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## **Redsun Properties Group Limited**

### **弘陽地產集團有限公司**

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

**(Stock Code: 1996)**

## **UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022**

### **HIGHLIGHTS OF THE 2022 INTERIM RESULTS**

- Contracted sales reached RMB19.61 billion, representing a year-on-year decrease of 60.1%.
- Revenue decreased by 2.7% to RMB12,609.3 million as compared to the corresponding period of 2021. Revenue from commercial operations and hotel operations increased by 2.4% to RMB322.1 million (1H of 2021: RMB314.4 million).
- Gross profit and gross profit margin were RMB1,824.7 million and 14.5%, respectively.
- Net loss was RMB405.5 million (net profit for the corresponding period of last year was RMB990.0 million).
- Net loss attributable to the parent was RMB691.0 million as compared to the net profit attributable to the parent of RMB739.3 million for the corresponding period of last year.
- As at 30 June 2022, cash and bank balances were approximately RMB9,502.4 million.
- As at 30 June 2022, net gearing ratio was 59.4%; cash to short-term debt ratio was 0.7 times; gearing ratio (excluding contract liabilities) was 66.8%.

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Redsun Properties Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of the previous year as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2022*

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>REVENUE</b>	5	<b>12,609,317</b>	12,964,452
Cost of sales		<u>(10,784,609)</u>	<u>(10,234,286)</u>
Gross profit		<b>1,824,708</b>	2,730,166
Other income and gains	5	<b>772,000</b>	222,919
Selling and distribution expenses		<b>(410,684)</b>	(416,723)
Administrative expenses		<b>(339,612)</b>	(403,745)
Other expenses		<b>(41,522)</b>	(35,318)
Fair value (losses)/gains on investment properties		<b>(127,225)</b>	87,690
Finance costs	7	<b>(1,105,735)</b>	(494,616)
Share of profits and losses of:			
Joint ventures		<b>(355,730)</b>	(123,195)
Associates		<b>(135,378)</b>	158,469
<b>PROFIT BEFORE TAX</b>	6	<b>80,822</b>	1,725,647
Income tax expense	8	<b>(486,288)</b>	(735,678)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b><u>(405,466)</u></b>	<u>989,969</u>
Attributable to:			
Owners of the parent		<b>(691,025)</b>	739,311
Non-controlling interests		<b>285,559</b>	250,658
		<b><u>(405,466)</u></b>	<u>989,969</u>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic			
— For (loss)/profit for the period		<b><u>RMB(0.21)</u></b>	<u>RMB0.22</u>
Diluted			
— For (loss)/profit for the period		<b><u>RMB(0.21)</u></b>	<u>RMB0.22</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

*For the six months ended 30 June 2022*

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b><u>(405,466)</u></b>	<b><u>989,969</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>—</u>	<u>—</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b><u>(405,466)</u></b>	<b><u>989,969</u></b>
Attributable to:		
Owners of the parent	<b>(691,025)</b>	739,311
Non-controlling interests	<b><u>285,559</u></b>	<u>250,658</u>
	<b><u>(405,466)</u></b>	<b><u>989,969</u></b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		688,216	768,749
Investment properties		14,201,330	14,114,116
Right-of-use assets		43,887	79,925
Other intangible assets		8,998	11,068
Investments in joint ventures		2,509,494	2,452,470
Investments in associates		10,862,390	11,739,053
Deferred tax assets		1,331,733	1,418,552
		<u>29,646,048</u>	<u>30,583,933</u>
<b>CURRENT ASSETS</b>			
Inventories		94,035	84,768
Properties under development		41,210,951	49,232,765
Completed properties held for sale		7,789,017	6,099,195
Trade receivables	11	3,559	4,615
Prepayments, other receivables and other assets		14,444,844	15,374,105
Due from related companies		15,497,627	13,678,744
Financial assets at fair value through profit or loss		405,804	516,908
Tax recoverable		1,280,653	1,134,543
Cash and bank balances		9,502,390	16,039,258
		<u>90,228,880</u>	<u>102,164,901</u>
Total current assets		<u>90,228,880</u>	<u>102,164,901</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

30 June 2022

		<b>30 June</b>	31 December
		<b>2022</b>	2021
	Notes	<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	<b>6,633,951</b>	6,706,397
Other payables and accruals		<b>7,467,079</b>	8,905,585
Contract liabilities		<b>28,109,842</b>	33,192,419
Interest-bearing bank and other borrowings		<b>8,555,146</b>	6,865,131
Senior notes		<b>4,877,055</b>	4,521,504
Lease liabilities		<b>51,069</b>	51,200
Due to related companies		<b>11,887,545</b>	10,342,353
Tax payable		<b>3,673,017</b>	3,632,094
		<u><b>71,254,704</b></u>	<u>74,216,683</u>
		<u><b>18,974,176</b></u>	<u>27,948,218</u>
<b>NET CURRENT ASSETS</b>			
		<u><b>48,620,224</b></u>	<u>58,532,151</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>9,026,106</b>	14,879,782
Senior notes		<b>5,148,610</b>	7,868,698
Lease liabilities		<b>1,644,704</b>	1,664,779
Deferred tax liabilities		<b>2,313,426</b>	2,373,037
		<u><b>18,132,846</b></u>	<u>26,786,296</u>
<b>Total non-current liabilities</b>		<u><b>18,132,846</b></u>	<u>26,786,296</u>
<b>Net assets</b>		<u><b>30,487,378</b></u>	<u>31,745,855</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (continued)**

*30 June 2022*

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>28,411</b>	28,409
Share premium	<b>1,888,469</b>	1,887,875
Other reserves	<b><u>13,180,671</u></b>	<u>13,850,176</u>
	<b>15,097,551</b>	15,766,460
<b>Non-controlling interests</b>	<b><u>15,389,827</u></b>	<u>15,979,395</u>
<b>Total equity</b>	<b><u><u>30,487,378</u></u></b>	<u><u>31,745,855</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 12 July 2018.

The Company is an investment holding company. During the six months ended 30 June 2022, the Group is principally engaged in property development, commercial property investment and operations, and hotel operations.

In the opinion of the directors of the Company, the immediate holding company of the Company is Redsun Properties Group (Holdings) Limited.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standards ("IASs") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

### Going concern basis

The Group recorded a net loss of RMB405,466,000 for the six months ended 30 June 2022. As at 30 June 2022, the Group's total bank and other borrowings and senior notes amounted to RMB27,606,917,000, out of which RMB13,432,201,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB6,616,403,000.

The above events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company consider that the Group has taken various measures and will have adequate funds available to enable it to operate as a going concern, taking into account the past operating performance of the Group and the following:

- (a) The Group continues to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds.
- (b) The Group has appointed financial advisors to assist it with a restructuring of its offshore debts, in order to reach a consensual solution with all the stakeholders as soon as practical.
- (c) The Group is actively negotiating with several banks and financial institutions on the extension for repayments of certain borrowings. The Group may be able to extend the payment schedule for certain interest-bearing bank and other borrowings. Nevertheless, the confirmation of such extension is subject to the final approval from the banks.

- (d) The Group is actively negotiating with several financial institutions to obtain new loans at a reasonable cost. Certain financial institutions have indicated their intention to grant new loans to the Group.
- (e) The Group continues to monitor capital expenditure to balance and relieve cash resource to support operations.
- (f) The Group continues to take action to tighten cost controls over various operating expenses.
- (g) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors of the Company have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the Reporting Period. They are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors of the Company believe it is appropriate to prepare the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in China and the uncertainties to obtain continuous support by the banks and the Group's creditors, material uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim condensed consolidated financial statements.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to *the Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2022, the amendments did not have any impact on the financial position or performance of the Group.
- c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

d) *Annual Improvements to IFRS Standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- Property development
- Commercial property investment and operations
- Hotel operations

The Group's operations are mainly conducted in Mainland China. Management considered there is no reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

Six months ended 30 June 2022	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue</b>				
Sales to external customers	<u>12,287,267</u>	<u>310,073</u>	<u>11,977</u>	<u>12,609,317</u>
Revenue				<u><u>12,609,317</u></u>
<b>Segment results</b>	559,336	5,057	(2,149)	562,244
<i>Reconciliation:</i>				
Bank interest income				13,399
Fair value gains on financial assets at fair value through profit or loss				16,864
Gain on repurchase of senior notes				551,274
Investment income				8,551
Finance costs (other than interest on lease liabilities)				(1,063,617)
Corporate and other unallocated expenses				<u>(7,893)</u>
Profit before tax				<u><u>80,822</u></u>
Six months ended 30 June 2021	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue</b>				
Sales to external customers	<u>12,650,071</u>	<u>291,773</u>	<u>22,608</u>	<u>12,964,452</u>
Revenue				<u><u>12,964,452</u></u>
<b>Segment results</b>	1,899,639	208,280	2,970	2,110,889
<i>Reconciliation:</i>				
Bank interest income				56,365
Fair value gains on financial assets at fair value through profit or loss				4,169
Finance costs (other than interest on lease liabilities)				(448,282)
Corporate and other unallocated expenses				<u>2,506</u>
Profit before tax				<u><u>1,725,647</u></u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2022 and 31 December 2021.

	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment assets</b>				
30 June 2022	103,527,168	15,038,293	297,295	118,862,756
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>1,012,172</u>
Total assets				<u><u>119,874,928</u></u>
<b>Segment liabilities</b>				
30 June 2022	86,688,861	2,442,980	11,540	819,143,381
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>244,169</u>
Total liabilities				<u><u>89,387,550</u></u>
	Property development RMB'000 (Audited)	Commercial property investment and operations RMB'000 (Audited)	Hotel operations RMB'000 (Audited)	Total RMB'000 (Audited)
<b>Segment assets</b>				
31 December 2021	116,685,419	14,998,542	304,679	131,988,640
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>760,194</u>
Total assets				<u><u>132,748,834</u></u>
<b>Segment liabilities</b>				
31 December 2021	98,573,434	2,376,133	14,673	100,964,240
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>38,739</u>
Total liabilities				<u><u>101,002,979</u></u>

## Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2022 and 30 June 2021.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from contracts with customers	12,318,238	12,699,894
Revenue from other sources		
Gross rental income	291,079	264,558
	<u>12,609,317</u>	<u>12,964,452</u>

### Disaggregated revenue information for revenue from contracts with customers

*For the six months ended 30 June 2022*

Segments	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>				
Sale of properties	12,246,635	—	—	12,246,635
Hotel operations	—	—	11,977	11,977
Project management services	40,632	—	—	40,632
Others	—	18,994	—	18,994
	<u>12,287,267</u>	<u>18,994</u>	<u>11,977</u>	<u>12,318,238</u>
<b>Timing of revenue recognition</b>				
Sale of properties transferred at a point in time	12,246,635	—	—	12,246,635
Services transferred over time	40,632	18,994	11,977	71,603
	<u>12,287,267</u>	<u>18,994</u>	<u>11,977</u>	<u>12,318,238</u>
Total revenue from contracts with customers	<u>12,287,267</u>	<u>18,994</u>	<u>11,977</u>	<u>12,318,238</u>

*For the six months ended 30 June 2021*

Segments	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>				
Sale of properties	12,345,991	—	—	12,345,991
Hotel operations	—	—	22,608	22,608
Project management services	304,080	7,000	—	311,080
Others	—	20,215	—	20,215
	<u>12,650,071</u>	<u>27,215</u>	<u>22,608</u>	<u>12,699,894</u>
<b>Timing of revenue recognition</b>				
Sale of properties transferred at a point in time	12,345,991	—	—	12,345,991
Services transferred over time	304,080	27,215	22,608	353,903
	<u>12,650,071</u>	<u>27,215</u>	<u>22,608</u>	<u>12,699,894</u>

An analysis of the Group's other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Bank interest income	13,399	56,365
Gain on repurchase of senior notes	551,274	—
Investment income	8,551	—
Forfeiture of deposit	2,651	4,555
Government grants	1,179	2,819
Fair value gains on financial assets at fair value through profit or loss	16,864	4,169
Gain on disposal of subsidiaries	—	60,198
Gain on disposal of associates and a joint venture	142,589	—
Gain on remeasurement of pre-existing interests in the acquired subsidiaries	—	65,541
Others	35,493	29,272
	<u>772,000</u>	<u>222,919</u>

## 6. PROFIT BEFORE TAX

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

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	10,193,313	10,091,118
Cost of services provided	93,856	128,427
Impairment losses recognized for properties under development and completed properties held for sale	515,043	—
Impairment losses written off for completed properties held for sale	(39,856)	(2,792)
Impairment losses on financial assets	935	12,304
Depreciation of items of property, plant and equipment	39,659	35,966
Depreciation of right-of-use assets	15,525	17,158
Amortisation of other intangible assets	2,070	1,798
Fair value losses/(gains) on investment properties	127,225	(87,690)
Fair value gains on financial assets at fair value through profit or loss	(16,864)	(4,169)
Loss on disposal of items of property, plant and equipment	15,430	686
Gain on disposal of subsidiaries	—	(60,198)
Gain on disposal of associates and a joint venture	(142,589)	—
Loss/(gain) on remeasurement of pre-existing interests in the acquired subsidiaries	9,258	(65,541)
Share of profits and losses of:		
Joint ventures	355,730	123,195
Associates	135,378	(158,469)
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	182,728	425,204
Equity-settled share-based payments	—	4,318
Pension scheme contributions and social welfare	40,349	61,473
Less: Amount capitalised	(86,356)	(152,780)
	<u>136,721</u>	<u>338,215</u>

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans, other borrowings and senior notes	1,255,603	1,420,443
Interest on lease liabilities	42,118	46,334
Interest expense arising from revenue contracts	452,262	348,496
	<hr/>	<hr/>
Total interest expense	1,749,983	1,815,273
Less: Net foreign exchange losses/(gains) on financing activities	410,473	(29,973)
Interest capitalised	(1,054,721)	(1,290,684)
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	1,105,735	494,616
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## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income currently arising in Hong Kong for the six months ended 30 June 2022.

Subsidiaries of the Group operating in Mainland China are subject to the People's Republic of China ("PRC") corporate income tax rate of 25% for the period.

Land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Corporate income tax	392,367	826,589
LAT	65,708	164,024
Deferred tax	28,213	(254,935)
	<hr/>	<hr/>
Total tax charge for the period	486,288	735,678
	<hr/>	<hr/>

## 9. DIVIDENDS

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,338,471,602 (six months ended 30 June 2021: 3,326,207,492) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the effect of share options, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>(691,025)</u>	<u>739,311</u>
	Number of shares	
	2022	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>3,338,471,602</u>	<u>3,326,207,492</u>
Effect of dilution — weighted average number of ordinary shares: Share options	<u>9,424,442</u>	<u>30,534,212</u>
	<u>3,347,896,044</u>	<u>3,356,741,704</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee under the Company's share award scheme.

## 11. TRADE RECEIVABLES

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 month	1,535	2,195
1 to 3 months	1,889	1,817
3 to 6 months	121	—
6 to 12 months	—	590
Over 12 months	14	13
	<u>3,559</u>	<u>4,615</u>

## 12. TRADE AND BILLS PAYABLES

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 year	5,969,305	5,923,463
Over 1 year	664,646	782,934
	<u>6,633,951</u>	<u>6,706,397</u>

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

As at 30 June 2022, commercial acceptance bills of approximately RMB21,246,000 issued by the Company's subsidiaries were overdue and unpaid.

## OVERVIEW AND OUTLOOK

### Review for the First Half of 2022

According to the National Bureau of Statistics, the GDP of China increased by 2.5% year-on-year in the first half of the year and 0.4% year-on-year in the second quarter of 2022, obviously showing that the macroeconomics was under pressure. Exports and investments were the major economic supports in the first half of the year, but the investment in real estate continued to drop and the consumption sentiment was sluggish. Facing the shocks of complex international situation, frequently rebounding epidemic situation and other factors, the global economic development has suffered serious setbacks. China has implemented a package of policies to stabilize the economy. The economy in the future is expected to be stabilized, but the degree of recovery is still uncertain.

In the first half of 2022, as affected by unexpected factors such as the resurgence of epidemic in many regions in China, the national real estate market has experienced unprecedented challenges, with the sales scale of commodity housing significantly reduced and the investment in real estate development recorded negative growth year-on-year for the first time. In the first half of 2022, the sales area of commodity housing across the country was 689,230,000 sq.m., representing a year-on-year decrease of 22.2%. The sales of commodity housing amounted to RMB6,607,200 million, representing a year-on-year decrease of 28.9%.

Since the beginning of this year, the central government and various ministries have frequently released positive signals, and local authorities duly implemented city-specific policies. Local optimization policies have been introduced many times, reaching a record high for the same period in history. After the meeting of the Political Bureau of the CPC Central Committee on 29 April 2022, policies that should be implemented were implemented as much as possible in most cities and efforts were exerted continuously on both sides of preventing and resolving industry risks and supporting rigid and housing improvement demands. The direction of policies has changed from control to stability and support, but the economic environment and industry were facing more severe problems. There were limited effects from the current policies and the market was still sluggish, and the private property enterprises were still under huge liquidity pressure.

Confronted with the severe market situation, the Group faced the challenges and actively responded to the development trend of the industry. Upholding its core values of “professionalism and building credibility for the long term”, the Group adhered to the dual-driven synergic development in property development and commercial real estate and kept its word, so as to actively revitalize its funds and ensure quality delivery. At the same time, the Group returned to its original vision of strengthening foothold and establishing deep presence. Forging ahead and returning to the essence of operation, the overall operation of the Company was stable and orderly.

During the Reporting Period, the Group achieved contracted sales of RMB19.61 billion, representing a year-on-year decrease of 60.1%; revenue of RMB12.61 billion, representing a year-on-year decrease of 2.7%; and net loss of RMB405.5 million.

Ensuring quality delivery and enhancing product strength and service power are the way to survive after the industry enters a new stage. The Company upheld the philosophy of “Quality First and Customer First” to guarantee delivery, safeguard people’s livelihood, maintain stability and live up to owners’ expectation. In the first half of 2022, 54 batches of properties were delivered, housing a total of 27,078 households. The overall delivery rate was 87.1%, representing a year-on-year increase of 4.4% as compared to the corresponding period last year. At the same time, title certificates were delivered upon delivery of properties for some projects, which achieved synchronization in housing right and property ownership of owners and embodied our pursuit of delivery quality.

2022 is the Customer Value Year of the Company. The Group creates benchmark projects internally to serve as a demonstration and improve the quality of each project to be delivered. During the Reporting Period, the overall satisfaction of the Group was higher than the industry average. As compared to companies with the same scale, the Company scored higher in terms of customer satisfaction at every stage.

In respect of operation, the Group launches the “transparent construction sites”, meaning transparency in terms of delivery standards, construction systems, selection of materials and craftsmanship process. We carry out every procedure with high standards and requirements, which embody the Company’s stringent demands for landscape and construction quality.

In respect of investment layout, the Group always attaches importance to the premium areas in the Greater Jiangsu Region and the surrounding Yangtze River Delta Region. With adherence to the strategic layout of “penetrating the Greater Jiangsu Region, strengthening foothold in the Yangtze River Delta Region and expanding into core cities”, we continue to focus on strengthening our foothold in the premium areas and build up a moat for self-development.

In respect of commercial operation, the customer satisfaction of our shopping malls has been higher than the industry average. Anqing Hong Yang Plaza and Jinan Hong Yang Plaza were presented with different awards from the industry respectively. With continuous improvement in the industry competitiveness, the business revenue has been steadily increasing. In respect of commercial expansion, we innovatively adopt the cooperation sharing model and proactively carry out market expansion by virtue of our operation capabilities and quality brand.

During the Reporting Period, the Group adopted robust financial and management strategies and embarked on various financial and operational tasks on cash flow, so as to ensure the safety of cash flow and overcome the hardship. At the same time, we increased the equity ratio through diverting and controlling the risks of cooperative projects, and improve the efficiency per capita through regional integration and simplification of organizations and institutions. In the meantime of development, the Company also proactively fulfils its social responsibilities, and therefore its comprehensive brand strength has also been constantly on the rise.

### **Outlook for the Second Half of 2022**

Looking ahead to the second half of 2022, under numerous uncertainties at home and abroad, we still need to be vigilant about the inherent pressure and risks of the domestic economic operation. With the lack of confidence in micro-entities, the macro-economy is at the critical stage of recovery. In the second half of the year, it is expected that China will still make efforts in strengthening the intensity of macro-adjustment, while the proactive fiscal policies and prudent monetary policies will remain.

Despite the intensive implementation of real estate policies in the first half of 2022, the outcome fell short of expectation. In the second half of the year, under the presupposed keynote of “houses are for living, not for speculation”, the central government will devise policies focusing on stability, while the local governments will continue to adopt city-specific policies, all of which aim to stabilize the market confidence with “guarantee of property delivery” as the bottom line and at the same time further release the demand for housing and increase the support for self-occupied demand such as rigid demand and improvement. On the financial side, the policies may continue to support the reasonable financing demand for enterprises and prevent against the systemic financial risks, while at the time facilitate the solving of the “guarantee of property delivery” issue to help restore confidence in the property market.

In the first half of 2022, the market fell sharply year-on-year from January to April and improved significantly quarter-on-quarter in May and June with narrowed simultaneous declines. However, due to the impact of economic downturn and repeated onset of the COVID-19 pandemic, we are still facing huge pressure in the second half of the year and it is uncertain as to whether we can continue with the quarter-on-quarter increase. With sluggishness of property buyers’ confidence and purchasing power, the phenomenon of foreclosure emerges. Sales, investment, new construction and land acquisition are expected to fall across the board. Differentiation among land lots will continue to intensify, and the core cities will be the main battlefield for property enterprises to replenish their land banks. Credit exchange and default of property enterprises are still difficult to alleviate in the short term. As the L-shaped growth for the whole year has declined in the first half and then remained stagnant in the second, there is less expectation on stabilization and differentiation among cities will continue to intensify in the second half of the year.

Looking ahead, guided by the notion of “cash is king”, the Group will concentrate the resources on solving the critical issues. In medium-to-long term, persisting in strengthening foothold and establishing deep presence, we will make great efforts in products and service quality, fortify our brand name and enhance our operational capabilities to build up our core competitiveness. Through deleveraging in a safe and orderly manner, we will input the limited resources and energy to the most valuable development tracks. The core of our work is to “guarantee safety, stabilize operation and enhance quality”, and at the same time we have to “guarantee delivery, grasp sales, stabilize financing and optimize cooperation”.

In respect of operation strategies, guaranteeing delivery, safeguarding people’s livelihood and maintaining stability are the focus of our work. Property delivery is not an end but a start to fulfil our commitment to customers. For the second half of the year, the Group will continue to carry out the Customer Value Year activities in depth and our customers must be put first. We guarantee to deliver properties to owners in good quality, which is the best practice of the Company’s concept of customer value.

In respect of financial strategies, the Group will continue to embark on various financial and operational tasks on cash flow to ensure the safety of cash flow. In respect of development strategies, we will persist in strengthening foothold and establishing deep presence, enhancing internal competitiveness and improving quality, so as to penetrate Nanjing and the Greater Jiangsu Region.

In respect of commercial development, for the second half of the year, with proactive tenant solicitation, we will work with tenants to increase customer flow and promote transformation. At the same time, by means of tapping potentialities and increasing income, cost reduction and efficiency enhancement, stringent control over expenditure, rental reduction or deferred payment of third-party rental, we strive to guarantee the self-balancing of cash flows.

At present, the industry has returned to be rational and the very essence of operation. With adherence to the customer-oriented principle, the Group will constantly refine its product and service competitiveness to win over customers with real strengths, thereby realizing steady and orderly development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### 1. Sales of Properties

For the six months ended 30 June 2022, the Group achieved contracted sales of approximately RMB19.61 billion, representing a decrease of 60.1% as compared to RMB49.15 billion in the same period last year.

Details of the contracted sales of the Group for the six months ended 30 June 2022 are set out as below:

Region	Contracted Sales in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Nanjing	175,802	3,436,981	19,550
Xuzhou	121,884	1,255,618	10,302
Suzhou	108,410	1,976,307	18,230
Foshan	95,461	1,551,447	16,252
Yancheng	87,038	1,117,716	12,842
Wuhan	59,305	699,266	11,791
Wuxi	59,174	963,604	16,284
Chengdu	57,737	690,988	11,968
Changzhou	54,898	724,013	13,188
Chongqing	49,905	447,771	8,972
Anqing	49,356	309,897	6,279
Suqian	48,694	386,493	7,937
Guangzhou	47,664	953,060	19,995
Nanchang	39,570	388,459	9,817
Wenzhou	38,286	894,312	23,359
Jinan	30,552	413,937	13,549
Huai'an	29,773	421,806	14,167
Nantong	29,203	440,081	15,070
Zhenjiang	28,149	254,804	9,052
Xi'an	23,259	286,181	12,304
Xiangyang	21,991	157,260	7,151
Huzhou	20,797	238,206	11,454
Changsha	20,227	202,863	10,029
Hefei	19,682	184,069	9,352

<b>Region</b>	<b>Contracted Sales in Total Gross Floor Area (sq.m.)</b>	<b>Contracted Sales Amount (RMB'000)</b>	<b>Average Contracted Selling Price (RMB/sq.m.)</b>
Qingdao	19,578	223,221	11,402
Weifang	10,857	108,709	10,013
Ningbo	8,912	220,511	24,743
Jiangmen	8,112	73,050	9,005
Fuyang	7,210	57,868	8,026
Zhengzhou	6,830	33,557	4,913
Yangzhou	5,743	74,142	12,910
Chuzhou	3,585	31,362	8,748
Hengyang	3,016	17,673	5,859
Kaifeng	2,949	36,344	12,324
Wuhu	2,138	21,944	10,264
Bozhou	1,897	15,408	8,122
Jiaxing	778	10,181	13,086
Hangzhou	604	23,461	38,843
Others	9,860	268,182	27,198
<b>Total</b>	<b>1,408,884</b>	<b>19,610,749</b>	<b>13,919</b>

## 2. Land Bank

As at 30 June 2022, the Group's total gross floor area of land bank was approximately 16,794,966 sq.m., including completed properties totaled 1,987,598 sq.m., rentable area held for investment totaled 1,003,361 sq.m. and properties under development totaled 13,804,007 sq.m.

Details of the land bank of the Group (including the land bank which is undergoing the acquisition process) as at 30 June 2022 are set out as below:

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Chongqing	Cypress View • Seattle (柏景•西雅圖)	89,273	40,034	—	49,975	90,009
Chongqing	Shapingba District Dayangshi Group Subregion C No. C11-1/03 (沙坪壩區大 楊石組團C分區 C11-1/03號)	8,749	11,113	—	—	11,113
Chongqing	Bishan 295 (璧山295)	106,259	48,174	—	133,594	181,768
Chongqing	Guan Yin Tang (觀音塘)	14,785	6,246	—	3	6,249
Chongqing	Beibei Project (北碚項目)	109,540	81,769	—	106,417	188,186
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	2,280	—	—	2,280
Wenzhou	Huichang River B03 Project (會昌河B03項目)	25,721	—	—	65,203	65,203
Wenzhou	Huichang River B07 Project (會昌河B07項目)	19,967	—	—	52,565	52,565
Changsha	Deyi In Times (德一時光里)	12,956	12,812	—	360	13,172
Changsha	Black Stone Project (黑石項目)	32,684	—	—	119,978	119,978
Xi'an	Yan Liang Sunrise Joy Residence (閻良昕悅府)	24,649	11,716	—	—	11,716
Wuhan	NK1 Hong Yang Tian Yue (formerly: Yin Yue Residence) (NK1弘陽天悅 (原名稱: 印月府))	106,207	46,135	—	117,392	163,527
Xiangyang	Prime Watery Court (襄御瀾庭)	45,761	15,740	—	—	15,740
Yancheng	Begonia View Residence in Yanzhen Road (鹽枕路觀 棠府)	69,049	699	—	9,397	10,096
Haimen	Jianghai Road Zuo An Gong Yuan (江海路左岸公元)	75,028	9,910	—	—	9,910
Rugao	Wanshou Road Project (萬壽路項目)	89,669	38,345	—	83,598	121,943

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Nantong	Oriental Cloud Garden (東方雲苑)	86,652	8,653	1,163	—	9,816
Nantong	Upper Joy Garden (上悅花園)	82,741	35,627	—	9,561	45,188
Nantong	Xindu Garden (新都花園)	109,890	18,157	—	2,762	20,919
Nantong	Center Creation Metropolis Garden (中創都市花苑)	47,963	2,040	1,035	—	3,075
Nantong	Sutong (蘇通)	47,405	7,341	—	—	7,341
Wuxi	Wuxi Sanwan Qing (無錫三萬頃)	800,000	1,254	—	7,868	9,122
Wuxi	Sunrise Joy Court (昕悅棠)	85,122	10,239	—	—	10,239
Jiangyin	Sunrise Joy Residence (昕悅府)	138,902	—	—	35,007	35,007
Jiangyin	Jing Garden of Superior Class (上品璟苑)	203,609	97,914	—	13,723	111,637
Changzhou	Commercial and Trading Peak (商貿雲峯)	50,921	49,407	—	18,789	68,196
Wuxi	Liyuan Project (利源項目)	39,021	—	—	84,872	84,872
Changzhou	Phoenix East Project (鳳凰東 項目)	115,615	—	30,863	228,373	259,236
Wuxi	Yangjian Project (羊尖項目)	63,050	1,991	—	55,150	57,141
Jiangyin	Yunting Primary School Project (雲亭小學項目)	92,953	—	—	52,356	52,356
Jintan	Golden Seal and Heaven Shire (金璽天郡)	88,719	22,690	—	9,731	32,421
Danyang	Phoenix Terrace (鳳熹臺)	88,498	15,083	—	—	15,083
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	10,625	—	8,082	18,706
Changzhou	Sang Ma Land Lot A (桑麻A 地塊)	44,524	—	11,690	—	11,690
Changzhou	The Bund No.1 Garden (外灘一號花園)	126,695	26,630	—	5,863	32,493
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	—	85,030	4,835	89,866
Changzhou	Changzhou Hong Yang 1936 (formerly: Sang Ma Land Lot CD) (常州弘陽1936 (原名稱：桑麻CD地塊))	156,115	22,208	120,581	68,735	211,524
Changzhou	Sanmao Land Lot (三毛地塊)	108,486	72,702	—	16,086	88,788
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	30,125	—	15,948	46,073
Suzhou	Luyuan Architecture (侑源名築)	60,961	806	—	8,472	9,278

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Zhangjiagang	Star Great Tang Masterpiece Residence (星盛唐名邸)	36,829	3,415	—	—	3,415
Zhangjiagang	Sunrise Joy Masterpiece Residence (昕悦名邸)	47,706	844	—	4,113	4,957
Zhangjiagang	Beautiful in Ten (十里錦繡)	98,783	1,145	—	20,502	21,647
Huzhou	Huzhou 2018-43 (湖州2018-43)	48,652	6,627	—	—	6,627
Changshu	Shang Jun Hua Court (尚雋華庭)	39,410	—	—	12,798	12,798
Changshu	Changshu No. 005 (常熟005)	17,361	—	—	4,023	4,023
Huzhou	Huzhou Ren Huang No. 58# (湖州仁皇58#)	102,218	10,795	—	—	10,795
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	58,682	—	—	58,682
Zhangjiagang	Tang Qiao Fumin Road Project (塘橋富民路項目)	40,317	20,790	—	—	20,790
Kaifeng	Kaifeng Yan Lan Residence (開封燕瀾府)	63,533	12,443	—	26,293	38,736
Nanjing	Loving Garden (愛上花園)	77,367	—	—	3,115	3,115
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	5,743	—	243	5,986
Nanjing	Garden of Joy and Elegance (昕悦雅苑)	32,246	449	—	2,687	3,137
Nanjing	Golden Space and Watery Court (金域瀾庭)	66,267	—	—	9,909	9,909
Nanjing	Residence of Bamboo and Water (竹水居)	52,763	—	—	5,426	5,426
Nanjing	Qilin Garden in the East (麒麟領東苑)	67,810	20,718	—	48,324	69,042
Nanjing	Sea Joy Garden (海悦花園)	57,503	3,482	—	—	3,482
Nanjing	Wave of Swallow New Garden (燕瀾新苑)	61,145	119	—	11,704	11,823
Nanjing	Nanjing Land Lot No. 2017G27 (南京·2017G27地塊)	68,644	—	—	21,248	21,248
Nanjing	Mountain and Lake View Garden in Times (時光山湖花園)	14,338	826	—	2,745	3,572
Nanjing	Nanjing Land Lot No. 2017G36 (南京·2017G36地塊)	54,173	53,674	—	24,834	78,508
Nanjing	Land Lot No. 2017G57 (2017G57地塊)	58,024	17,112	—	—	17,112

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Taizhou (泰州)	Wave of Swallow Garden (燕瀾花園)	56,230	8,070	—	2,308	10,378
Chuzhou	Garden with Art Atmosphere (藝境花園)	60,189	12,610	—	1,051	13,661
Chuzhou	New City Hong Yang Garden at Mingfa North (明發北 站新城弘陽苑)	8,782	1,476	—	543	2,020
Chuzhou	Glory Residence (正榮府)	80,867	3,611	—	4,309	7,920
Chuzhou	Garden In Times (Chuzhou Times Billow) (時光里花園 (滁州時光瀾庭))	89,886	2,445	—	18,919	21,364
Ma'anshan	Sunny Side of the Yangtze River Peacock City (長江 熙岸孔雀城)	97,340	2,146	—	27,612	29,758
Nanjing	Nanjing No. 2018G01 (南京 2018G01)	7,025	—	—	14,770	14,770
Jurong	Land Lot No. 2018-J1-06 (2018-J1-06號地塊)	72,609	34,896	—	34,118	69,013
Jurong	Jurong Land Lot No. B (句容B地塊)	38,731	—	—	74,274	74,274
Nanjing	Gaochun Land Lot No. 02-03 (高淳02-03地塊)	102,787	7,870	—	102,411	110,280
Yizheng	Yizheng 38 Yuedi Bay (儀征 38悅堤灣)	69,788	27,497	—	303	27,801
Yizheng	Yizheng 39 (儀征39)	66,358	36,943	—	445	37,388
Nanjing	Solaris Jingcheng Store (旭日景城商鋪)	1,371	—	4,450	—	4,450
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區 商鋪)	989	—	7,301	—	7,301
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	—	504,424	—	504,424
Nanjing	3rd-4th Floor of Redsun Tower (弘陽大廈3-4層)	277	—	4,964	—	4,964
Nanjing	Shiqiu Project (石湫項目)	131,964	55,563	—	952	56,515
Zhenjiang	Zhenjiang Zhoujiazhuang Jingkou Times (formerly: Zhoujiazhuang Project) (鎮江周家莊京口時光 (原名稱：周家莊項目))	16,168	—	—	42,463	42,463
Nanjing	Lukou Project (祿口項目)	73,686	—	—	111,849	111,849
Nanjing	Puzhu North Road Project (浦珠北路項目)	7,232	—	—	6,232	6,232

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Nanchang	Nanchang Hong Yang Residence (formerly: New Power Hong Yang Residence) (南昌弘陽府 (原名稱：新力弘陽府))	43,410	1,713	—	15,967	17,680
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樑)	102,269	96,522	—	126,792	223,314
Nanchang	Qing Yun Pu (青雲譜)	29,452	25,675	—	—	25,675
Nanchang	Wanli (灣里)	13,717	10,538	—	—	10,538
Xuzhou	Xuzhou Landscape of the Peach Garden (徐州山水桃花源)	104,284	7,651	—	2,911	10,561
Xuzhou	Commercial Building (商辦樓)	2,474	—	—	2,134	2,134
Xuzhou	Nine Pleasures Splendid Residence (九悅華府)	181,244	2,266	—	7,946	10,212
Xuzhou	Joyful Beautiful Scenery Harmonious Residence (欣欣麗景和府)	26,646	996	—	2,325	3,321
Xuzhou	East Lake Joy Residence in Pengzu Avenue (彭祖大道東湖悅府)	70,905	—	—	182,063	182,063
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	15,519	—	—	15,519
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	8,938	—	—	8,938
Foshan	Benevolence Lake Project (博愛湖項目)	44,156	1,184	8,011	—	9,195
Jiangmen	Liyue Project (禮樂項目)	30,231	58,539	—	—	58,539
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	3,038	—	119	3,156
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	5,461	—	—	5,461
Chengdu	Central Road Project (中環路項目)	72,114	32,263	41,650	51,990	125,903
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	35,187	—	—	35,187
Chengdu	Qionglai Chang'an Avenue Project (邛崃長安大道項目)	39,809	36,575	—	—	36,575
Hefei	In Times (時光里)	42,621	8,561	—	—	8,561
Hefei	Sunrise Joy Garden (昕悅花園)	37,254	3,634	—	—	3,634
Hefei	Mountain View Yard (望麓別院)	139,536	28,558	—	—	28,558

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Hefei	Purple Breeze (紫氣東來)	28,081	6,674	—	—	6,674
Bozhou	Bozhou Land Lot No. 2017-217 (亳州2017-217號地塊)	201,216	117	—	180,374	180,491
Bengbu	Bengbu Xin Hong (蚌埠新弘)	32,646	540	—	5,005	5,546
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	4,491	—	—	4,491
Fuyang	Yingzhou Hong Yang Residence (潁州弘陽府)	38,297	15,203	—	—	15,203
Hefei	Yaohai Prosper and Joy (瑤海豐樂)	59,233	29,481	—	53,762	83,243
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	43,030	—	94,977	138,007
Changzhou	Hong Yang Upper City Phase I — III (弘陽上城一 — 三期)	111,700	6,831	—	—	6,831
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	—	—	3,092	3,092
Zhenjiang	Xiaoni Hill No. 1 Four Seasons Magnificence (小牛山一號四季風華)	28,920	—	—	31,250	31,250
Zhenjiang	Xiaoni Hill No. 2 Four Seasons Magnificence (小牛山二號四季風華)	20,536	—	—	78,525	78,525
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悅尚宸)	41,931	—	—	98,681	98,681
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	118	—	15,005	15,123
Yizheng	Yizheng Yuelong Bay (儀征悅龍灣)	27,589	5,894	—	7,331	13,224
Tongxiang	Wuzhen Joy Court (formerly: Wuzhen Longxiang Avenue Project) (烏鎮昕悅棠 (原名稱: 烏鎮龍翔大道項目))	42,811	—	—	3,262	3,262
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悅)	40,689	5,326	—	46	5,372
Hefei	Lujiang Lakeside Shade Mountain (廬江湖畔樾山)	161,263	73,337	—	270,343	343,680
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	16,880	—	456,851	473,731

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	—	—	111,939	111,939
Changzhou	Xi Xia Shu Yun Xi (西夏墅 雲禧)	36,712	40,072	—	—	40,072
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅府)	36,912	26,385	—	54,137	80,522
Meishan	Renshou In Times (仁壽時光里)	68,107	13,481	—	95,368	108,849
Taizhou (台州)	Wenling Jiuzhu in Times (溫嶺時代玖著)	14,338	7,062	—	—	7,062
Jinan	Jiqi Road Project (濟齊路項目)	34,290	—	—	91,722	91,722
Qingdao	Jinshatan Beyond the Sea (金沙灘天賦雲海)	14,077	—	—	106,592	106,592
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	—	—	318,326	318,326
Haining	Longxing Road Beichen Yipin (formerly: Longxing Road Project) (隆興路北辰一品 (原名稱: 隆興路項目))	42,030	12,219	—	—	12,219
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	15,197	—	—	15,197
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	—	—	260,002	260,002
Chengdu	Chengdu Xinglonghu Lakeside Yun Jing Garden (formerly: Tianfu Xinqu 42 mou) (成都興隆湖湖畔 雲璟花園 (原名稱: 天府新 區42畝))	28,432	—	—	79,751	79,751
Chongqing	Chongqing Central Park Sunrise Joy Court (formerly: Central Park) (重慶中央公園昕悅棠 (原名稱: 中央公園))	39,636	179	—	9,968	10,148
Chongqing	Chongqing Babin Road Glistening River (formerly: Babin Road Project) (重慶巴濱路一曲晴江 (原名稱: 巴濱路項目))	66,926	—	—	148,658	148,658
Changsha	Wanhou Road (萬侯路)	21,967	1,206	—	14,978	16,185

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Foshan	Foshan Lakeside Mansion (formerly: Lv Dao Hu) (佛山綠島湖公館 (原名稱：綠島湖))	51,240	—	—	165,077	165,077
Foshan	Nanyou Park No. 1 (南油公園一號)	67,582	—	—	176,419	176,419
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	—	80,000	173,451	253,451
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	—	—	136,371	136,371
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱ONE)	21,191	—	—	41,022	41,022
Ningbo	Chen Po Du (陳婆渡)	40,148	—	—	78,863	78,863
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅府)	103,847	112,095	—	28,673	140,768
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	—	—	167,564	167,564
Nantong	Nantong Gaotie Xincheng Honored Palace (formerly: Pingchao Gaotie Xincheng) (南通高鐵新城時光峯匯 (原名稱：平潮高鐵新城))	84,022	—	—	184,218	184,218
Suzhou	Xiangcheng Shangchen View Mansion (formerly: Fuyuan Road Project) (相城天境上辰 (原名稱：富元路項目))	154,101	—	—	424,786	424,786
Taicang	Taicang Wutang River Luminaries (formerly: Wutang River Project) (太倉吳塘河明月辰光 (原名稱：吳塘河項目))	33,325	—	—	55,183	55,183
Xiangyang	Taiziwan Lu Yun Ting (檯子灣路雲庭)	29,569	507	—	7,888	8,395
Wuxi	Huishan Chengtie Zhan Time's Garden (formerly: Huishan Chengtie Zhan) (惠山城鐵站時光玖境 (原名稱：惠山城鐵站))	15,017	—	—	41,717	41,717
Suqian	Wutaishan Heyue Garden (五臺山和樾花園)	139,947	—	—	371,486	371,486
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	—	—	182,340	182,340

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Nanjing	Nanjing Times Avenue Lan Wan Jiu Zhu (formerly: Times Avenue Project) (南京時代大道攬灣玖築 (原名稱：時代大道項目))	60,138	—	—	138,705	138,705
Lishui	Nanjing Zhuangyuanfang Xiyue Garden (formerly: Lishui Zhuangyuanfang Project) (南京狀元坊熹樾花園 (原名稱：溧水狀元坊項目))	67,192	—	—	162,507	162,507
Yancheng	Yancheng Haikuo Road Project (鹽城海闊路項目)	100,491	—	—	166,865	166,865
Changsha	Changsha Wayao Road Sunrise Joy Court (formerly: Wayao Road) (長沙瓦窯路昕悅棠 (原名稱：瓦窯路))	34,269	—	—	44,336	44,336
Changsha	Changsha Xinglian Road Natural Bustling (formerly: Xinglian Road) (長沙興聯路雲瀟賦 (原名稱：興聯路))	16,111	—	—	52,124	52,124
Changzhou	Changzhou Yaoguan Yuhushanguan Garden (常州遙觀昱湖上觀花苑)	58,093	—	—	111,451	111,451
Guangzhou	Nansha Wanqingsha (南沙萬頃沙)	32,387	—	—	122,471	122,471
Foshan	Foshan Jihua North Joy River No. 1 (佛山季華北悅江一號)	33,220	—	—	89,035	89,035
Foshan	Foshan Zhangcha Sunrise Joy Residence Project (佛山張槎昕悅府項目)	17,059	—	—	46,901	46,901
Hangzhou	Hangzhou Binyao Mansion (formerly: Binjiang Pule Project) (杭州濱耀學府 (原名稱：濱江浦樂項目))	44,633	—	—	101,545	101,545
Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	—	—	65,514	65,514
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門棲堯美著)	14,670	—	—	42,727	42,727

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悦府)	65,227	—	—	145,258	145,258
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	—	—	190,754	190,754
Zhangjiagang	Zhangjiagang Chengdong Tangyue Royalty (formerly: Zhangjiagang Jiangcheng Road) (張家港 城東棠樾世家 (原名稱: 張 家港蔣乘路))	44,590	—	—	102,095	102,095
Wuhan	Wuhan Xiao Jun Shan Aesthetics of Life (formerly: Xiao Jun Shan) (武漢小軍山天璽尚院 (原 名稱: 小軍山))	128,129	—	—	370,338	370,338
Wuxi	Wuxi Qingyuan Avenue Time's Lakeside (formerly: Wuxi Qingyuan Avenue) (無錫慶源大道時光汎樾 (原名稱: 無錫慶源大道))	57,962	—	—	112,537	112,537
Wuxi	Changsha Xinglian Road Natural Bustling (formerly: Wuxi Yangshan) (長沙興聯路雲 瀟賦 (原名稱: 無錫陽山))	28,166	—	—	44,427	44,427
Xuzhou	Xuzhou Songshan Road One Sino Long (formerly: Songshan Road Project) (徐州嵩山路山河瓏胤 (原 名稱: 嵩山路項目))	142,721	—	—	361,626	361,626
Xuzhou	Xuzhou Damiao Heping Gongguan (formerly: Zhongtian Shiming Road Project) (徐州大廟和平公 館 (原名稱: 中天仕名路項 目))	55,614	—	—	154,856	154,856
Huai'an	Huai'an Fengdeng Road Jinyuefu (formerly: Huai'an Fengdeng Road) (淮安豐登路金樾府 (原 名稱: 淮安豐登路))	41,476	—	—	129,626	129,626

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Huzhou	Huzhou Southwest Development Zone Qinlan Residence (formerly: Huzhou South Taihu New District Project) (湖州西南開發區沁瀾府 (原名稱: 湖州南太湖新區項目))	30,200	—	—	78,204	78,204
Pengzhou	Pengzhou 50+55 mou Project (彭州50+55畝項目)	70,603	—	—	155,287	155,287
Yancheng	Yancheng Yandangshan Road Fengyue Residence (formerly: Yancheng Yandangshan Road Project) (鹽城雁蕩山路鳳樾府 (原名稱: 鹽城雁蕩山路項目))	104,088	—	—	238,851	238,851
Nantong	Nantong Fuxing Road Guanjianghai (formerly: Nantong Fuxing Road Project) (南通富興路觀江海 (原名稱: 南通富興路項目))	69,966	—	—	115,140	115,140
Nantong	Nantong Antai Road Project (南通安泰路項目)	53,761	—	—	116,056	116,056
Yancheng	Yancheng Wengang Road Jingyaoshangdong (formerly: Yancheng Wengang Road Project) (鹽城文港路晶耀上東 (原名稱: 鹽城文港路項目))	60,421	—	—	156,933	156,933
Guangzhou	Guangzhou Zengcheng Times (廣州增城時光薈)	53,392	—	—	186,536	186,536
Banan	Chongqing Jieshi Xiao Feng Jiang Nan 71 mou Project (重慶界石曉風江南71畝項目)	47,039	—	—	81,228	81,228
Banan	Chongqing Jieshi Xiao Feng Jiang Nan 141 mou Project (重慶界石曉風江南141畝項目)	94,061	—	—	206,447	206,447
Huai'an	Huai'an Eco-City Grand One (淮安生態新城泓著大觀)	82,734	—	—	181,820	181,820
Ningbo	Cixi Chengdong Shangdongchen Residence (慈溪城東上東辰府)	84,775	—	—	186,366	186,366

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Wenzhou	Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著)	41,342	—	—	80,682	80,682
Yangzhou	Yangzhou City Two Central Mansion (揚州二城和光昕悅)	23,234	—	—	42,233	42,233
Nanjing	Nanjing Jiangbei Core District Yuejiang Shidai (formerly: Nanjing Jiangbei New District Chengnanhe Road Project) (南京江北核心區越江時代 (原名稱：南京江北新區城南河路項目))	66,057	—	—	179,419	179,419
Nanjing	Nanjing Dachang Top Cloud Mansion (formerly: Nanjing Jiangbei New District Xinhua Road Project) (南京大廠雲玥美著 (原名稱：南京江北新區新華路項目))	18,130	—	—	50,807	50,807
Nanjing	Nanjing Tangshan Yunchen Yuanlu (formerly: Nanjing Jiangning Tangshan Tianrun Road Project) (南京湯山雲辰原麓 (原名稱：南京江寧湯山天潤路項目))	68,029	—	—	141,810	141,810
Qinhuai District	Nanjing Qinhuai Chengdong Atmosphere of Mind (formerly: Nanjing Qinhuai Laochengdong Project) (南京秦淮城東玖樾印象 (原名稱：南京秦淮老城東項目))	31,813	—	—	66,126	66,126
Wuhan	Wuhan Jiangxia Huangjia Hunan Road Project (武漢江夏黃家湖南路項目)	25,290	—	—	60,303	60,303
Xi'an	Xi'an Jinghe New Town The Polaris Mansion (西安涇河新城北宸天樾)	95,017	—	—	271,699	271,699
Changshu	Changshu Guli Tieqin Road Project (常熟古里鐵琴路項目)	40,805	—	—	87,356	87,356

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)
Suzhou	Suzhou Lumu Heaven Billow (蘇州陸慕天境瀾庭)	37,963	—	—	81,149	81,149
Guangzhou	Guangzhou Baiyun Hubei Cloud Mansion (formerly: Guangzhou Jiaoxin Project) (廣州白雲湖北雍 雲邸 (原名稱：廣州潛心 項目))	88,941	—	—	148,882	148,882
Xuzhou	Xuzhou Economic Development Zone Jingshan Road 40 mou (徐州市經開區荊山路 40畝)	26,358	—	—	67,546	67,546
Xuzhou	Xuzhou Economic Development Zone Jingshan Road 38 mou (徐州市經開區荊 山路38畝)	25,157	—	—	63,517	63,517
Xuzhou	Xuzhou Economic Development Zone Tuolanshan Road North 37 mou (徐州市經開區馱 藍山路北37畝)	24,514	—	—	67,973	67,973
Xuzhou	Xuzhou Chengdong Cuipingshan Tianqing (formerly: Xuzhou Yunlong Cuipingshan Project) (徐州城東翠屏山 天卿 (原名稱：徐州雲龍翠 屏山項目))	28,525	—	—	69,079	69,079
Weifang	Weifang Kuiwen North District Project (formerly: Weifang Kuiwen District Financial Centre Project) (濰坊奎文北項目 (原名 稱：濰坊奎文區金融中心 項目))	202,107	—	102,200	624,388	726,588
		<u>13,087,062</u>	<u>1,987,598</u>	<u>1,003,361</u>	<u>13,804,007</u>	<u>16,794,966</u>

### **3. Commercial Operations**

The Group's income from commercial operations for the six months ended 30 June 2022 was approximately RMB310.1 million, representing an increase of 6.3% as compared to the same period last year.

The increase was mainly due to the increase in rental income from Jinan Hong Yang Plaza grandly opened in December 2021.

### **4. Hotel Operations**

The Group's income from hotel operations for the six months ended 30 June 2022 was approximately RMB12.0 million, representing a decrease of 47.0% as compared to the same period last year.

The decrease was mainly due to the hotel occupancy rate as affected by the COVID-19 pandemic.

## **FINANCIAL REVIEW**

### **1. Revenue**

The Group's revenue for the six months ended 30 June 2022 amounted to approximately RMB12,609.3 million, representing a decrease of 2.7% from approximately RMB12,964.5 million for the same period last year. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales decreased by 2.9% to approximately RMB12,287.3 million as compared to the same period last year, accounting for 97.4% of the total recognized revenue; (ii) commercial operations increased by 6.3% to approximately RMB310.1 million as compared to the same period last year; and (iii) hotel operations decreased by 47.0% to approximately RMB12.0 million as compared to the same period last year.

Details of recognized revenue are set out as follows:

	Six months ended 30 June				
	2022		2021		Year-on-year change (%)
	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	
Property sales	12,287,267	97.4	12,650,071	97.6	
Commercial operations	310,073	2.5	291,773	2.3	6.3
Hotel operations	11,977	0.1	22,608	0.1	(47.0)
Total	<u>12,609,317</u>	<u>100.0</u>	<u>12,964,452</u>	<u>100.0</u>	<u>(2.7)</u>

## 2. *Cost of sales*

The cost of sales of the Group for the six months ended 30 June 2022 was approximately RMB10,784.6 million, representing an increase of 5.4% as compared to that of approximately RMB10,234.3 million for the same period last year. The increase was primarily due to the impairment loss of assets arising from the provision for decline in value of inventories based on the principle of prudence for some projects during the period.

## 3. *Gross profit and gross profit margin*

For the six months ended 30 June 2022, the Group's gross profit was approximately RMB1,824.7 million, representing a decrease of 33.2% from approximately RMB2,730.2 million for the same period last year. Such decrease was primarily attributable to the lower gross profit of the projects delivered during the period and the provision for impairment of some projects. For the six months ended 30 June 2022, the gross profit margin was 14.5%, a decrease from 21.1% for the same period last year. This was due to the lower gross profit of the property projects delivered during the period.

#### **4. Fair value losses on investment properties**

For the six months ended 30 June 2022, the Group recognized fair value losses on investment properties of approximately RMB127.2 million. The fair value losses on investment properties recorded were primarily due to the fact that as the COVID-19 pandemic continues, both the occupancy rate and rental income of investment properties have decreased.

#### **5. Selling and distribution expenses**

For the six months ended 30 June 2022, the Group's selling and distribution expenses amounted to approximately RMB410.7 million, representing a decrease of 1.4% from approximately RMB416.7 million for the same period last year.

#### **6. Administrative expenses**

For the six months ended 30 June 2022, the Group's administrative expenses amounted to approximately RMB339.6 million, representing a decrease of 15.9% from approximately RMB403.7 million for the same period last year. The decrease was mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

#### **7. Share of profits and losses of joint ventures and associates**

For the six months ended 30 June 2022, the Group's share of losses of joint ventures and associates was approximately RMB491.1 million, mainly due to the increase in impairment based on the principle of prudence for some projects of the joint ventures and associates held by the Group.

#### **8. Finance costs**

The finance costs of the Group during the six months ended 30 June 2022 were approximately RMB1,105.7 million, representing an increase of 123.6% as compared to approximately RMB494.6 million during the same period last year. The change in finance costs was mainly due to exchange loss of senior notes.

#### **9. Income tax expense**

For the six months ended 30 June 2022, the income tax expense of the Group amounted to approximately RMB486.3 million, representing a decrease of 33.9% from approximately RMB735.7 million for the same period last year. The Group's income tax expense included provision for corporate income tax and land appreciation tax net of deferred tax during the period.

During the six months ended 30 June 2022, the provision made for land appreciation tax by the Group was approximately RMB65.7 million, while that in the same period last year was approximately RMB164.0 million.

#### **10. Profit for the Reporting Period**

As a result of the factors described above, the Group's profit before tax amounted to RMB80.8 million, representing a decrease of 95.3% as compared with approximately RMB1,725.6 million for the same period last year. For the six months ended 30 June 2022, net loss amounted to approximately RMB405.5 million, as compared with net profit amounting to approximately RMB990.0 million for the same period last year.

For the six months ended 30 June 2022, core net loss was approximately RMB467.7 million as compared to the core net profit approximately RMB904.9 million for the same period last year.

Core net profit excluded non-recurring profits or loss items and their related tax effects, comprising fair value gains on investment properties, fair value gains on financial assets, gain on repurchase of senior notes and foreign exchange differences, net, etc.

### **LIQUIDITY, FINANCE AND CAPITAL**

#### **1. Cash position**

As at 30 June 2022, the Group's cash and bank balances were approximately RMB9.50 billion (as at 31 December 2021: approximately RMB16.04 billion), of which, restricted cash amounted to RMB2.01 billion (as at 31 December 2021: RMB1.10 billion), and pledged deposits amounted to approximately RMB0.87 billion (as at 31 December 2021: RMB1.05 billion).

#### **2. Borrowings and pledged assets**

As at 30 June 2022, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB27.61 billion (as at 31 December 2021: approximately RMB34.14 billion), of which, interest-bearing bank and other borrowings were approximately RMB17.58 billion (as at 31 December 2021: approximately RMB21.74 billion) and senior notes were approximately RMB10.03 billion (as at 31 December 2021: approximately RMB12.39 billion).

The Group's total borrowings were repayable as follows:

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Interest-bearing bank and other borrowings:		
Repayable within one year	<b>8,555,146</b>	6,865,131
Repayable in the second year	<b>5,169,908</b>	6,317,484
Repayable within two to five years	<b>2,981,198</b>	7,584,458
Repayable after five years	<b>875,000</b>	977,840
	<b><u>17,581,252</u></b>	<u>21,744,913</u>
Senior notes:		
Repayable within one year	<b>4,877,055</b>	4,521,504
Repayable in the second year	<b>2,750,302</b>	4,266,964
Repayable within two to five years	<b>2,398,308</b>	3,601,734
	<b><u>10,025,665</u></b>	<u>12,390,202</u>
Total borrowings	<b><u>27,606,917</u></b>	<u>34,135,115</u>

As at 30 June 2022, except for the borrowings in the amount of RMB10,932.2 million (as at 31 December 2021: RMB13,117.2 million) denominated in US\$ and nil denominated in HK\$ (as at 31 December 2021: RMB15.1 million), the remaining borrowings of the Group were denominated in RMB.

As at 30 June 2022, except for certain bank and other borrowings of RMB5,001.1 million (as at 31 December 2021: RMB5,451.5 million) with fixed interest rates, all of the Group's bank and other borrowings bear interest at floating interest rates.

As at 30 June 2022, assets with an aggregate value of approximately RMB37,155.0 million (as at 31 December 2021: approximately RMB39,283.8 million) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

### **3. *Financing activities***

During the six months ended 30 June 2022, the Group proactively managed and repaid its indebtedness, and repaid the principal and interest of the debt amounting to US\$1,522.7 million, of which US\$616.4 million was offshore. Such offshore debt the Company repaid during this period includes the US\$450,000,000 9.95% senior notes due in April 2022 with the last interest payment.

### **4. *Gearing ratio***

As at 30 June 2022, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 59.4%, as compared to approximately 57.0% as at 31 December 2021. The Group's debt to asset ratio (total debts divided by total assets) was approximately 74.6% as at 30 June 2022 (as at 31 December 2021: approximately 76.1%). The Group's current ratio (current assets divided by current liabilities) was approximately 1.3 times as at 30 June 2022 and was approximately 1.38 times as at 31 December 2021.

As at 30 June 2022, cash to short-term debt ratio (cash and bank balances divided by short-term borrowings) was approximately 0.7 times, as compared with approximately 1.41 times as at 31 December 2021.

### **5. *Capital and property development expenditure commitments***

As at 30 June 2022, the Group had capital and property development expenditure commitments contracted but not provided for of approximately RMB6.80 billion (as at 31 December 2021: approximately RMB10.13 billion).

### **6. *Contingent liabilities***

Pursuant to the mortgage contracts, the banks require the Group to provide guarantees to purchasers in respect of their mortgage loans. Such mortgage guarantees provided to the purchasers are usually released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the delivery of relevant properties to the purchasers. If the purchasers are in default on their mortgage loans, the Group shall be liable to repay the outstanding mortgage principal amount together with the accrued interest and penalties owed by the defaulting purchasers to the banks and the Group shall be entitled to take over the legal title and possession of the related properties.

As at 30 June 2022, the Group provided guarantees of approximately RMB12.09 billion to certain banks in respect of the mortgage loans granted to certain purchasers of the Group's properties (as at 31 December 2021: approximately RMB11.44 billion).

As at 30 June 2022, the Group provided guarantees of approximately RMB5.57 billion to certain joint ventures, associates and other party (as at 31 December 2021: approximately RMB6.61 billion).

Save as disclosed in this results announcement, the Group had no other material contingent liabilities as at 30 June 2022.

## **CORPORATE GOVERNANCE / OTHER INFORMATION**

### ***1. Material Acquisitions and Disposals***

There was no material acquisition and disposal of subsidiaries, associated companies or joint ventures by the Group during the Reporting Period.

### ***2. Employment and Remuneration Policies***

As of 30 June 2022, the Group had 2,787 employees in total, of which 2,276 employees were engaged in the real estate development business, 420 employees were engaged in the commercial property operations and 91 employees were engaged in the hotel operations.

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialized training schemes.

### ***3. Events after the Reporting Period***

On 11 August 2022, the Company issued a profit warning:

It is noted that based on the preliminary review of the latest available unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, the Group is expected to record net loss during the Period in the range of approximately RMB350 million to RMB450 million (the corresponding period in 2021: net profit of RMB990 million).

The net loss was mainly attributable to the facts that (1) the overall market size of the real estate industry declined and the gross profit of the projects which the Company closed for settlement during the Period was relatively low; (2) as the COVID-19 pandemic continues, the selling prices of the development projects of the Group fell short of expectation. Both the occupancy rate and rental income of investment properties have decreased. During the Period, the fair value assessment of non-recurring profit or loss is estimated to be impaired. The impairment loss of assets arising from the provision for decline in value of inventories based on the principle of prudence is expected to increase; and (3) there has incurred significant exchange loss in respect of the USD-denominated debts of the Group due to the depreciation of RMB against USD.

On 11 August 2022, the Company intended to appoint external advisors:

It is noted that since 1 January 2022 and up to 30 June 2022, the Company proactively managed and repaid its indebtedness, and the total principal amount of debt reduced through such repayment, plus the amount of interest payments, amounted to US\$1,522.71 million, of which US\$616.36 million was offshore. Such offshore debt the Company repaid during this period includes the US\$450,000,000 9.95% senior notes due in April 2022 with the last interest payment.

Despite of the Company's relentless efforts in proactively managing its exposure under all of its indebtedness, it remains under significant pressure. The Company has certain offshore senior notes and bank loans that will become due, and Company cannot guarantee that it will be able to meet the obligations, including the repayment of principal and interest when they fall due or within the relevant grace period. As of now, the most recently due interest payment on the notes issued by the Company due 2025 with a coupon rate of 7.3% in the aggregate principal amount of US\$350 million ("**2025 Notes**") has not been made and it is not expected that it will be made by the expiry of the grace period on 12 August 2022. This may, subject to the conditions under the relevant indenture, result in demand by the holders of the 2025 Notes for immediate redemption, which may further result in cross default and acceleration of the Company's other indebtedness including the USD Notes.

Based on the above situation, in order to further engage with its offshore creditors to pursue a transparent dialogue in respect of matters of common interest, the Company suggested to appoint Haitong International Securities Company Limited as the financial advisor of the Company and Linklaters as the legal advisor of the Company.

For details of the above matters, please refer to the announcement of Profit Warning and Appointment of External Advisors issued by the Company on 11 August 2022.

On 15 August 2022, the Company signed an equity transfer agreement:

Guangzhou Hongyu Real Estate Development Co., Ltd.\* (“**Guangzhou Hongyu**”, an indirect wholly-owned subsidiary of the Company), Guangzhou Merchants Property Development Limited\* (“**Guangzhou Merchants**”), Wuhan Dabenying Commercial Management Co., Ltd.\* (“**Wuhan Dabenying**”) and Guangzhou Zhaoying Real Estate Co., Ltd.\* (“**Project Company**”) entered into the equity transfer agreement, pursuant to which Guangzhou Hongyu agreed to sell the 34% equity interests in the Project Company held by Guangzhou Hongyu as at 15 August 2022 (the “**Sale Shares**”) and the shareholder’s loan owed by the Project Company to Guangzhou Hongyu in the amount of RMB514,812,677.90 (the “**Sale Loan**”), and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the Sale Shares and 50% of the Sale Loan, for an aggregate consideration of RMB856,812,677.90 (the “**Disposal**”). Upon completion of the Disposal, the Project Company will cease to be a subsidiary of the Company and the financial results of the Project Company will no longer be consolidated with the financial statements of the Group.

For details of the above matters, please refer to the announcement of Disclosable and Connected Transaction — Disposal of Equity Interests in Project Company issued by the Company on 15 August 2022.

Save as disclosed above, the Group had no other significant event after the Reporting Period.

#### **4. *Interim Dividend***

The Board has resolved that the Company will not declare any interim dividend for the Reporting Period.

#### **5. *Purchase, Sale or Redemption of Any of the Company’s Listed Securities***

During the Reporting Period, the Group cumulatively repurchased the 9.95% senior notes in an aggregate principal amount of US\$190.402 million (the “**April 2022 Notes**”) in the open market, representing approximately 42.3% of the aggregate principal amount of the April 2022 Notes originally issued. Please refer to the Company’s announcements dated 25 January 2022 and 1 April 2022 for further details. All the April 2022 Notes repurchased have been cancelled in accordance with its terms and indenture.

During the Reporting Period, save as disclosed above, there was no purchase, sale or redemption by the Group of any of the Company’s listed securities.

#### **6. *Currency Risk***

The Group primarily operates in the PRC and the majority of the Group’s transactions were denominated and settled in RMB.

## **7. Corporate Governance**

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance.

To the knowledge of the Directors, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code during the Reporting Period, and the Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

## **8. The Model Code for Securities Transactions by Directors of Listed Issuers**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code for dealing in securities of the Company by the Directors.

After specific enquiries made to all Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the Reporting Period.

## **9. Review of Interim Results by the Audit Committee**

The Board has established its audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3 in Part 2 of the CG Code.

The primary duties of our audit committee are to review and monitor the Group’s financial reporting process, risk management and internal control system, to provide recommendation and advice to the Board, and to perform other duties and responsibilities as may be assigned by the Board. Our audit committee consists of three members, including Mr. Leung Yau Wan John, Mr. Lee Kwok Tung Louis and Mr. Au Yeung Po Fung. Our audit committee is chaired by Mr. Leung Yau Wan John, who possesses appropriate professional qualifications.

Our audit committee has reviewed the Company’s unaudited condensed consolidated interim results for the six months ended 30 June 2022 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. Our audit committee has also discussed the matters of financial reporting.

**10. Publication of Interim Results and 2022 Interim Report on the Websites of The Stock Exchange of Hong Kong Limited and the Company**

This announcement is published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.rsunproperty.hk>). The interim report of the Company for the six months ended 30 June 2022 will be despatched to the Company's shareholders and posted on the above websites in due course.

On behalf of the Board  
**Redsun Properties Group Limited**  
**Zeng Huansha**  
*Chairman*

Hong Kong, 30 August 2022

*As of the date of this announcement, the executive Directors are Mr. Zeng Huansha, Mr. Zeng Junkai and Mr. Lui Wai Pang; and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung.*

*\* for identification purposes only*