematic review of the Group's strategies, and have clearer development thinking to form a strategic system for GHKGBA Holdings in the new era:

The Group changed the Company's name under a strategic upgrade move. The English name of the Company changed from “Hydoo International Holding Limited” to “Guangdong – Hong Kong Greater Bay Area Holdings Limited”, and the Chinese name of the Company changed from “毅德國際控股有限公司” to “粵港灣控股有限公司”. The new name implies that the Group has a foothold in the Greater Bay Area to form the strategic layout of “1+3+N”, that is, taking the Greater Bay Area as its headquarters and strategic value highland, focusing on the in-depth development of the three areas of “Jiangxi, Hunan and Guangxi” radiated by the Greater Bay Area, and selected development of potential cities in Bohai Bay, the Yangtze River Delta region, central and western China and Shandong Province.

In addition, GHKGBA Holdings will inherit the enterprise gene of “industry driving urban development and prospering cities”, and strategically upgrade into a “new ecological industrial city service provider”. We will take “industrial leadership” as development philosophy and actively integrate technological innovation, cultural tourism, commerce, health care service, education, medical treatment and other diversified industrial resources to form five main business models of “urban renewal, industrial parks, featured towns, residential communities and commercial service”. With the three operation service platforms of “industry, community and commerce” as back up, we will construct a new ecological industrial city service system of “1+5+3” that is unique to the Group.

## **APPRECIATION**

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our valued shareholders, customers and business partners for their trust and support. I would also like to thank all our staff for their professionalism and wholehearted commitment.

**Wong Choi Hing**

*Chairman*

Hong Kong, 28 August 2020



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Contracted Sales Performance

During the Period, the Group's contracted sales were affected to a certain extent by the COVID-19 outbreak. The Group recorded contracted sales of approximately RMB703.0 million and contracted sales area of 130,317 sq.m. for the Period, representing decreases of 52.2% and 50.2% respectively (six months ended 30 June 2019: approximately RMB1,471.6 million and 261,619 sq.m.). The contracted sales during the Period were primarily in relation to the pre-sale of residence for projects in Jining, Wuzhou and Ganzhou, and wholesale trading market unites of Heze Trade Center.

Details of contracted sales recorded in the Period are shown in the table below:

	For the six months ended 30 June					
	2020			2019		
	Average contracted sales price (before deduction of value added tax and surcharges)	Contracted sales amount (before deduction of value added tax and surcharges)		Average contracted sales price (before deduction of value added tax and surcharges)	Contracted sales amount (before deduction of value added tax and surcharges)	
	Contracted sales area		Contracted sales area			
<i>(contracted sales area in sq.m., average contracted sales price in RMB per sq.m. and contracted sales amount in thousands of RMB)</i>						
<b>Jining Trade Center</b>						
Residence	26,266	5,866	154,089	51,572	5,952	306,974
Wholesale trading market units	2,853	5,077	14,485	21,466	4,133	88,712
Subtotal	29,119	5,789	168,574	73,038	5,418	395,686
<b>Heze Trade Center</b>						
Wholesale trading market units	29,842	5,554	165,728	17,190	5,634	96,856
Subtotal	29,842	5,554	165,728	17,190	5,634	96,856

For the six months ended 30 June						
	2020			2019		
	Contracted sales area	Average contracted sales price (before deduction of value added tax and surcharges)	Contracted sales amount (before deduction of value added tax and surcharges)	Contracted sales area	Average contracted sales price (before deduction of value added tax and surcharges)	Contracted sales amount (before deduction of value added tax and surcharges)
<i>(contracted sales area in sq.m., average contracted sales price in RMB per sq.m. and contracted sales amount in thousands of RMB)</i>						
<b>Wuzhou Trade Center</b>						
Residence	18,827	4,623	87,043	22,237	4,553	101,234
Wholesale trading market units	4,283	4,330	18,546	8,058	4,160	33,520
Subtotal	23,110	4,569	105,589	30,295	4,448	134,754
<b>Ganzhou Trade Center</b>						
Residence	9,933	6,923	68,771	52,120	7,001	364,870
Wholesale trading market units	–	–	–	418	10,455	4,370
Subtotal	9,933	6,923	68,771	52,538	7,028	369,240
<b>Yantai Trade Center</b>						
Serviced apartments	2,832	4,972	14,080	4,907	9,546	46,840
Wholesale trading market units	8,656	3,814	33,012	6,777	5,921	40,130
Subtotal	11,488	4,099	47,092	11,684	7,444	86,970

For the six months ended 30 June						
	2020			2019		
	Contracted sales area	Average contracted sales price (before deduction of value added tax and surcharges)	Contracted sales amount (before deduction of value added tax and surcharges)	Contracted sales area	Average contracted sales price (before deduction of value added tax and surcharges)	Contracted sales amount (before deduction of value added tax and surcharges)
	<i>(contracted sales area in sq.m., average contracted sales price in RMB per sq.m. and contracted sales amount in thousands of RMB)</i>					
<b>Liuzhou Trade Center</b>						
Wholesale trading market units	4,401	9,262	40,764	7,391	7,892	58,333
Subtotal	4,401	9,262	40,764	7,391	7,892	58,333
<b>Lanzhou Trade Center</b>						
Wholesale trading market units	7,823	5,012	39,212	30,007	4,634	139,057
Subtotal	7,823	5,012	39,212	30,007	4,634	139,057
<b>Yulin Trade Center</b>						
Wholesale trading market units	5,023	4,694	23,580	25,580	4,889	125,057
Shopping mall	4,895	2,622	12,837	10,257	4,192	43,000
Subtotal	9,918	3,672	36,417	35,837	4,689	168,057
<b>Mianyang Trade Center</b>						
Wholesale trading market units	4,649	6,601	30,690	3,639	6,220	22,634
Subtotal	4,649	6,601	30,690	3,639	6,220	22,634
<b>Ningxiang Trade Center</b>						
Wholesale trading market units	34	4,441	151	–	–	–
Subtotal	34	4,441	151	–	–	–
<b>Total</b>	<b>130,317</b>	<b>5,394</b>	<b>702,988</b>	<b>261,619</b>	<b>5,625</b>	<b>1,471,587</b>

## Land Bank

As of 30 June 2020, we had a total land bank of 7.6 million sq.m., and we were simultaneously developing 12 projects in 7 provinces and autonomous regions in China.

		Completed Properties		Undelivered	Properties under Development	Properties Planned for Future Development	
	Actual GFA of completed properties (sq.m.)	Saleable GFA of completed properties (sq.m.)	Total GFA of properties delivered as of 30/06/2020 (sq.m.)	saleable GFA of completed properties as of 30/06/2020 (sq.m.)	Estimated GFA of properties under development (sq.m.)	Estimated GFA of properties planned for future development (sq.m.)	Land bank (sq.m.)
Ganzhou Trade Center	1,019,630	923,890	642,832	281,058	404,167	1,870,534	2,555,759
Lanzhou Trade Center	585,165	490,976	342,102	148,874	135,527	1,567,085	1,851,486
Wuzhou Trade Center	452,759	405,168	302,757	102,411	332,336	356,761	791,508
Jining Trade Center	865,696	818,734	692,881	125,853	196,542	304,957	627,352
Jiamusi Trade Center	6,344	6,344	–	6,344	–	447,888	454,232
Heze Trade Center	373,622	358,609	252,344	106,265	6,746	311,708	424,719
Yulin Trade Center	503,557	424,000	339,752	84,248	53,101	180,692	318,041
Yantai Trade Center	154,212	127,523	77,456	50,067	127,253	–	177,320
Ningxiang Trade Center	382,842	374,948	297,839	77,109	61,518	–	138,627
Liuzhou Trade Center	188,733	188,168	177,478	10,690	–	112,093	122,783
Mianyang Trade Center	511,434	437,880	407,276	30,604	14,031	66,290	110,925
Haode Yinzuo	48,650	48,650	40,059	8,591	–	–	8,591
<b>Total</b>	<b>5,092,645</b>	<b>4,604,890</b>	<b>3,572,776</b>	<b>1,032,114</b>	<b>1,331,221</b>	<b>5,218,008</b>	<b>7,581,343</b>

## OUR PROJECTS

### Ganzhou Trade Center

Ganzhou Trade Center is strategically located in southwestern Jiangxi province near the intersection of Jiangxi, Hunan and Guangdong provinces. Ganzhou lies along a major transportation route connecting the inland areas of China with China's southeastern coast. There are two major railways intersecting in Ganzhou, namely the Jing-Jiu Railway and the Gan-Long Railway.

Ganzhou Trade Center covers a land area of approximately 1.5 million sq.m., which is estimated to consist of at least two phases, and is estimated to have a total GFA of approximately 3.3 million sq.m. upon full completion. As of 30 June 2020, we had acquired all the land-use rights for this trade center project.

As of 30 June 2020, for this trade center project, we had completed the construction of the wholesale trading markets, shopping malls, a food street, a logistics distribution center, residential areas, warehouses and certain supporting buildings and facilities. We were constructing residential areas. As part of our future development plan, we are planning to construct commercial and exhibition center, additional shopping malls, residential areas, warehouses, office buildings and hotels.

### **Lanzhou Trade Center**

Lanzhou Trade Center is located in Yuzhong County, Lanzhou, which is next to the community of Lanzhou College. It is located in the south of Qinling Highway and 312 National Road and the north of 309 National Road, and is approximately 15 kilometers from downtown Lanzhou City, 20 kilometers and 80 kilometers from the railway station and airport of Lanzhou City, respectively.

Lanzhou Trade Center is planned to cover a site area of approximately 4.0 million sq.m. and has an aggregate estimated GFA of approximately 6.0 million sq.m which is expected to be developed at least in two phases. As of 30 June 2020, we had acquired land-use rights encompassing a total site area of approximately 1.5 million sq.m. with a total GFA of approximately 2.3 million sq.m. upon completion.

As of 30 June 2020, for this trade center project, we had completed the construction of the wholesale trading markets and a commercial pedestrian street. We were constructing wholesale trading markets. As part of our future development plan, we are planning to construct shopping malls, residential areas and additional wholesale trading markets.

### **Wuzhou Trade Center**

Wuzhou Trade Center is strategically located in Wuzhou, a city in eastern Guangxi near the border of Guangxi and Guangdong province. It is approximately 370 kilometers east of Nanning, the capital of Guangxi, and approximately 270 kilometers west of Guangzhou, the capital of Guangdong.

Wuzhou Trade Center is planned to cover a site area of approximately 1.3 million sq.m. and has an aggregate estimated GFA of approximately 2.0 million sq.m., which is expected to be developed in two phases. As of 30 June 2020, we had acquired land-use rights for all of Phase I encompassing a total site area of approximately 0.6 million sq.m. with a total GFA of approximately 1.0 million sq.m. upon full completion of Phase I development.

As of 30 June 2020, for this trade center project, we had completed the construction of wholesale trading markets, shopping malls, a commercial and exhibition center, and certain supporting buildings and facilities. We were constructing residential areas. As part of our future development plan, we are planning to construct residential areas, office buildings, serviced apartments, a hotel, warehouses and additional shopping malls.

## **Jining Trade Center**

Jining Trade Center is located approximately six kilometers west of Jining, a prefecture level city in southwestern Shandong province, and is one of the three major industrial bases in Shandong province. It is easily accessible by a number of connecting bus lines, and lies within ten kilometers of the Jining train station and 30 kilometers of Jining Qufu airport.

Jining Trade Center is planned to cover a site area of approximately 2.0 million sq.m., and has an aggregate estimated GFA of approximately 3.0 million sq.m., which is expected to be developed in three phases. As of 30 June 2020, we had acquired land-use rights for all of Phase I and Phase II, encompassing a total site area of approximately 1.0 million sq.m. and expect a total GFA of approximately 1.4 million sq.m. upon full completion of Phase I and Phase II.

As of 30 June 2020, for this trade center project we had completed the construction of wholesale trading markets, shopping malls, a hotel, an office building, a commercial center and residential areas. We were constructing residential areas. As part of our future development plan, we are planning to construct serviced apartments, office buildings and warehouses.

## **Jiamusi Trade Center**

Jiamusi Trade Center is located in Jiamusi City, the core city and transportation hub in eastern Heilongjiang. It is located approximately ten kilometers west of Jiamusi's city hall, in the north of Youyi Road (the urban main road), and one kilometer from Hatong Highway.

As of 30 June 2020, we had acquired land-use rights for Phase I development, encompassing a total site area of approximately 0.5 million sq.m., with a total planned GFA of approximately 0.5 million sq.m. upon completion. As of 30 June 2020, we had completed a commercial center.

## **Heze Trade Center**

Heze Trade Center is located in the city's central Mudan District along 220 National Highway and is approximately two kilometers from Heze's city center.

Heze Trade Center is planned to cover a site area of approximately 8.0 million sq.m. and has an aggregate estimated GFA of approximately 12.0 million sq.m., which is expected to be developed in three phases. As of 30 June 2020, we had acquired land-use rights for all of Phase I and a portion of Phase II encompassing a total site area of approximately 0.6 million sq.m. with a total planned GFA of approximately 0.7 million sq.m. upon completion of the Phase I and Phase II development.

As of 30 June 2020, for this trade center project, we had completed the construction of the wholesale trading markets, a shopping mall and a commercial center. We were constructing additional wholesale trading markets. As part of our future development plan, we are planning to construct office buildings, serviced apartments, additional shopping malls and wholesale trading markets.

### **Yulin Trade Center**

Yulin Trade Center is located approximately two kilometers from Yulin, the fourth largest city in Guangxi, located along the border with Guangdong province. The trade center's northern edge is bounded by Yulin Second Ring Road. It is three kilometers from Guangkun Highway and is within ten kilometers of Yulin train station.

Yulin Trade Center is planned to cover a site area of approximately 1.2 million sq.m. and has an aggregate estimated GFA of approximately 2.0 million sq.m., which is expected to be developed in several phases. As of 30 June 2020, we had acquired land-use rights for all of Phase I, Phase II and a portion of Phase III, encompassing a total site area of approximately 0.5 million sq.m. with a total planned GFA of approximately 0.7 million sq.m. upon full completion of Phase I, Phase II and Phase III development.

As of 30 June 2020, for this trade center project, we had completed construction of wholesale trading markets, shopping malls and a commercial and exhibition center. We were constructing additional wholesale trading markets. As part of our future development plan, we are planning to construct serviced apartments and additional wholesale trading markets.

### **Yantai Trade Center**

Yantai Trade Center is located in southern Zhifu District of Yantai City, west of Shenhai Highway, 9 kilometers north of Yantai railway station, east of the Yantai wharf and 9.5 kilometers south of the Laishan International Airport and Rongwu Highway. The location of Yantai Trade Center has exceptional geographical and transportation advantages.

Yantai Trade Center is planned to cover a site area of approximately 1.3 million sq.m. and has an aggregate estimated GFA of approximately 2.4 million sq.m., which is expected to be developed in several phases. As of 30 June 2020, we had acquired land-use rights for all of Phase I, encompassing a total site area of approximately 0.2 million sq.m. with a total planned GFA of approximately 0.3 million sq.m. upon completion.

As of 30 June 2020, for this trade center project, we had completed the construction of wholesale trading markets, office building and a commercial center. We were constructing serviced apartments, additional office building and certain supporting buildings and facilities.

## **Ningxiang Trade Center**

Ningxiang Trade Center is located approximately three kilometers west of the city center of Ningxiang, a county in Changsha, which is the capital of Hunan province. 319 National Road runs along the eastern edge of the Ningxiang Trade Center and provides Ningxiang with convenient access to other key cities in Hunan, such as Changsha, Zhuzhou and Xiangtan.

Ningxiang Trade Center is planned to cover a site area of approximately 1.3 million sq.m. and has an aggregate estimated GFA of approximately 1.2 million sq.m., which is expected to be developed in three phases. As of 30 June 2020, we had acquired land-use rights for all of Phase I, encompassing a total site area of approximately 0.3 million sq.m. with a total planned GFA of approximately 0.4 million sq.m. upon full completion of Phase I.

As of 30 June 2020, for this trade center project, we had completed the construction of the wholesale trading markets, a food street, a freight-forwarding market, a commercial and exhibition center, warehouses, a bus terminal and information center, serviced apartments. We were constructing a hotel.

## **Liuzhou Trade Center**

Liuzhou Trade Center is located in Liujiang Town, Liuzhou City, Guangxi. It is located in the east of Xianggui railway and in the south of Liujiang Road.

Liuzhou Trade Center is estimated to cover a site area of approximately 1.2 million sq.m., and has an aggregate estimated GFA of approximately 1.5 million sq.m., which is expected to be developed in several phases. As of 30 June 2020, we had acquired the land-use rights for all of Phase I, encompassing a total site area of approximately 0.3 million sq.m., with a total planned GFA of approximately 0.3 million sq.m. upon completion.

As of 30 June 2020 for this trade center project, we had completed the construction of wholesale trading markets. As part of our future development plan, we are planning to construct additional wholesale trading markets, shopping malls, office buildings, hotels, serviced apartments, warehouses, a commercial center and certain supporting buildings and facilities.

## **Mianyang Trade Center**

Mianyang Trade Center is strategically located in Mianyang, the second largest city in Sichuan province, approximately 120 kilometers northeast of Chengdu, the capital of Sichuan province, along the key highway and railway that connect Sichuan province and western and northern China.



Mianyang Trade Center covers a site area of approximately 0.6 million sq.m., which is expected to be developed in several phases, and is estimated to have a total GFA of approximately 0.6 million sq.m. when fully completed. As of 30 June 2020, we had acquired all the land-use rights for this trade center project.

As of 30 June 2020, for this trade center project, we had completed the construction of wholesale trading markets and certain supporting buildings and facilities. We were constructing wholesale trading market. As part of our future development plan, we are planning to construct additional wholesale trading markets and a hotel.

The aforementioned future development plans are expected to be mainly funded through working capital of the Group.

## FINANCIAL REVIEW

### Revenue

Revenue increased by RMB99.7 million, or 15.7%, from RMB633.5 million for the six months ended 30 June 2019 to RMB733.2 million for the Period. This increase was primarily caused by an increase of the sales of properties. The following table sets forth our revenue from the sales of properties, property management services, rental income and others during the relevant periods:

	For the six months ended 30 June			
	2020		2019	
	(RMB'000)	%	(RMB'000)	%
Sales of properties	659,382	90.0	566,436	89.4
Property management services	31,455	4.3	30,391	4.8
Rental income	23,802	3.2	22,039	3.5
Others	18,515	2.5	14,586	2.3
<b>Total</b>	<b>733,154</b>	<b>100.0</b>	<b>633,452</b>	<b>100.0</b>

## Sales of Properties

Revenue from sales of properties increased by RMB93.0 million, or 16.4% from RMB566.4 million for the six months ended 30 June 2019 to RMB659.4 million for the Period. The increase of the sales of properties was mainly due to the increase in GFA of properties sold. The GFA of properties sold increased by 33,004 sq.m., or 33.0%, from 99,984 sq.m. for the six months ended 30 June 2019 to 132,988 sq.m. for the Period. Our revenue from the sales of properties for the Period was primarily derived from the sales at our Yulin Trade Center, Heze Trade Center, Lanzhou Trade Center and Yantai Trade Center.

The following table sets forth the GFA, average sales price and revenue from properties delivered during the periods indicated:

	For the six months ended 30 June					
	2020			2019		
	GFA	Average sales price	Revenue	GFA	Average sales price	Revenue
	<i>(GFA in sq.m., average sales price in RMB per sq.m. and revenue in thousands of RMB)</i>					
<b>Yulin Trade Center</b>						
Wholesale trading market units	65,026	4,965	322,886	14,677	4,709	69,113
Shopping mall	329	3,942	1,297	2,768	4,990	13,813
<b>Subtotal</b>	<b>65,355</b>	<b>4,960</b>	<b>324,183</b>	<b>17,445</b>	<b>4,754</b>	<b>82,926</b>
<b>Heze Trade Center</b>						
Wholesale trading market units	17,842	4,750	84,741	6,926	3,962	27,443
<b>Subtotal</b>	<b>17,842</b>	<b>4,750</b>	<b>84,741</b>	<b>6,926</b>	<b>3,962</b>	<b>27,443</b>
<b>Lanzhou Trade Center</b>						
Wholesale trading market units	11,721	4,945	57,957	9,543	4,929	47,035
Other Commercial	4,477	4,400	19,697	–	–	–
<b>Subtotal</b>	<b>16,198</b>	<b>4,794</b>	<b>77,654</b>	<b>9,543</b>	<b>4,929</b>	<b>47,035</b>
<b>Yantai Trade Center</b>						
Wholesale trading market units	10,367	6,144	63,691	7,066	5,547	39,193
<b>Subtotal</b>	<b>10,367</b>	<b>6,144</b>	<b>63,691</b>	<b>7,066</b>	<b>5,547</b>	<b>39,193</b>

For the six months ended 30 June						
	2020			2019		
	GFA	Average sales price	Revenue	GFA	Average sales price	Revenue
	<i>(GFA in sq.m., average sales price in RMB per sq.m. and revenue in thousands of RMB)</i>					
<b>Liuzhou Trade Center</b>						
Wholesale trading market units	<u>4,017</u>	<u>7,964</u>	<u>31,992</u>	<u>35,790</u>	<u>7,478</u>	<u>267,624</u>
<b>Subtotal</b>	<u>4,017</u>	<u>7,964</u>	<u>31,992</u>	<u>35,790</u>	<u>7,478</u>	<u>267,624</u>
<b>Jining Trade Center</b>						
Wholesale trading market units	<u>6,100</u>	<u>4,152</u>	<u>25,329</u>	<u>6,676</u>	<u>3,809</u>	<u>25,427</u>
Residence	<u>1,364</u>	<u>3,889</u>	<u>5,305</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Subtotal</b>	<u>7,464</u>	<u>4,104</u>	<u>30,634</u>	<u>6,676</u>	<u>3,809</u>	<u>25,427</u>
<b>Mianyang Trade Center</b>						
Wholesale trading market units	<u>3,065</u>	<u>6,533</u>	<u>20,024</u>	<u>4,317</u>	<u>6,007</u>	<u>25,933</u>
<b>Subtotal</b>	<u>3,065</u>	<u>6,533</u>	<u>20,024</u>	<u>4,317</u>	<u>6,007</u>	<u>25,933</u>
<b>Wuzhou Trade Center</b>						
Wholesale trading market units	<u>6,937</u>	<u>2,758</u>	<u>19,133</u>	<u>4,260</u>	<u>4,101</u>	<u>17,470</u>
<b>Subtotal</b>	<u>6,937</u>	<u>2,758</u>	<u>19,133</u>	<u>4,260</u>	<u>4,101</u>	<u>17,470</u>
<b>Ganzhou Trade Center</b>						
Residence	<u>291</u>	<u>5,213</u>	<u>1,517</u>	<u>1,293</u>	<u>9,193</u>	<u>11,886</u>
Wholesale trading market units	<u>591</u>	<u>4,267</u>	<u>2,522</u>	<u>901</u>	<u>8,128</u>	<u>7,323</u>
<b>Subtotal</b>	<u>882</u>	<u>4,579</u>	<u>4,039</u>	<u>2,194</u>	<u>8,755</u>	<u>19,209</u>
<b>Ningxiang Trade Center</b>						
Serviced apartments	<u>861</u>	<u>3,822</u>	<u>3,291</u>	<u>5,767</u>	<u>2,458</u>	<u>14,176</u>
<b>Subtotal</b>	<u>861</u>	<u>3,822</u>	<u>3,291</u>	<u>5,767</u>	<u>2,458</u>	<u>14,176</u>
<b>Total</b>	<u><u>132,988</u></u>	<u><u>4,958</u></u>	<u><u>659,382</u></u>	<u><u>99,984</u></u>	<u><u>5,665</u></u>	<u><u>566,436</u></u>

## **Property Management Services**

Revenue from property management services slightly increased by RMB1.1 million, or 3.6%, from RMB30.4 million for the six months ended 30 June 2019 to RMB31.5 million for the Period.

## **Rental Income**

Rental income increased by RMB1.8 million, or 8.2%, from RMB22.0 million for the six months ended 30 June 2019 to RMB23.8 million for the Period. The increase was primarily due to the increase in leasing area during the Period.

## **Gross Profit and Margin**

As a result of the foregoing, the gross profit increased by RMB102.6 million, or 40.0%, from RMB256.8 million for the six months ended 30 June 2019 to RMB359.4 million for the Period. The increase was in line with the increase in sales of properties during the Period. Our gross profit margin increased from 40.5% for the six months ended 30 June 2019 to 49.0% for the Period. The increase in gross profit margin was mainly due to the increase in our government grants credited to cost of sales.

## **Other Income**

Other income decreased by RMB218.9 million, or 90.6%, from RMB241.5 million for the six months ended 30 June 2019 to RMB22.6 million for the Period. The decrease was mainly due to that the net gain on disposal of subsidiaries were decreased from RMB225.8 million for the six months ended 30 June 2019 to RMB nil for the Period.

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased by RMB29.1 million, or 54.0%, from RMB53.9 million for the six months ended 30 June 2019 to RMB24.8 million for the Period. The decrease was mainly due to the reduction in sales promotion and marketing activities for the six months ended 30 June 2020 due to the impact of the COVID-19.

## **Administrative and Other Operating Expenses**

Administrative and other operating expenses decreased by RMB60.0 million, or 25.2%, from RMB237.7 million for the six months ended 30 June 2019 to RMB177.7 million for the Period. The decrease reflected the Group's strict controls in various expenses.

### **Impairment Loss on Financial Assets Measured at Amortized Cost**

The impairment loss on financial assets measured at amortized cost decreased by RMB5.6 million or 25.7%, from RMB21.8 million for the six months ended 30 June 2019 to RMB16.2 million for the Period. The amount reflected the expected credit loss recognized for financial assets measured at amortized cost.

### **Fair Value Gain on Investment Properties**

The Group's investment properties and investment properties classified as held for sale carried at fair value were revalued as at 30 June 2020 by Savills Valuation and Professional Services Limited ("Savills"), an independent firm of surveyors. In valuing the property interest in the PRC, Savills has adopted the investment approach (income approach) by taking into account the current rental income of the property interest and the reversionary potential of the tenancy, and also adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc., between the comparable properties and the subject property.

During the six months ended 30 June 2020, a fair value gain of RMB209,469,000 (six months ended 30 June 2019: RMB Nil) upon the transfer of inventory to investment properties had been recognized in the consolidated statement of profit or loss. On the other hand, there was a slight loss on the fair value of the existing investment properties during this Period due to the impact of the COVID-19.

### **Finance Income**

Our finance income increased by RMB6.7 million, or 33.2%, from RMB20.2 million for the six months ended 30 June 2019 to RMB26.9 million for the Period. The increase reflected an increase in interest income from interest bearing receivables during the Period.

### **Finance Costs**

Our finance costs increased by RMB55.3 million, or 43.3%, from RMB127.6 million for the six months ended 30 June 2019 to RMB182.9 million for the Period. The increase was primarily due to the increase of the interest on senior notes during the Period.

## **Income Tax**

Our income tax expense increased by RMB22.4 million, or 24.1%, from RMB92.9 million for the six months ended 30 June 2019 to RMB115.3 million for the Period. Such increase was primarily due to the effect of the increase in deferred tax expense.

## **Profit for the Period and Profit Attributable to Equity Shareholders of the Company**

As a result of the foregoing, our profit increased by RMB85.6 million, or 839.2%, from RMB10.2 million for the six months ended 30 June 2019 to RMB95.8 million for the Period. Our profit attributable to equity shareholders of the Company increased by RMB84.8 million, or 533.3%, from RMB15.9 million for the six months ended 30 June 2019 to RMB100.7 million for the Period.

## **Interest in Joint Ventures**

As of 30 June 2020, the Group's interest in joint ventures amounted to RMB134.2 million (31 December 2019: RMB134.8 million), mainly representing the Group's interest in Hydoo Best of RMB125.5 million (31 December 2019: RMB125.8 million). For details, please refer to note 10 of the interim financial information.

## **Pledged and Restricted Cash**

Pledged and restricted cash amounted to RMB539.6 million as of 30 June 2020 compared to RMB606.0 million as of 31 December 2019. The pledged and restricted cash was pledged to banks for certain mortgage facilities granted to purchasers of the Group's properties and pledged for bank loans.

## **Liquidity and Capital Resources**

Our primary uses of cash are to pay for the construction costs and land acquisition costs, fund working capital, service our indebtedness, purchase property, plant and equipment for our own use, and other regular business operation needs. To date, we have primarily financed our operational expenditures through internally generated cash flows including proceeds from the pre-sale and sales of properties, borrowings from commercial banks and other lenders and proceeds from the issuance of overseas notes.

## Bank Loans and Other Borrowings

The following table sets forth our outstanding bank loans and other borrowings as of the dates indicated.

	At 30 June 2020 (RMB'000)	At 31 December 2019 (RMB'000)
<b>Current</b>		
<i>Secured</i>		
– short term bank loans and other borrowings	300,000	139,524
– current portion of non-current bank loans and other borrowings	<u>301,756</u>	<u>362,938</u>
	601,756	502,462
<i>Guaranteed</i>		
– short-term bank loans and other borrowings	<u>–</u>	<u>3,000</u>
	601,756	505,462
<b>Non-current</b>		
<i>Secured</i>		
– repayable after 1 year but within 2 years	216,963	366,512
– repayable after 2 years but within 5 years	406,845	263,398
– repayable after 5 years	<u>187,720</u>	<u>98,311</u>
	811,528	728,221
	<u><u>1,413,284</u></u>	<u><u>1,233,683</u></u>

Bank loans and other borrowings bear interest rates ranging from 5.88% to 9.60% per annum for the Period (31 December 2019: 3.38% to 9.60%) and are secured by the following assets:

	<b>30 June 2020 (RMB'000)</b>	31 December 2019 (RMB'000)
Completed properties held for sale	<b>218,537</b>	279,304
Properties held for future development for sale	<b>906,149</b>	615,847
Properties under development for sale	<b>800,330</b>	754,190
Investment Properties	<b>1,061,900</b>	688,300
Property, plant and equipment	<b>342,028</b>	347,036
Pledged deposits	<b>300,000</b>	207,340
	<hr/>	<hr/>
<b>Total</b>	<b>3,628,944</b>	2,892,017
	<hr/> <hr/>	<hr/> <hr/>

### **Contingent Liabilities**

We make arrangements with PRC commercial banks so that such banks may provide mortgage facilities to our customers to purchase our properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) the due registration of the mortgage interest held by the commercial bank upon the subject property, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In addition, we are required by the banks to place a security deposit to secure our guarantee obligations. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan with any accrued and unpaid interest and penalty based on the loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. Such amount may also be settled through withholding the security deposit we place with the banks. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of 30 June 2020, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB2,828.0 million (31 December 2019: RMB2,757.9 million).



## Commitments

Capital commitments outstanding at the end of Period contracted but not provided for in the financial statements were as follows:

	At 30 June 2020 (RMB'000)	At 31 December 2019 (RMB'000)
Construction and development contracts	<b><u>1,987,817</u></b>	<b><u>1,695,686</u></b>

## Key Financial Ratios

The following table sets out our current ratios, gearing ratios and net gearing ratio as of the end of the reporting periods indicated.

	At 30 June 2020	At 31 December 2019
Current ratio <sup>(1)</sup>	<b>1.53</b>	1.46
Gearing ratio <sup>(2)</sup>	<b>20.9%</b>	21.5%
Net gearing ratio <sup>(3)</sup>	<b><u>39.3%</u></b>	<b><u>20.4%</u></b>

### Notes:

- (1) Our current ratio is calculated by dividing current assets by current liabilities as of the end of the respective reporting period.
- (2) Our gearing ratio is calculated by the Group's total interest bearing borrowings as of the respective reporting period (includes bank loans and other borrowings, senior notes, corporate bonds and lease liabilities) divided by total assets as of the end of the respective reporting period and multiplying by 100%.
- (3) Our net gearing ratio is calculated by the Group's net debt (aggregated bank loans and other borrowings, senior notes, corporate bonds and lease liabilities, net of cash and cash equivalents and restricted cash) divided by the total equity of the Group as of the end of the respective reporting period and multiplying by 100%.

## **Foreign Exchange Exposure**

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Other than certain overseas bank deposits, interests in joint ventures and the overseas notes issued are denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group maintains a conservative approach on foreign exchange exposure management, and manages and reviews its exposure to foreign exchange fluctuations on a regular basis. At times of exchange rate uncertainty or volatility and when appropriate, hedging instruments including swaps and forwards will be used in the management of exposure to foreign exchange fluctuations.

## **Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures**

The Group had no material acquisition or disposal of subsidiaries, associated companies or joint ventures during the Period.

## **Restriction on Sales**

As of 30 June 2020, we were simultaneously developing 12 projects in 7 provinces and autonomous regions in China. Under the terms of certain master investment agreements with local government authorities regarding the development, such as our agreements in relation to Ningxiang, Mianyang, Ganzhou, Liuzhou and Nanchang Trade Centers, we are required to maintain a certain portion of the trade center properties, typically 10%–30% in terms of GFA, for self-use or leasing purpose. We believe that such requirement is in line with our overall development plan for these projects. Except for the conditions mentioned above, there is no restriction on sales of the land acquired by the Group.

## **Human Resources**

As of 30 June 2020, the Group had a workforce of 791 people. The number of staff had decreased by 1.7% since 31 December 2019. The total employee benefit expenses for the Period amounted to RMB88.8 million, decreased by 34.2% (six months ended 30 June 2019: RMB134.9 million). We actively recruit skilled and qualified personnel in the Chinese local markets, including students graduated from universities as well as personnel with relevant work experience. For the senior management team and selected management positions, we also seek to recruit personnel with international experience. The remuneration package of our employees includes salary, bonuses and other cash subsidies. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raises, bonuses and promotion. On 30 May 2019, the Company approved and adopted the share option scheme for its directors and employees. As of 30 June 2020, the number of outstanding share options granted by the Company to its Directors and employees is 164,200,000 shares.

## **CORPORATE GOVERNANCE**

The Board is of opinion that the Company had complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules during the Period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions Conducted by the Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 of the Listing Rules as the code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or its shares are prohibited from dealing in the shares of the Company during the black-out period.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results and financial report for the Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

The interim financial report for the Period is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

## ISSUANCE OF 14% SENIOR NOTES DUE 2021

On 2 December 2019, the Company offered its 14.00% senior notes due December 2021 in an exchange offer to holders of the 12% senior notes due 2020 (the “**2020 Senior Notes**”). US\$111,673,000 (approximately 71.13%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$81,827,000 of additional 2021 senior notes, which, together with the US\$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$193,500,000, 14% due 2021 senior notes (the “**2021 Senior Notes**”). The exchange offer and the concurrent new issue were completed on 19 December 2019. The 2021 Senior Notes are listed and traded on The Singapore Exchange Securities Trading Limited.

The proceeds of the 2021 Senior Notes was primarily used for the repayment of debts, financing acquisition or development of assets or property in the ordinary course of business, and general corporate purposes.

Please refer to the Company’s announcements dated 2 December 2019, 4 December 2019, 12 December 2019, 13 December 2019, 20 December 2019 and 23 December 2019 for details on the 2021 Senior Notes.

Pursuant to a purchase agreement dated 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$50,000,000, which are consolidated and formed a single class with the US\$193,500,000 aggregate principal amount of 2021 Senior Notes issued by the Company on 19 December 2019. The issuance of the additional 2021 Senior Notes was completed on 6 January 2020. The proceeds of the additional 2021 Senior Notes was primarily used for the repayment of debts, financing acquisition or development of assets or property in the ordinary course of business, and general corporate purposes.

Please refer to the Company’s announcements dated 27 December 2019 and 8 January 2020 for further details.

## EVENTS AFTER THE REPORTING PERIOD

Mr. Chan Sze Hon has resigned as the company secretary, authorised representative and chief financial officer of the Company with effect from 1 July 2020. Ms. Liang Lina has been appointed as the company secretary, authorised representative of the Company, with effect from 1 July 2020.

Subsequent to the passing of a special resolution approving the proposed change of company name by the shareholders of the Company held on 14 July 2020, the English name of the Company has been changed from “Hydoo International Holding Limited” to “Guangdong – Hong Kong Greater Bay Area Holdings Limited” and its Chinese name has been changed from “毅德國際控股有限公司” to “粵港灣控股有限公司”. The stock short names for trading in the Shares on the Stock Exchange will be changed from “HYDOO INTL” to “GD-HKGBA HLDGS” in English and from “毅德國際” to “粵港灣控股” in Chinese with effect from 9:00 a.m. on 1 September 2020. The logo of the Company has been changed with effect from 26 August 2020 to reflect the change of the company name. The Company is in the process of changing its company website address to reflect the change of the company name, and shall publish an announcement in due course. As of the date of this announcement, the company website address remains unchanged.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.hydoo.com.cn](http://www.hydoo.com.cn). The 2020 Interim Report will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

By order of the Board  
**Guangdong – Hong Kong Greater Bay Area Holdings Limited**  
**WONG Choi Hing**  
*Chairman and Executive Director*

Hong Kong, 28 August 2020

*As at the date of this announcement, our executive Directors of the Company are Mr. Wong Choi Hing, Mr. Cai Hongwen, Mr. Zeng Yunshu, Mr. Wang Dewen and Mr. Yang Sanming; and our independent non-executive Directors of the Company are Mr. Zhao Lihua, Mr. Lam Chi Yuen Nelson and Mr. Yue Zheng.*