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DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

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

HIGHLIGHTS OF 2022 INTERIM RESULTS:

- Profit attributable to owners of the Company increased by 17.5% period-on-period to approximately RMB740.5 million;
- Cash flow from operating activities remained positive;
- Pre-sale of properties increased by 11.5% period-on-period to approximately RMB49,685.0 million;
- Interest-bearing debts amounted to approximately RMB23,705.8 million, representing a significant decrease of 21.9% as compared with that at the end of 2021;
- Net gearing ratio was 57.1%, a further decrease as compared with that at the end of 2021; and
- Debt structure was continuously optimized, and the weighted average funding cost decreased by 0.56 percentage point as compared with that at the end of 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of Dexin China Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 with the comparative figures for the corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Revenue	4	10,246,497	13,071,024
Cost of sales		(8,974,102)	(10,220,906)
Gross profit		1,272,395	2,850,118
Other income		33,783	54,615
Other losses – net		(43,204)	(9,276)
Selling and marketing expenses		(237,735)	(271,432)
Administrative expenses		(457,735)	(389,389)
Fair value (losses)/gains on investment properties		(7,116)	16,120
Operating profit		560,388	2,250,756
Finance income		51,447	72,827
Finance costs		(178,418)	(303,088)
Finance costs – net	5	(126,971)	(230,261)
Share of results of joint ventures and associates		694,431	124,852
Profit before income tax		1,127,848	2,145,347
Income tax expenses	6	(224,024)	(766,979)
Profit for the period		903,824	1,378,368
Profit for the period attributable to:			
Owners of the Company		740,455	630,185
Non-controlling interests		163,369	748,183
		903,824	1,378,368
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	7	0.27	0.23

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	903,824	1,378,368
Other comprehensive income	–	–
Total comprehensive income for the period	903,824	1,378,368
Total comprehensive income for the period attributable to:		
Owners of the Company	740,455	630,185
Non-controlling interests	163,369	748,183
	903,824	1,378,368

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2022	31 December 2021
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,032,885	1,102,784
Investment properties		4,182,116	5,003,804
Intangible assets		282	566
Investments accounted for using the equity method		5,759,946	5,787,674
Financial assets at fair value through profit or loss		115,626	110,123
Deferred income tax assets		865,695	793,881
Amounts due from related parties		–	47,631
Trade and other receivables and prepayments	8	–	32,909
Total non-current assets		11,956,550	12,879,372
Current assets			
Properties under development		65,722,157	62,419,190
Completed properties held for sale		3,062,304	1,253,282
Trade and other receivables and prepayments	8	4,464,431	3,171,965
Amounts due from non-controlling interests		14,594,428	12,455,464
Amounts due from related parties		4,767,435	4,870,700
Contract acquisition costs		462,912	355,227
Prepaid income taxes		802,676	1,564,196
Financial assets at fair value through profit or loss		202,297	200,918
Restricted cash		106,117	1,453,000
Cash and cash equivalents		10,595,160	16,110,197
Total current assets		104,779,917	103,854,139
Total assets		116,736,467	116,733,511
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	10	9,200	9,200
Reserves		6,419,500	6,065,015
Non-controlling interests		6,428,700	6,074,215
		16,335,012	15,993,290
Total equity		22,763,712	22,067,505

	<i>Note</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings from bank and other financial institutions		13,204,305	15,132,764
Amounts due to non-controlling interests		292,990	99,990
Deferred income tax liabilities		136,459	273,336
Lease liabilities		9,482	9,898
Total non-current liabilities		13,643,236	15,515,988
Current liabilities			
Trade and other payables	9	9,137,105	8,263,881
Amounts due to non-controlling interests		3,922,946	2,730,472
Amounts due to related parties		6,371,211	6,941,681
Contract liabilities		49,685,007	44,577,856
Current income tax liabilities		682,150	1,387,038
Borrowings from bank and other financial institutions		10,501,452	15,216,081
Lease liabilities		–	3,361
Financial liabilities at fair value through profit or loss		29,648	29,648
Total current liabilities		80,329,519	79,150,018
Total liabilities		93,972,755	94,666,006
Total equity and liabilities		116,736,467	116,733,511

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Dexin China Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1 – 1111, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in the property development and construction services, property investment and hotel operations in the People’s Republic of China (the “**PRC**” or “**China**”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 February 2019.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 31 August 2022.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Going Concern Basis

Due to the certain adverse impact driven by the instability of the real estate market in the PRC and the sales of commodity housing in the industry this year, with a decrease in the sales volume of commodity housing of the Group during the six months ended 30 June 2022 at the same time, the directors of the Company have given prudent consideration to the future liquidity and performance of the Group and the available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months commencing from 30 June 2022, taking account of several plans and procedures, including to accelerate the return of funds from sales, to seek for an extension for the arrangements and borrowings of new debt financing and tighter control over operating expenses.

The directors of the Company have reviewed the Group’s cash flow forecast for a period of 12 months commencing from 30 June 2022. In the opinion of the directors of the Company, after taking full account of the expected operation cash flows of the Group, the existing and future land acquisition plans of the Group, the continuing availability of bank and other borrowings of the Group, and the ability of the Group to raise new funds in accordance with the existing rules and regulations, the Group will have sufficient working capital to perform its financial obligations due within the next 12 months commencing from 30 June 2022. Accordingly, the consolidated financial statements for the current period have been prepared on a going concern basis.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those set out in the Group's annual financial statements for the year ended 31 December 2021.

In the current interim period, the Group has adopted, for the first time, the following amended HKFRSs for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract Annual
Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The application of the revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements

4. SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-makers. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance. The Group is organised into three business segments: property development and construction, property investment, and other businesses. Other businesses mainly include hotel operations. As the Executive Directors of the Company considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The Executive Directors of the Company assess the performance of the operating segments based on a measure of segment results, which is a measure of revenue and gross profit of each operating segment.

Segment assets and segment liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment. Unallocated assets comprise financial assets at fair value through profit or loss and deferred income tax assets. Unallocated liabilities comprise deferred income tax liabilities, current income tax liabilities, borrowings from bank and other financial institutions and other financial liabilities. Management considered that it is impracticable or not meaningful in allocating these unallocated assets and liabilities to different segments.

(i) Segment results for the six months ended 30 June 2022 and 2021 are as follows:

Six months ended 30 June 2022 (Unaudited)

	Property development and construction RMB'000	Property investment RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers	10,173,654	–	16,952	10,190,606
Recognised at a point in time	9,920,396	–	–	9,920,396
Recognised over time	253,258	–	16,952	270,210
Revenue from other sources:				
Rental income	–	55,891	–	55,891
Segment revenue	10,173,654	55,891	16,952	10,246,497
Inter-segment revenue	–	–	–	–
Revenue from external customers	10,173,654	55,891	16,952	10,246,497
Gross profit	1,214,959	49,189	8,247	1,272,395
Other income				33,783
Other losses – net				(43,204)
Selling and marketing expenses				(237,735)
Administrative expenses				(457,735)
Fair value losses on investment properties	–	(7,116)	–	(7,116)
Finance costs – net				(126,971)
Share of results of joint ventures and associates	694,431	–	–	694,431
Profit before income tax				1,127,848
Income tax expenses				(224,024)
Profit for the period				903,824
Depreciation and amortisation	39,802	–	6,267	46,069

Six months ended 30 June 2021 (Unaudited)

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	12,985,102	–	13,658	12,998,760
Recognised at a point in time	12,673,924	–	–	12,673,924
Recognised over time	311,178	–	13,658	324,836
Revenue from other sources:				
Rental income	–	72,264	–	72,264
Segment revenue	12,985,102	72,264	13,658	13,071,024
Inter-segment revenue	–	–	–	–
Revenue from external customers	12,985,102	72,264	13,658	13,071,024
Gross profit	2,795,561	48,460	6,097	2,850,118
Other income				54,615
Other losses – net				(9,276)
Selling and marketing expenses				(271,432)
Administrative expenses				(389,389)
Fair value gain on investment properties	–	16,120	–	16,120
Finance costs – net				(230,261)
Share of results of joint ventures and associates	124,852	–	–	124,852
Profit before income tax				2,145,347
Income tax expenses				(766,979)
Profit for the period				1,378,368
Depreciation and amortisation	14,520	–	8,407	22,927

(ii) Segment assets and liabilities as at 30 June 2022 and 31 December 2021 are as follows:

As at 30 June 2022 (Unaudited)

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	110,288,292	5,159,704	430,746	857,725	116,736,467
Segment liabilities	66,994,052	2,497,090	268,862	24,212,751	93,972,755

As at 31 December 2021 (Audited)

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	108,396,617	5,860,580	1,371,392	1,104,922	116,733,511
Segment liabilities	57,017,192	4,191,189	1,448,406	32,009,219	94,666,006

5. FINANCE COSTS – NET

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Finance costs		
– Interest-bearing debts	1,148,101	1,340,796
– Net exchange losses/(gains) on financing activities	129,518	(43,032)
– Less: capitalised interest	(1,099,201)	(994,676)
	178,418	303,088
Finance income		
Interest income from		
– Bank deposits	(51,447)	(72,827)
Finance costs – net	126,971	230,261

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC corporate income tax	157,879	591,212
– PRC land appreciation tax	76,153	197,408
	234,032	788,620
Deferred income tax:		
– PRC corporate income tax	(10,008)	(21,641)
	224,024	766,979

PRC corporate income tax

The income tax provision of the Group has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate is 25%.

PRC land appreciation tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the PRC.

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

7. EARNINGS PER SHARE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	740,455	630,185
Weighted average number of ordinary shares in issue (in thousand)	2,701,341	2,701,341
Basic earnings per share (RMB per share)	0.27	0.23

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables, net of provision (<i>Note</i>)	211,544	248,150
Other receivables, net of provision	1,952,819	932,833
Prepayments	2,300,068	2,023,891
Trade and other receivables and prepayments	4,464,431	3,204,874
Less: non-current portion of trade and other receivables and prepayments	–	(32,909)
Current portion of trade and other receivables and prepayments	4,464,431	3,171,965

Note: Trade receivables are denominated in RMB and mainly arise from sales of properties and construction services. Proceeds from sales of properties and construction services are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

Ageing analysis of the gross trade receivables as at 30 June 2022 and 31 December 2021 based on invoice dates or contractual terms are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 year	200,054	224,185
Over 1 year and within 2 years	2,415	11,081
Over 2 years	10,946	14,512
	213,415	249,778

9. TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables (<i>Note a</i>)	3,077,682	3,014,607
Note payables	56,013	372,212
Other payables	6,003,410	4,877,062
Total trade and other payables	9,137,105	8,263,881

Note :

(a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 90 days	1,448,863	1,709,414
Over 90 days and within 365 days	1,126,019	1,168,477
Over 365 days	502,800	136,716
	3,077,682	3,014,607

10. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares <i>US\$</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>
Authorised:			
As at 1 January 2022 and 30 June 2022	5,000,000,000	2,500,000	–
Issued:			
As at 1 January 2022 and 30 June 2022	2,701,341,000	1,350,671	9,200

11. DIVIDEND

Pursuant to the resolution of the Company's annual general meeting held on 17 June 2022, the Company has declared 2021 dividends of RMB236,367,000 out of the share premium account of the Company. These dividends have not been paid as at the date of this interim condensed consolidated financial information.

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: same).

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

In the first half of 2022, international situation remained complex and volatile with noticeable slowdown in global economic growth. Resumption of work and production of enterprises was gradually making headway along with the overall improvement in COVID-19 pandemic prevention and control and a series of policy measures proven effective, the overall economic situation in China was on a relatively stable track. However, dampened by the resurgence of the pandemic in some regions in the first half of the year, national real estate market remained stagnant. According to the National Bureau of Statistics of China, in the first half of 2022, the total sales of commercial housing nationwide was RMB6,607.2 billion, representing a period-on-period decrease of 28.9%, which, nevertheless, presented a grave challenge to real estate market.

In terms of policies, the central and local governments have continued to adjust policies from both the supply and demand sides and continuously exhibited positive signs for growth, implementing city-specific policies in all respects. Under the positioning of housing is for living rather than speculation, efforts have been made to improve the operating conditions of the real estate market and promote the long-term healthy and stable development of the real estate industry. Various provinces and cities across the country have adopted various city-specific regulatory policies, such as reducing the down payment ratio, increasing talent introduction, implementing housing subsidies, relaxing provident fund loans, and lowering housing loan interest rates while at the same time improving financial services in the housing sector in terms of financing, increasing support for high-quality projects, maintaining stable and orderly distribution of development loans for real estate enterprises, and providing relief from financing and liquidity. On the whole, with the frequent introduction of central and local policies, the downturn in the real estate market is expected to continue to improve, industry liquidity risks will be alleviated, and the effect of stabilizing the economy by stabilizing real estate will become even more prominent.

The year of 2022 marks the fourth year of the Group's listing. With the support of shareholders and the unremitting efforts of all employees, the Group will continue to optimize and maintain a diversified business development strategy to stabilize its own strength. In the first half of 2022, despite the impact of the downturn in the macroeconomics environment and the real estate market, the Group forged ahead with the implementation of the "ensuring delivery" policy. In the first half of 2022, the Group successfully delivered 4,756 households as scheduled, with an area of approximately 526,675 square meters ("sq.m."). As of the first half of 2022, the Group's net profit was approximately RMB903.8 million and the profit attributable to owners of the Company was approximately RMB740.5 million, representing a period-on-period decrease of 34.4% and an increase of 17.5%, respectively. The margin of profit attributable to owners of the Company was approximately 7.2%, representing a period-on-period increase of 2.4 percentage points. The Group continued to optimize its financial structure to maintain a healthy and reasonable level of debt. The interest-bearing debts for the six months ended 30 June 2022 amounted to approximately RMB23,705.8 million, a decrease of 21.9% from 31 December 2021. As of 30 June 2022, the Group's net gearing ratio among the "Three Red Lines" further reduced to 57.1% from 60.5% at the end of 2021, the liabilities to assets ratio after excluding advance receipts was 66.1%, and the cash to short-term debt ratio was 1.0 time, with all "Three Red Lines" in green lights. In terms of expansion of land reserves, in the first half of 2022, the Group acquired 3 new land parcels with a total gross floor area ("GFA") of approximately 286,000 sq.m.. As of 30 June 2022, the Group operated a total of 154 projects in 27 core cities across the country, with a total land reserve of approximately 17.46 million sq.m. at the end of the period, of which the proportion of land reserve in the Yangtze River Delta reached 76.3%, further consolidating the Group's strategic planning and leading position in the Yangtze River Delta, and securing high-quality salable resources.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, property construction and project management services, management and consulting services, lease of commercial properties and hotel operations. For the six months ended 30 June 2022, the Group recorded a total revenue of approximately RMB10,246.5 million, representing a period-on-period decrease of approximately 21.6%.

Contracted sales

For the six months ended 30 June 2022, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB19,380.0 million, representing a period-on-period decrease of 55.0%, and total contracted GFA sold of approximately 1,037,000 sq.m., representing a period-on-period decrease of 49.2%. The average selling price (“ASP”) of our contracted sales for the six months ended 30 June 2022 was approximately RMB18,689 per sq.m., representing a period-on-period decrease of approximately 11.3%.

Sales of properties

For the six months ended 30 June 2022, the revenue from sales of properties decreased by approximately 21.9% period-on-period to approximately RMB9,903.7 million, accounting for approximately 96.7% of the total revenue of the Group. In terms of sales of properties, the Group has delivered properties as scheduled in the first half of 2022. The decrease in the revenue from sales of properties was primarily attributable to the period-on-period decrease in the area of properties delivered, resulting in the decrease in revenue recognised for properties sold during the period. For the six months ended 30 June 2022, the Group recognised total GFA of approximately 526,675 sq.m., representing a period-on-period decrease of approximately 20.9%. The ASP of the properties recognised as property sales was approximately RMB18,804 per sq.m., representing a period-on-period decrease of approximately 1.2%. The decrease of ASP was mainly due to the increase in recognised GFA in regions with lower ASP.

Based in Zhejiang Province, the Group continued to lay a solid foundation in the Yangtze River Delta Region and key hub cities of China during the six months ended 30 June 2022.

The following table sets out the recognised sales and GFA sold of each city for the six months ended 30 June 2022:

City	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>	Recognised revenue <i>RMB'000</i> (unaudited)
Hangzhou	258,173	22,022	5,685,468
Wenzhou	82,606	19,461	1,607,556
Suzhou	69,296	15,016	1,040,535
Chengdu	72,491	11,278	817,529
Ningbo	36,408	19,362	704,923
Foshan	7,701	6,191	47,675
Total	526,675	18,804	9,903,686

Note:

Recognised revenue in the above table includes the revenue from residences, commercial spaces, car parks and storage spaces, and recognised GFA does not include the GFA of car parks and storage spaces.

Property construction and project management services

For the six months ended 30 June 2022, the revenue from property construction and project management services increased by approximately 52.8% period-on-period to approximately RMB253.3 million, accounting for approximately 2.5% of the total revenue of the Group. The increase was primarily attributable to the increase in the number and scale of projects under construction and management as compared with the corresponding period in 2021.

Management and consulting service income

For the six months ended 30 June 2022, management and consulting service income decreased by approximately 88.5% period-on-period to approximately RMB16.7 million, accounting for approximately 0.2% of the total revenue of the Group. The decrease was primarily attributable to the decrease in the sales of the joint ventures and associates in service during the reporting period.

Lease of commercial properties

For the six months ended 30 June 2022, the revenue from rental income decreased by approximately 22.7% period-on-period to approximately RMB55.9 million, accounting for approximately 0.5% of the total revenue of the Group. The decrease was primarily attributable to the reduction in leased GFA resulting from the disposal of some of the commercial property projects during the reporting period.

Hotel operations

For the six months ended 30 June 2022, the revenue from hotel operations increased by approximately 24.1% period-on-period to approximately RMB17.0 million, accounting for approximately 0.2% of the total revenue of the Group. The increase was primarily attributable to the higher occupancy rate during the reporting period as compared to the corresponding period in 2021.

Investment properties

The following table sets out a summary of the Group's investment properties as of 30 June 2022:

City	Project	Total GFA held for investment (sq.m.)	Leased GFA (sq.m.)	Total rental income for the six months ended 30 June	
				2022 (RMB'000)	2021 (RMB'000)
Hangzhou					
1	Elegant Mansion	33,278	25,820	3,334	–
2	Sky City Phase I	41,422	30,453	2,751	–
3	Hangzhou ONE	17,536	17,536	4,780	5,638
4	Hangzhou Wings	24,864	24,864	8,405	6,947
5	Dexin Konggang City <i>(Note 2)</i>	107,345	–	–	–
6	Sky City Apartment	11,224	10,521	95	–
7	Binwangzhichen <i>(Note 2)</i>	12,740	–	–	–
8	Fuchunyunzhuang <i>(Note 2)</i>	2,062	–	–	–
9	Dexin Center <i>(Note 2)</i>	21,000	–	–	–
10	Yinhu Technology Park	15,429	–	–	–

City	Project	Total GFA held for investment (sq.m.)	Leased GFA (sq.m.)	Total rental income for the six months ended 30 June	
				2022 (RMB'000)	2021 (RMB'000)
Huzhou					
11	Delan Square	13,082	9,431	3,136	3,069
Xuzhou					
12	Sky Scraper A	21,417	17,717	743	1,111
13	Sky Scraper B	51,274	8,950	1,501	1,828
14	Sky Scraper Red and Purple	11,727	9,718	473	–
15	Celebrity Mansion	3,949	–	–	–
Taizhou					
16	Shenxian Garden <i>(Note 1)</i>	51,663	12,578	1,511	111
Shanghai					
17	Shanghai Songjiang Industrial Park	58,176	34,389	1,682	1,344
Nanjing					
18	Nanjing Xianlinzhigu Industrial Park	60,509	–	–	–
		558,697	201,977	28,411	20,048
Other rental income				27,480	52,216
Total				55,891	72,264

Note 1: As of 30 June 2022, part of the property was under development.

Note 2: As of 30 June 2022, the property was under development.

The Group will further improve the efficiency in operation of our investment properties to ensure stable rental income growth, and to strengthen earnings sustainability.

Land reserves

Leveraging on the Group's expertise in the real estate markets in the Yangtze River Delta Region and in-depth studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's business in those markets. As of 30 June 2022, the Group (together with its joint ventures and associates) had 154 projects with land reserves amounting to 17,461,248 sq.m., of which 129 projects were located in 16 cities in the Yangtze River Delta Region.

The following table sets out the Group's land reserves (together with its joint ventures and associates) by geographical location as of 30 June 2022:

City	Total land reserves GFA (sq.m.)	Percentage of total land reserves (%)
Hangzhou	4,412,549	25.3%
Wenzhou	1,766,819	10.1%
Ningbo	1,666,612	9.5%
Nanjing	1,311,566	7.5%
Taizhou	1,177,685	6.7%
Chengdu	1,030,896	5.9%
Xuzhou	1,011,904	5.8%
Jiujiang	827,899	4.7%
Huzhou	807,018	4.6%
Wuhan	664,209	3.8%
Foshan	361,402	2.1%
Quzhou	358,890	2.1%
Guangzhou	342,659	2.0%
Zhengzhou	312,117	1.8%
Jingjiang	242,981	1.4%
Wuhu	212,875	1.2%
Shanghai	210,063	1.2%
Zhangzhou	201,039	1.2%
Kunshan	156,153	0.9%
Xi'an	124,221	0.7%
Zhoushan	102,613	0.6%
Wuxi	87,390	0.5%
Shangrao	41,676	0.2%
U.S.	17,583	0.1%
Suzhou	6,881	0.0%
Changzhou	4,814	0.0%
Jinhua	735	0.0%
Total	17,461,248	100%

For the six months ended 30 June 2022, the Group (together with its joint ventures and associates) acquired 3 parcels primarily in Hangzhou and Taizhou, providing a total saleable GFA of new land reserves of 286,850 sq.m., at an average land cost of approximately RMB8,129.3 per sq.m..

Particulars of the land parcels are set out in the following table:

	Name of project	City	The Group's equity interest	GFA (sq.m.)	Attributable consideration (RMB'000)	Average land cost (RMB/sq.m.)
1	Liuxian Li Project (Phase II)	Taizhou	100.0%	60,102	66,930	1,113.6
2	North of Linping Mountain Project	Hangzhou	40.0%	131,983	426,872	8,085.7
3	Xiaoshan District Project	Hangzhou	70.0%	94,765	838,453	12,639.6
				286,850	1,332,255	8,129.3

FINANCIAL REVIEW

Overall performance

During the six months ended 30 June 2022, total revenue of the Group was approximately RMB10,246.5 million, representing a period-on-period decrease of approximately 21.6%. Gross profit was approximately RMB1,272.4 million, representing a period-on-period decrease of approximately 55.4%. Gross profit margin was approximately 12.4%, representing a period-on-period decrease of approximately 9.4 percentage points. Net profit of the Group decreased by 34.4% period-on-period to approximately RMB903.8 million for the six months ended 30 June 2022. Profit attributable to owners of the Company increased by approximately 17.5% period-on-period to approximately RMB740.5 million for the six months ended 30 June 2022.

Revenue

For the six months ended 30 June 2022, the Group recorded a total revenue of approximately RMB10,246.5 million, representing a period-on-period decrease of approximately 21.6%. In the first half of 2022, the Group delivered properties to buyers according to plan and schedule, and the deliver ratio was 100%. Specifically, revenue from the sales of properties was approximately RMB9,903.7 million, representing a period-on-period decrease of approximately 21.9%, accounting for approximately 96.7% of the total revenue of the Group; revenue from property construction and project management services was approximately RMB253.3 million, representing a period-on-period increase of approximately 52.8%, accounting for approximately 2.5% of the total revenue of the Group; revenue from management and consulting services was approximately RMB16.7 million, representing a period-on-period decrease of approximately 88.5%, accounting for approximately 0.2% of the total revenue of the Group; rental income from the lease of commercial properties was approximately RMB55.9 million, representing a period-on-period decrease of approximately 22.7%, accounting for approximately 0.5% of the total revenue of the Group; and revenue from hotel operations was approximately RMB17.0 million, representing a period-on-period increase of approximately 24.1%, accounting for approximately 0.2% of the total revenue of the Group.

Cost of sales

The cost of sales of the Group primarily consists of the costs incurred directly in relation to the property development and sales activities, property construction and project management services, management and consulting services, lease of commercial properties and hotel operations.

For the six months ended 30 June 2022, the cost of sales of the Group was approximately RMB8,974.1 million, representing a period-on-period decrease of approximately 12.2%.

Gross profit

For the six months ended 30 June 2022, the gross profit of the Group was approximately RMB1,272.4 million, representing a period-on-period decrease of approximately 55.4%. The decrease was primarily attributable to the decrease in revenue from sales of properties while overall gross profit margin decreased from approximately 21.8% for the six months ended 30 June 2021 to 12.4% for the six months ended 30 June 2022. The decrease of gross profit margin by approximately 9.4 percentage points was primarily due to projects recognized by the Company during the period, land acquisition time of which was slightly late and land acquisition cost was relatively high. Meanwhile, the Mainland government has properly regulated the sales price of commercial housing in the past two years, resulting in a relatively higher land acquisition cost for commercial housing sold during the period. However, the sales price of real estate did not increase significantly, which in turn led to a decrease in the gross profit margin of the Company during the period.

Other income

The Group had other income of approximately RMB33.8 million for the six months ended 30 June 2022, as compared to approximately RMB54.6 million for the six months ended 30 June 2021. The other income mainly derived from the interest income from non-financial institutions and income of guarantee provided for the borrowings of joint ventures and associates of approximately RMB1.9 million and RMB8.8 million respectively (for the six months ended 30 June 2021: interest income from non-financial institutions and income of guarantee provided for the borrowings of joint ventures and associates of RMB25.1 million and RMB19.0 million, respectively).

Other losses – net

The Group recorded net other losses of approximately RMB43.2 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: net other losses of approximately RMB9.3 million). The Group's net other losses for the six months ended 30 June 2022 mainly consisted of the provision for impairment of financial assets and foreign exchanges losses. The Group's net other losses for the six months ended 30 June 2021 mainly included exchange losses of RMB24.6 million which was partially offset by gains on disposal of subsidiaries of approximately RMB11.9 million.

Fair value gains/losses on investment properties

The Group develops and holds certain of its commercial properties such as commercial centres, office buildings, shopping malls, serviced apartments and car parks for rental income or capital appreciation, or both. Any increase or decrease in the Group's investment property value is recognised as fair value gains or losses in the Group's consolidated financial statements.

For the six months ended 30 June 2022, the Group recorded fair value losses on investment properties of approximately RMB7.1 million (for the six months ended 30 June 2021: fair value gains on investment properties of approximately RMB16.1 million), which was primarily attributable to the fair value losses of some projects.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by approximately 12.4% period-on-period from approximately RMB271.4 million for the six months ended 30 June 2021 to approximately RMB237.7 million for the six months ended 30 June 2022. The aforesaid expenses decreased during the period mainly due to the decrease in the Group's contracted sales resulting in a corresponding decrease in marketing expenses.

Administrative expenses

The Group's administrative expenses increased by approximately 17.6% period-on-period from approximately RMB389.4 million for the six months ended 30 June 2021 to approximately RMB457.7 million for the six months ended 30 June 2022. The increase in the aforesaid expenses during the period was primarily attributable to (i) the increase in staff costs; and (ii) the increase in consulting fees, property management fees and office expenses, both driven by the increase in the number of new property projects.

Finance costs – net

Finance costs – net of the Group decreased by approximately 44.9% period-on-period from approximately RMB230.3 million for the six months ended 30 June 2021 to approximately RMB127.0 million for the six months ended 30 June 2022. The decrease was primarily attributable to the decrease within the financing costs of interest-bearing debts meanwhile the increase in capitalised interest as a result of changes in projects under construction, which increased offsetting proportion for the six months ended 30 June 2022.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of profits of joint ventures and associates increased by approximately 456.2% period-on-period from approximately RMB124.9 million for the six months ended 30 June 2021 to approximately RMB694.4 million for the six months ended 30 June 2022. The increase was primarily attributable to the increase in the properties delivered and the total GFA delivered to buyers by the joint ventures and associates during the period as compared to the corresponding period of the previous year.

Income tax expenses

Income tax expenses of the Group decreased by approximately 70.8% period-on-period from approximately RMB767.0 million for the six months ended 30 June 2021 to approximately RMB224.0 million for the six months ended 30 June 2022, which was primarily attributable to the decrease in the profit before tax during the period as compared to the previous period and the decrease in the number of projects delivered, resulting in the decrease in land appreciation tax expenses.

Profit and total comprehensive income for the period

As a result of the foregoing reasons, the Group's profit and total comprehensive income decreased by approximately 34.4% from approximately RMB1,378.4 million for the six months ended 30 June 2021 to approximately RMB903.8 million for the six months ended 30 June 2022. The profit attributable to owners of the Company increased by 17.5% from approximately RMB630.2 million for the six months ended 30 June 2021 to approximately RMB740.5 million for the six months ended 30 June 2022.

The basic and diluted earnings per share of the Company is RMB0.27 per share for the six months ended 30 June 2022, representing an increase of 17.4% from RMB0.23 per share for the six months ended 30 June 2021.

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for future development.

Cash position

During the six months ended 30 June 2022, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of rental income, income generated from investment properties, as well as bank loans and borrowings from other financial institutions.

As of 30 June 2022, the Group had a total cash and bank balances (including restricted cash) of approximately RMB10,701.3 million as compared to approximately RMB17,563.2 million as of 31 December 2021. The decrease was primarily due to the increase in cash outflow as a result of the repayment of borrowings due in the period.

Borrowings position

During the six months ended 30 June 2022, reduction of borrowings from bank and other financial institutions was approximately RMB6,643.1 million. As of 30 June 2022, the Group's total borrowings from bank and other financial institutions amounted to approximately RMB23,705.8 million, representing a decrease of approximately 21.9% compared to approximately RMB30,348.8 million as of 31 December 2021. Amongst the borrowings from bank and other financial institutions, approximately RMB10,501.5 million (as of 31 December 2021: approximately RMB15,216.1 million) will be repayable within one year and approximately RMB13,204.3 million (as of 31 December 2021: approximately RMB15,132.8 million) will be repayable after one year.

As of 30 June 2022, the Group had total contracted facilities from bank and other financial institutions of approximately RMB36,039.7 million and unused facilities from bank and other financial institutions of approximately RMB5,203.0 million.

Key financial ratios

As of 30 June 2022, the Group's net gearing ratio (calculated as the total borrowings from banks and other financial institutions net of restricted cash, cash and cash equivalents divided by total equity) was 57.1%, which further decreased from 60.5% as of 31 December 2021. The financial leverage of the Group is currently at a stable and healthy level.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio was approximately 1.30 times as of 30 June 2022 (as of 31 December 2021: 1.31 times).

Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 30 June 2022, the Group had not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its long-term borrowings. As the Group's borrowings are mainly denominated in RMB, the interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China, which have fluctuated significantly in recent years. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 30 June 2022, certain of the Group's borrowings from bank and other financial institutions were secured by its properties held for sale, properties under development, land use rights and investment properties, with carrying value of approximately RMB33,770.9 million as of 30 June 2022 (as of 31 December 2021: RMB42,976.3 million).

Commitments

As of 30 June 2022, the Group had commitments that are contracted but not provided as follows:

	30 June 2022 (RMB'000) (unaudited)	31 December 2021 (RMB'000) (audited)
Property development activities	13,198,191	14,322,280
Property, plant and equipment	11,968	22,593
Investments in joint ventures and associates	552,898	1,970,372
Investment properties	197,033	87,708
Total	13,960,090	16,402,953

Financial guarantees

As of 30 June 2022, the Group's total financial guarantees are as follows:

	30 June 2022 <i>(RMB'000)</i> (unaudited)	31 December 2021 <i>(RMB'000)</i> (audited)
Guarantee in respect of mortgage facilities for certain purchasers (<i>Note a</i>)	17,567,976	17,182,006
Guarantee provided for the borrowings of joint ventures and associates (<i>Note b</i>)	3,049,337	5,100,166
Guarantee provided for the borrowings of an entity controlled by Mr. Hu (<i>Note c</i>)	–	80,000
Guarantee provided for the borrowings of a third party	–	550,000
Total	20,617,313	22,912,172

- (a) The Group has arranged bank mortgage financing for certain purchasers of the Group's property units and provided guarantees to the relevant banks to secure repayment obligations of such purchasers. As of 30 June 2022, the maximum amount of guarantees provided by the Group to the relevant banks for the mortgage arrangements of the Group's purchasers amounted to approximately RMB17,568.0 million (31 December 2021: approximately RMB17,182.0 million). These include guarantees which will be terminated upon the earlier of the following two dates: (i) the date when the property ownership rights are transferred to the purchasers, and the related building ownership certificates to which banks are beneficiaries are registered, or (ii) the date when mortgage loans are settled between the mortgagee bank and the purchaser, under the circumstance that the purchaser pays off the purchase price in advance.

Pursuant to the terms of these guarantees, if any of the Group's property purchasers default in their repayment obligations to the banks, the Group is responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulting purchasers to the banks and thereupon the Group is entitled to take over the legal title and possession of the relevant property units. The Group's guarantee period starts from the dates of grant of the mortgage facilities to its purchasers by the relevant banks.

- (b) The Group provided guarantee for borrowings of its joint ventures and associates, which amounted to approximately RMB3,049.3 million as of 30 June 2022 (31 December 2021: approximately RMB5,100.2 million). The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and the Group's guarantee was provided in addition to the pledges. As the fair value of the relevant land use rights pledged by the relevant joint ventures and associates are generally higher than the borrowing amounts, the Group's credit risk exposure associated with such guarantee is contained.
- (c) Amounts represented the maximum exposure of the guarantees provided for the borrowings of the related party at the respective balance sheet dates.

As of 30 June 2022, the Group had no other material contingent liabilities.

Material investments, material acquisitions and disposals of subsidiaries, associates and joint ventures

On 11 May 2022, Dexin Real Estate Group Co., Ltd. (an indirect wholly-owned subsidiary of the Company) (“**Dexin Real Estate**”) and Hangzhou Langhe Technology Co., Ltd. (“**Hangzhou Langhe**”) (each as a vendor) and Hangzhou Kuocang Investment Management Co., Ltd. (the purchaser) (the “**Purchaser**”) entered into an equity transfer agreement, pursuant to which Dexin Real Estate agreed to sell and the Purchaser agreed to acquire, 54.54% of the equity interests in Hangzhou Haiyan Technology Co., Ltd. (the “**Target Company**”) at a consideration of RMB453,730,156, and Hangzhou Langhe agreed to sell and the Purchaser agreed to acquire, 45.46% of the equity interests in the Target Company at a consideration of RMB378,191,656, representing 100% of the equity interests in the Target Company in aggregate. For further details, please refer to the announcements of the Company dated 11 May 2022 and 13 May 2022.

Save as disclosed above, for the six months ended 30 June 2022, the Group did not make any material investments during the reporting period and there was no other material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the reporting period.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this interim results announcement.

Significant subsequent events

The Group did not have any significant event after the reporting period.

Employee and remuneration policy

As of 30 June 2022, the Group had a total of 1,931 employees (31 December 2021: 2,476 employees). Total expenditure on salary and welfare of the Group’s employees for the six months ended 30 June 2022 amounted to approximately RMB356.7 million (for the six months ended 30 June 2021: approximately RMB302.7 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group’s employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In addition, the Group has formulated a project co-investment scheme and have adopted a share option scheme to fully enhance the enthusiasm of the Group’s employees. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

Future prospects

Looking ahead to the second half of 2022, based on the keynote of “housing is used for living, not for speculation” and “stabilizing land premium, housing price and expectation”, the real estate market will be further relaxed in terms of policy control. With the gradual reduction in the resurgent of pandemic and the gradual stabilization of the economic environment, the real estate market will gradually stabilize and recover, and the sales side is expected to be improved. The Group will keep abreast of changes in policies and timely grasp the market cycle to maintain the stable and healthy development of the enterprise.

The Yangtze River Delta Region, as the largest economic circle in China, is an important center of national economic development. The Group has been focusing on the Yangtze River Delta Region for years, and will seize the development opportunities in the region by continuously consolidating and leveraging on the reputation advantages of its local brand, while expanding into other core and potential cities in China. The Group will always adhere to the philosophy of high-quality and standardized construction operation in the manufacturing industry, adhere to the operating philosophy of marathon, rely on extensive experience in development and management, and highly efficient operational capabilities, steadily expand into cities with diversified development potential and high-quality land reserve resources, support the future sales growth of the Company with high-efficiency operation as well as sell-through cash collection rates outperforming the market level, and also respond to changes and control risks with prudent judgment.

The Group will continue to emphasize the quality management concept of “doing a good job of internal skills, developing steadily, sticking to customer needs as the center, and creating value for customers”, and adhere to the quality image of “Hangzhou workmanship”. Against the backdrop of the central government’s policy of “housing is used for living, not for speculation” and “three stabilisations”, the Group will persist in the steady development, adhere to the layout of “based in Zhejiang, established presence in the Yangtze River Delta Region and expanded coverage in the core cities across the nation”, stick to the principle of long-term development, and not to define success only by size, so as to achieve high-quality development. The Group will continue to deepen the “selective and strategic” capital cooperation strategy, focus on the progressive development of cash flow, profit and brand, become a reliable and excellent developer and operator, and bring long-term and stable investment returns to all investors.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Repurchase or redemption of senior notes

As of 12 April 2022, the Company had made partial repurchases of the 11.875% senior notes due 2022 issued by the Company and listed on the Stock Exchange (stock code: 40136) (the “**2022 Notes**”) in the aggregate principal amount of US\$16.99 million. The 2022 Notes matured on 23 April 2022 and were fully repaid by the Company. Please refer to the announcements of the Company dated 18 March 2022, 30 March 2022, 4 April 2022, 7 April 2022, 12 April 2022 and 25 April 2022 for further details.

Save as aforesaid, neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2022. For the six months ended 30 June 2021, no dividends had been paid.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with all the code provisions contained in the Part 2 of the CG Code during the six months ended 30 June 2022.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the reporting period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the six months ended 30 June 2022.

REVIEW OF FINANCIAL STATEMENTS

Audit committee

The audit committee of the Company had reviewed together with the management of the Company the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim results of the Group, for the six months ended 30 June 2022.

Auditor

The interim results of the Group for the six months ended 30 June 2022 have not been audited but have been reviewed by the Company's independent auditor, Elite Partners CPA Limited, 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 HKICPA.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.dothinkgroup.com). The interim report of the Company for the six months ended 30 June 2022 containing all the information required under Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
Dexin China Holdings Company Limited
Hu Yiping
Chairman

Hangzhou, the PRC, 31 August 2022

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Shan Bei as executive Directors, Mr. Hu Shihao as a non-executive Director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu as independent non-executive Directors.