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Hailan Holdings Limited

海藍控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2278)

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of Hailan Holdings Limited (the “**Company**”) is pleased to present the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively known as the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021.

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

For the six months ended 30 June 2022

(Expressed in Renminbi)

	<i>Notes</i>	For the six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	400,094	377,909
Cost of sales		(298,979)	(148,136)
Gross profit		101,115	229,773
Other income		1,712	4,708
Changes in fair value of investment properties		(2,882)	(3,836)
Realised gain arising from financial assets at fair value through profit or loss (“FVPL”), net		977	6,754
Share of results of associates		(2,361)	(1,167)
Gain on disposal of a subsidiary		–	10,732
Gain on disposal of an associate		–	4,720
Selling and distribution expenses		(24,689)	(33,259)
Administrative expenses		(47,638)	(60,863)
Operating profit		26,234	157,562
Finance income		2,820	1,739
Finance costs		(18,127)	(28,219)
Finance costs, net	6	(15,307)	(26,480)
Profit before taxation		10,927	131,082
Income tax expenses	7	(50,505)	(117,154)
(Loss) Profit for the period	8	(39,578)	13,928

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2022

(Expressed in Renminbi)

	For the six months ended 30 June	
<i>Notes</i>	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive income (loss):		
<i>Items that are/may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements to presentation currency	8,264	(1,675)
Reclassification adjustments related to the disposal of foreign operations	<u>—</u>	<u>(256)</u>
Other comprehensive income (loss) for the period, net of tax	<u>8,264</u>	<u>(1,931)</u>
Total comprehensive (loss) income for the period	<u>(31,314)</u>	<u>11,997</u>
(Loss) Profit for the period attributable to:		
Owners of the Company	(30,841)	43,126
Non-controlling interests	<u>(8,737)</u>	<u>(29,198)</u>
	<u>(39,578)</u>	<u>13,928</u>
Total comprehensive (loss) income for the period attributable to:		
Owners of the Company	(24,974)	41,646
Non-controlling interests	<u>(6,340)</u>	<u>(29,649)</u>
	<u>(31,314)</u>	<u>11,997</u>
(Loss) Earnings per share attributable to owners of the Company during the period (expressed in RMB per share)		
— Basic and diluted	9 <u><u>(0.10)</u></u>	<u><u>0.14</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

(Expressed in Renminbi)

		At 30 June 2022	At 31 December 2021
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		33,398	34,908
Investment properties	11	72,295	75,177
Intangible assets		917	1,003
Interests in associates	10	6,677	9,038
Trade and other receivables	13	4,867	5,565
Deferred tax assets		40,921	40,543
		159,075	166,234
Current assets			
Properties under development		7,392,312	6,888,536
Completed properties held for sale		490,581	494,415
Contract costs		113,989	91,381
Trade and other receivables	13	380,088	324,231
Current tax assets	14	30,674	50,490
Financial assets at FVPL	12	171,383	2,607
Restricted cash		683,378	453,731
Cash and cash equivalents		468,122	454,088
		9,730,527	8,759,479
Current liabilities			
Trade and other payables	15	2,132,494	2,048,088
Contract liabilities		3,503,472	2,874,733
Bank and other borrowings	16	543,530	472,400
Current tax liabilities	14	138,198	213,661
		6,317,694	5,608,882
Net current assets		3,412,833	3,150,597
Total assets less current liabilities		3,571,908	3,316,831

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2022

(Expressed in Renminbi)

		At 30 June 2022	At 31 December 2021
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Non-current liabilities			
Bank and other borrowings	<i>16</i>	1,461,049	1,168,502
Deferred tax liabilities		485,557	491,804
		<u>1,946,606</u>	<u>1,660,306</u>
NET ASSETS		<u>1,625,302</u>	<u>1,656,525</u>
Capital and reserves			
Share capital	<i>17</i>	2,585	2,585
Reserves		1,441,838	1,467,029
Equity attributable to owners of the Company		<u>1,444,423</u>	1,469,614
Non-controlling interests		180,879	186,911
TOTAL EQUITY		<u>1,625,302</u>	<u>1,656,525</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(Expressed in Renminbi)

	Attributable to owners of the Company										
	Share capital RMB'000 (Note 17(b))	Share premium RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Transactions with non-controlling interests reserve RMB'000	Retained profits RMB'000	Exchange reserve RMB'000	Total reserves RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2021 (audited)	2,585	236,791	1,391,582	182,986	(374,062)	48,251	(3,580)	1,481,968	1,484,553	429,405	1,913,958
Profit for the period	-	-	-	-	-	43,126	-	43,126	43,126	(29,198)	13,928
Other comprehensive income for the period:											
Exchange differences on translation of financial statements to presentation currency	-	-	-	-	-	-	(1,224)	(1,224)	(1,224)	(451)	(1,675)
Reclassification adjustments related to the disposal of foreign operations	-	-	-	-	-	-	(256)	(256)	(256)	-	(256)
Total comprehensive income for the period	-	-	-	-	-	43,126	(1,480)	41,646	41,646	(29,649)	11,997
Transactions with owners:											
Changes in ownership interest											
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	700	700
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	1,113	1,113
Balance as at 30 June 2021 (unaudited)	2,585	236,791	1,391,582	182,986	(374,062)	91,377	(5,060)	1,523,614	1,526,199	401,569	1,927,768
Balance as at 1 January 2022 (audited)	2,585	236,791	1,391,582	182,986	(401,553)	63,699	(6,476)	1,467,029	1,469,614	186,911	1,656,525
Loss for the period	-	-	-	-	-	(30,841)	-	(30,841)	(30,841)	(8,737)	(39,578)
Other comprehensive income for the period:											
Exchange differences on translation of financial statements to presentation currency	-	-	-	-	-	-	5,867	5,867	5,867	2,397	8,264
Total comprehensive loss for the period	-	-	-	-	-	(30,841)	5,867	(24,974)	(24,974)	(6,340)	(31,314)
Transactions with owners:											
Changes in ownership interest											
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,141	1,141
Changes in ownership interests in subsidiaries without change in control	-	-	-	-	(217)	-	-	(217)	(217)	(833)	(1,050)
Balance as at 30 June 2022 (unaudited)	2,585	236,791	1,391,582	182,986	(401,770)	32,858	(609)	1,441,838	1,444,423	180,879	1,625,302

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

(Expressed in Renminbi)

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows (used in) from operating activities		
Cash from operations	3,605	573,930
Income tax paid	(112,777)	(83,039)
Interest paid	(44,084)	(40,380)
	<hr/>	<hr/>
<i>Net cash (used in) from operating activities</i>	(153,256)	450,511
Cash flows used in investing activities		
Purchase of property, plant and equipment	(85)	(956)
Purchase of intangible assets	–	(153)
Proceeds from disposal of an associate	–	70,401
Net cash outflow for disposal of a subsidiary	–	(12,676)
Purchase of financial assets at FVPL	(555,950)	(1,633,100)
Proceeds from disposal of financial assets at FVPL	388,227	1,639,854
Interest received	2,820	1,739
Advance to non-controlling shareholders	–	(221,617)
Repayment from non-controlling shareholders	–	36,950
Advance to related parties	–	(18,722)
Repayment from related parties	2,572	–
Loan to third parties	–	(1,973)
Repayment from loan to third parties	411	8,057
Repayment from associates	–	11,226
Advance to associates	–	(18,528)
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	(162,005)	(139,498)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)**

*For the six months ended 30 June 2022
(Expressed in Renminbi)*

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
New bank borrowings raised	519,823	143,855
New other borrowings raised	23,756	12,159
Repayment of bank borrowings	(212,639)	(5,227)
Repayment of other borrowings	(14,674)	(5,685)
Capital contribution from non-controlling interests	1,141	700
Repayment of lease liabilities	–	(532)
Advance from non-controlling shareholders	–	8,501
Repayment to non-controlling shareholders	(740)	(60,750)
Repayment to a former non-controlling shareholder	–	(1,000)
Payment for acquisitions of non-controlling interest	(1,050)	–
Advance from related parties	5,210	107,200
Repayment to related parties	–	(50,000)
	<hr/>	<hr/>
<i>Net cash from financing activities</i>	320,827	149,221
	<hr/>	<hr/>
Net increase in cash and cash equivalents	5,566	460,234
Cash and cash equivalents as at 1 January	454,088	727,489
Effect of foreign exchange rate changes	8,468	(1,880)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, represented by cash and bank balances	468,122	1,185,843
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

(Expressed in Renminbi thousands unless otherwise indicated)

1. GENERAL INFORMATION

Hailan Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 31 August 2015 as an exempted company with limited liability under the Company Law Chapter 22, (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, the Cayman Islands. The principal places of business of the Company in the People’s Republic of China (the “**PRC**”) and Hong Kong are 2/F, No. 1 Building Hampton by Hilton, No. 169 Yu Lin Road, Tianya District, Sanya, Hainan Province, the PRC and Room 1603, 16/F, China Building, 29 Queen’s Road Central, Central, Hong Kong respectively.

The Company is an investment holding company. Its subsidiaries are principally engaged in investment holding, properties development, sale and rental of developed properties. The Company and its subsidiaries are collectively referred to as the “**Group**”.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

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

This interim condensed consolidated financial information contains interim condensed consolidated financial statements of the Group and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual consolidated financial statements. The interim condensed consolidated financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2021.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the Company's consolidated financial statements for the year ended 31 December 2021 have been applied consistently to these interim condensed consolidated financial statements, except for the adoption of the following revised HKFRSs that are effective from 1 January 2022.

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to Conceptual Framework
Annual improvements to HKFRS	2018–2020 Cycle

The adoption of the above amendments to HKFRSs does not have any significant impacts on the interim condensed consolidated financial statements of the Group for the current period and prior years.

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial year beginning on or after 1 January 2022. The directors are in the process of assessing the possible impact of the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial position.

4. REVENUE AND SEGMENT INFORMATION

4.1. Revenue

The principal activities of the Group are properties development, sales and rental of developed properties.

Revenue mainly represented income from sales and rental of properties and net of sales related taxes.

The amount of each significant category of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of properties:		
— Development projects (excluding Danzhou Phase I)	397,168	374,578
Rental income from investment properties:		
— Development projects (excluding Danzhou Phase I)	2,000	1,968
— Danzhou Phase I	926	1,363
	400,094	377,909

(a) *Disaggregation of revenue*

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Under the scope of HKFRS 15, Revenue from contracts with customers:		
Timing of revenue recognition		
— At a point in time	397,168	374,578
Other sources of revenue:		
Rental income from investment properties	2,926	3,331
	<u>400,094</u>	<u>377,909</u>

4.2. Segment Reporting

Business segments

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the reporting format for the purposes of these interim condensed consolidated financial statements of the Group.

No geographical segment information is separately presented as the Group's business segments are mainly managed and operated in the PRC. The major market of the Group's business segments is the PRC.

For management purposes, the Group is organised into business units based on the line of reporting, and has two reportable operating segments as follows:

I. Development projects (excluded Danzhou Phase I but including Danzhou Phase II)

The Company's executive Directors consider that the Group's development projects refer to the development and sales of residential property units mainly in the PRC.

II. Danzhou Phase I

Danzhou phase I project ("**Danzhou Phase I**") refers to the development and sales of residential property units under phase I developed by Danzhou Shuang Lian Property Development Company Limited ("**Danzhou Shuang Lian**") in Hainan Province, the PRC.

The executive Directors, being the chief operating decision makers, monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities

Segment assets and liabilities include all assets and liabilities of the Group, which are managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is “adjusted EBIT” i.e. “adjusted earnings before interest and taxes”, where “interest” is regarded as including investment income. To arrive at adjusted EBIT the Group’s earnings are further adjusted for items not specifically attributed to individual segments.

Information regarding the Group’s reportable segments for the periods ended 30 June 2022 and 2021 is set out below.

For the six months ended 30 June (unaudited)	Development Projects		Danzhou Phase I		Total	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue from external customers	399,168	376,546	926	1,363	400,094	377,909
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	<u>399,168</u>	<u>376,546</u>	<u>926</u>	<u>1,363</u>	<u>400,094</u>	<u>377,909</u>
Reportable segment gross profit	100,189	228,494	926	1,279	101,115	229,773
Reportable segment profit (adjusted EBIT)	<u>22,990</u>	<u>145,096</u>	<u>555</u>	<u>1,004</u>	<u>23,545</u>	<u>146,100</u>
	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Reportable segment assets	9,793,550	8,830,192	96,052	95,521	9,889,602	8,925,713
<i>Including:</i>						
Cash and cash equivalents	467,849	453,892	273	196	468,122	454,088
Properties under development	7,392,312	6,888,536	–	–	7,392,312	6,888,536
Completed properties held for sale	399,681	403,515	90,900	90,900	490,581	494,415
Investment properties	71,169	73,977	1,126	1,200	72,295	75,177
Reportable segment liabilities	8,260,420	7,265,213	3,880	3,975	8,264,300	7,269,188
<i>Including:</i>						
Trade and other payables	2,128,993	2,044,496	3,501	3,592	2,132,494	2,048,088
Contract liabilities	3,503,472	2,874,733	–	–	3,503,472	2,874,733

Reconciliation of reportable segment profit or loss

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Reportable segment profit (adjusted EBIT)	23,545	146,100
Elimination of inter-segment profits	<u>–</u>	<u>–</u>
Reportable segment profit derived from the Group's external customers	23,545	146,100
Other income	1,712	4,708
Realised gain arising from financial assets at FVPL, net	977	6,754
Finance costs, net	<u>(15,307)</u>	<u>(26,480)</u>
Consolidated profit before taxation	<u>10,927</u>	<u>131,082</u>

5. SEASONABILITY OF OPERATION

The Group's results of operations tend to fluctuate from period to period. The number of properties that the Group develops, completes or delivers during any particular period is limited due to the substantial amount of capital required for land/project acquisition, preparation and resettlement in advance of actual development because of the lengthy development cycle during which the development itself takes place. Seasonal variations have, in addition, caused significant fluctuations in pre-sales and sales.

As the result of these and other factors, the Group's cash flow, revenue, and profit will fluctuate from period to period and the results of operations for any interim period may not be indicative of the Group's actual annual results or results of the Group's development projects.

6. FINANCE COSTS, NET

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Finance income		
Bank interest income	<u>2,820</u>	<u>1,739</u>
Finance costs		
Interest on lease liabilities	–	(18)
Interest on bank and other borrowings	(54,968)	(45,323)
Interest on financing component of contract liabilities	(68,500)	(56,080)
Others	(3,651)	(1,582)
Less: Capitalised interest expenses	<u>108,992</u>	<u>74,784</u>
	<u>(18,127)</u>	<u>(28,219)</u>
Finance costs, net	<u>(15,307)</u>	<u>(26,480)</u>

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is ranging from 4.45% to 8% (six months ended 30 June 2021: from 4% to 7.64%).

7. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Corporate Income Tax (“CIT”)	5,609	36,381
PRC Land Appreciation Tax (“LAT”)	51,521	96,199
Deferred income tax	(6,625)	(15,426)
	<u>50,505</u>	<u>117,154</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax. The Group companies in the British Virgin Islands (“BVI”) were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from BVI income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for the periods ended 30 June 2022 and 2021 as the Group’s entities has no assessable profits arising in or derived from Hong Kong for the periods.

CIT

CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (six months ended 30 June 2021: 25%).

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

8. (LOSS) PROFIT FOR THE PERIOD

(Loss) Profit for the period is arrived at after charging:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total staff costs (including directors’ emoluments)	27,561	36,942
Depreciation of property, plant and equipment	1,595	1,538
Depreciation of right-of-use assets	–	475
Amortisation of intangible assets (included in administrative expenses)	86	60
	<u>86</u>	<u>60</u>

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the (loss) profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Loss) Profit attributable to owners of the Company (RMB)	(30,841,000)	43,126,000
Weighted average number of ordinary shares in issue	300,000,000	300,000,000
Basic (loss) earnings per share (RMB)	<u>(0.10)</u>	<u>0.14</u>

There were no dilutive potential ordinary shares during the periods ended 30 June 2022 and 2021, therefore, the diluted (loss) earnings per share were the same as the basic (loss) earnings per share.

10. INTERESTS IN ASSOCIATES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
	Unlisted shares, at cost	–
Loan to an associate	15,327	15,327
Share of results	<u>(8,650)</u>	<u>(6,289)</u>
	<u>6,677</u>	<u>9,038</u>

Details of the material associates at the end of the Reporting Period are as follows:

Name of company	Place of incorporation/ registration and business	% of ownership interest		Carrying amount	
		At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Shenzhen Aolan Estate Co., Ltd* (深圳奧藍置業有限公司) ("Shenzhen Aolan")	The PRC	49%	49%	<u>6,677</u>	<u>9,038</u>

* The official name is in Chinese and the English name is translated for identification purpose only.

As at 30 June 2022 and 31 December 2021, the Group held 49% equity interest in Shenzhen Aolan. The registered capital of Shenzhen Aolan is RMB10,000,000 but not yet paid. The capital injection committed by the Group of RMB4,900,000 is without expiration. Loan of RMB15,327,000 (31 December 2021: RMB15,327,000) which is unsecured, interest-free and has no fixed repayment term was made to Shenzhen Aolan based on the proportion of shareholding of its shareholders.

11. INVESTMENT PROPERTIES

As at 30 June 2022 and 31 December 2021, the Group's investment properties represent the car parks held by the Group for rental purpose.

The fair value of investment properties is categorised as a Level 3 measurement in accordance with HKFRS 13 Fair Value Measurement. There were no transfers between Level 1 and Level 2 fair value measurements or transfers into or out of Level 3 fair value measurements.

As at 30 June 2022 and 31 December 2021, the investment properties were valued by the management of the Group and an independent valuer respectively using income approach and comparable market transaction approach.

12. FINANCIAL ASSETS AT FVPL

Financial assets at FVPL include the following:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Unlisted equity securities — outside Hong Kong	2,683	2,607
Unlisted wealth management products — outside Hong Kong (<i>Note</i>)	<u>168,700</u>	<u>—</u>
	<u><u>171,383</u></u>	<u><u>2,607</u></u>

Note: The Group invested in unlisted wealth management products issued by banks in the PRC with the aggregate principal amount of RMB168,700,000 (31 December 2021: Nil). These unlisted wealth management products comprised of listed and unlisted debt securities funds and other financial products. There are no fixed or determinable returns of the wealth management products and returns of principal are not guaranteed. As the Directors evaluate the performance of the unlisted wealth management products on a fair value basis, the unlisted wealth management products are classified as financial assets at FVPL on initial recognition because their cash flows do not represent solely payments of principal and interest. The fair value of the unlisted wealth management products was determined by reference to recent market transactions.

The fair value of unlisted wealth management products is categorised as a Level 1 measurement in accordance with HKFRS 13 Fair Value Measurement. There were no transfers between Level 1 and Level 2 fair value measurements or transfers into or out of Level 3 fair value measurements.

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade receivables — third parties (<i>Note (i)</i>)		
— Non-current	4,867	5,565
— Current	5,752	6,747
	<u>10,619</u>	<u>12,312</u>
Less: Loss allowance	(49)	(19)
	<u>10,570</u>	<u>12,293</u>
Other receivables		
— Third parties	18,948	16,374
— Loan to third parties	385	796
— Loan to a related party	500	500
— Amount due from a related party	13,595	16,167
Less: Loss allowance	(5,893)	(11,766)
	<u>27,535</u>	<u>22,071</u>
Advance payments to contractors	38,830	28,634
Community facilities deposits	21,058	29,424
Expenditures incurred for construction of community facilities	30,004	30,004
Prepayment and other deposits	31,433	31,169
Prepaid utilities expenses	5,788	4,315
Prepaid other taxes	219,737	171,886
	<u>346,850</u>	<u>295,432</u>
Total	<u>384,955</u>	<u>329,796</u>
Classified as:		
Non-current assets	4,867	5,565
Current assets	380,088	324,231
	<u>384,955</u>	<u>329,796</u>

Notes:

- (i) Trade receivables comprise receivables due from customers in relation to sales of properties and rental income. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. Receivables to be recovered more than one year are classified as non-current trade receivables. The remaining balance of trade receivables are expected to be recovered within one year.

As at 30 June 2022 and 31 December 2021, the carrying amounts of trade and other receivables approximates their fair values.

As at 30 June 2022 and 31 December 2021, the ageing analysis of gross trade receivables based on the invoice date that trade receivables were recognised, is as follows:

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	8,773	10,156
Over 1 year but less than 2 years	–	1,700
Over 2 years but less than 3 years	1,390	–
Over 3 years	456	456
	<u>10,619</u>	<u>12,312</u>

14. CURRENT TAX ASSETS (LIABILITIES)

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
Prepaid CIT	700	25,583
Prepaid LAT	29,974	24,907
Current tax assets	<u>30,674</u>	<u>50,490</u>
Current CIT payable	(17,136)	(12,469)
Current LAT payable	(121,062)	(201,192)
Current tax liabilities	<u>(138,198)</u>	<u>(213,661)</u>

Provision for LAT has been made pursuant to applicable tax laws in the PRC. The Group considers the timing of settlement is dependent on the practice of local tax bureaus. As a result of the uncertainty of timing of payment of LAT, the provisions have been recorded as current liabilities as at 30 June 2022 and 31 December 2021.

15. TRADE AND OTHER PAYABLES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade payables (<i>Note (a)</i>)		
— Third parties	925,049	873,635
— Related parties	45,314	71,495
	<u>970,363</u>	<u>945,130</u>
Amounts due to related parties	165,690	160,432
Amount due to non-controlling shareholders	134,912	135,259
Amount due to a former non-controlling shareholder	48,423	48,423
Consideration payables for acquisition of subsidiaries	60,168	60,168
Consideration payables for acquisitions of land	280,000	280,000
Guarantee deposits	4,571	14,671
Receipt in advance for rental income	49,756	50,931
Temporary receipts from customers	37,868	38,851
Tender deposits receipts from contractors	6,863	5,597
Accrued payroll	4,889	6,287
Other payables and accruals	38,574	58,205
Value-added tax and other tax payables	330,417	244,134
	<u>1,162,131</u>	<u>1,102,958</u>
	<u>2,132,494</u>	<u>2,048,088</u>

(a) Trade payables

Trade payables mainly represent amounts due to contractors. Payment to contractors is by instalments according to progress and agreed milestones. The Group normally retains 5% as retention payment.

As at 30 June 2022 and 31 December 2021, the ageing analysis of trade payables based on the date the trade payables were recognised, is as follows:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Within 3 months	762,662	763,756
Over 3 months but less than 6 months	9,064	7,878
Over 6 months but less than 12 months	37,336	16,471
Over 12 months	161,301	157,025
	<u>970,363</u>	<u>945,130</u>

16. BANK AND OTHER BORROWINGS

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Bank borrowings		
Secured (<i>Note (i)</i>)	1,723,160	1,371,604
Other borrowings		
— Third parties		
Secured (<i>Note (ii)</i>)	95,000	95,000
Unsecured (<i>Note (iii)</i>)	48,140	44,970
— Related parties		
Unsecured (<i>Note (iv)</i>)	138,279	129,328
	<u>281,419</u>	<u>269,298</u>
Total bank and other borrowings	<u>2,004,579</u>	<u>1,640,902</u>

The maturity of the bank borrowings and analysis of the amount due based on scheduled payment dates set out in the loan agreements are as follows:

Within one year	262,111	239,715
In the second year	726,166	448,525
In the third to fifth years, inclusive	734,883	683,364
	<u>1,723,160</u>	<u>1,371,604</u>
Portion classified as current liabilities	<u>(262,111)</u>	<u>(239,715)</u>
Non-current portion	<u>1,461,049</u>	<u>1,131,889</u>

The maturity of the other borrowings is as follows:

Within one year	281,419	232,685
In the second year	—	36,613
	<u>281,419</u>	<u>269,298</u>
Portion classified as current liabilities	<u>(281,419)</u>	<u>(232,685)</u>
Non-current portion	<u>—</u>	<u>36,613</u>

The total bank and other borrowings are analysed as follows:

Portion classified as current liabilities	543,530	472,400
Non-current portion	1,461,049	1,168,502
Total bank and other borrowings	<u>2,004,579</u>	<u>1,640,902</u>

Notes:

- (i) The bank borrowings were secured by a deposit of RMB8,352,000 (31 December 2021: RMB7,936,900), certain properties under development and completed properties held for sale with carrying amount of RMB2,674,879,000 (31 December 2021: RMB1,722,585,000) and RMB70,180,000 (31 December 2021: RMB79,085,000), respectively, interest bearing at rates 4.25% to 7.64% per annum (31 December 2021: 4.25% to 7.64% per annum), RMB Loan rates of 3–5 years (including 5 years) times 115% per annum or the PRC Loan Prime Rate plus 0.15% to 3.425% per annum (31 December 2021: the PRC Loan Prime Rate plus 0.15% to 3.325% per annum), repayable between 2022 to 2026 (31 December 2021: repayable between 2022 to 2025) and guaranteed by subsidiaries of the Company, intermediate holding company of non-controlling shareholder and non-controlling shareholders and personal guaranteed by directors of subsidiaries of the Company and ultimate controlling shareholder.
- (ii) The secured other borrowing was secured by 15% equity interest in a subsidiary of the Company, interest bearing at 12% per annum and repayable on demand (31 December 2021: interest bearing at 8% per annum and repayable in 2022).
- (iii) The amounts due were unsecured, interest bearing at 10% per annum and repayable between 2022 to 2023.
- (iv) The amounts due were unsecured, interest-free and repayable on demand except for the amount due of RMB137,553,000 is interest bearing at 7% to 8% per annum and repayable in 2022 (31 December 2021: the amounts due of RMB117,458,000 was interest bearing at 7% to 8% per annum and repayable in 2022 and the amounts due of RMB11,143,000 was interest bearing at 10% per annum and repayable in 2023 respectively).

The directors estimate the fair value of the Group's borrowings at 30 June 2022 and 31 December 2021 approximate to their carrying amounts.

17. SHARE CAPITAL AND DIVIDENDS

(a) Dividends

The Board does not recommend the distribution of a final dividend in respect of the previous financial year or any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

(b) Share capital

	At 30 June 2022		At 31 December 2021	
	Number of shares (Unaudited)	RMB'000 (Unaudited)	Number of shares (Audited)	RMB'000 (Audited)
Issued and fully paid:				
At beginning of the Reporting Period and at end of the Reporting Period	<u>300,000,000</u>	<u>2,585</u>	<u>300,000,000</u>	<u>2,585</u>

18. CAPITAL EXPENDITURE COMMITMENTS

Capital commitments outstanding at 30 June 2022 and 31 December 2021 not provided for in the interim condensed consolidated financial statements were as follows:

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
Contracted but not provided for	<u>1,863,661</u>	<u>1,966,897</u>

19. CONTINGENT LIABILITIES/GUARANTEES ISSUED

Guarantees in respect of mortgage facilities

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at 30 June 2022 and 31 December 2021 was as follows:

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	<u>1,190,069</u>	<u>974,201</u>

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors.

20. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

In addition to the related party information disclosed elsewhere in the interim condensed consolidated financial statements of the Group, the Group entered into the following significant related party transactions during the Reporting Period.

(a) Name and relationship with related parties/connected parties

During the Reporting Period, transactions with the following parties were considered as related party transactions:

Name of party	Relationship with the Group
Yeung Man (the "Ultimate Controlling Shareholder")	Ultimate Controlling Shareholder
Nanjing Huizhi Construction Installation Engineering Co., Ltd. ("Nanjing Huizhi")	Entity controlled by the Ultimate Controlling Shareholder

Name of party	Relationship with the Group
Nanjing Diken Engineering Design Consultancy Co., Ltd. (“ Nanjing Diken ”)	Entity controlled by the Ultimate Controlling Shareholder
Nanjing Hengjida Engineering Design Consultancy Company Limited (“ Nanjing Hengjida ”)	Entity controlled by the Ultimate Controlling Shareholder
Lianyungang Hui Neng Foundation Construction Engineering Co., Ltd. (“ Lianyungang Hui Neng ”)	Entity controlled by the Ultimate Controlling Shareholder
Nanjing Huiyao Decoration Construction Co., Ltd. (“ Nanjing Huiyao ”)	Associate of a group controlled by the Ultimate Controlling Shareholder
Zhonghui (Jiangsu) Decoration Park Engineering Company Limited (“ Zhonghui Jiangsu ”)	N/A (<i>Note (i)</i>)
Shenzhen Aolan	Associate
Chung Wai (Hong Kong) Investment Construction Company Limited (“ Chung Wai (Hong Kong) ”)	Entity controlled by the Ultimate Controlling Shareholder
Zhou Li	Executive Director and chief executive office of the Group
Zhonghui Financial Holding (Shenzhen) Company Limited (“ Zhonghui Financial ”)	Entity controlled by the executive Director and chief executive officer
Zhanjiang Aoyu Real Estate Co., Ltd.* (湛江市奧譽置業有限公司) (“ Zhanjiang Aoyu ”)	Non-controlling shareholder of a subsidiary
Zhonghui Investment North America Corp. (“ Zhonghui Investment ”)	Entity controlled by the Ultimate Controlling Shareholder
中民築友房屋科技(贛州)有限公司 (“ 中民築友 ”)	Entity controlled by the Ultimate Controlling Shareholder
南京海藍惠源物業服務有限公司 (“ 海藍惠源 ”)	Entity controlled by the Ultimate Controlling Shareholder
南京斯悅企業管理發展有限公司 (“ 南京斯悅 ”)	Entity controlled by the Ultimate Controlling Shareholder
深圳金凱投資有限公司 (“ 深圳金凱 ”)	Non-controlling shareholder of a subsidiary
廣西濱海城市建設發展有限公司 (“ 廣西濱海 ”)	Non-controlling shareholder of a subsidiary

Name of party	Relationship with the Group
CSM Capital, LLC (“CSM”)	Non-controlling shareholder of a subsidiary
深圳翠屏置業有限公司 (“深圳翠屏置業”)	Entity controlled by the Ultimate Controlling Shareholder
Center Drive Investment, LLC (“Center Drive”)	Entity controlled by the Ultimate Controlling Shareholder
410 Sierra Vista Avenue, LLC (“410 Sierra Vista”)	Non-controlling shareholder of a subsidiary
200 Ocean Boulevard II, LLC	Non-controlling shareholder of a subsidiary
南京元港房地產開發有限公司 (“南京元港”)	Entity controlled by the Ultimate Controlling Shareholder

Note:

(i) From June 2021, Zhonghui (Jiangsu) ceased to be connected persons of the Group.

* *for identification purpose only*

(b) Transactions with related parties/connected parties

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction and consultancy services (<i>Note (i)</i>)	–	65,225
Building management fee (<i>Note (ii)</i>)	2,300	2,595
Repayment of lease liabilities (<i>Note (iii)</i>)	–	532
Loan interest expenses (<i>Note (iv)</i>)	326	459
Corporate management fee income (<i>Note (v)</i>)	423	877
Consideration of disposal of a subsidiary (<i>Note (vi)</i>)	–	19,053
Rental expenses (<i>Note (vii)</i>)	530	–
	530	–

(i) *Construction and consultancy services*

During the period ended 30 June 2021, the Group received construction and consultancy services from the following related parties:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Nanjing Huizhi	–	41,152
Zhonghui (Jiangsu)	–	24,073
	<u>–</u>	<u>65,225</u>

The above transactions for the period ended 30 June 2021 between the Group and its related parties mainly comprised construction services in relation to earthmoving, scenery design and engineering on the Group's properties under development from construction companies, which were controlled by the Ultimate Controlling Shareholder.

(ii) *Building management fee*

During the period, the building management fee was charged by the following related party:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
海藍惠源	<u>2,300</u>	<u>2,595</u>

(iii) *Repayment of lease liabilities*

During the period ended 30 June 2021, the Group rented premises from the following related party:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chung Wai (Hong Kong)	<u>–</u>	<u>532</u>

(iv) *Loan interest expenses*

During the period, the interests were charged by the following related parties:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CSM	65	65
410 Sierra Vista	22	19
200 Ocean Boulevard II, LLC	239	375
	326	459

(v) *Corporate management fee income*

During the period, the Group provided corporate management services to the following related parties:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chung Wai (Hong Kong)	423	425
Zhonghui Investment	–	452
	423	877

(vi) *Consideration of disposal of a subsidiary*

During the period ended 30 June 2021, the Group disposed a subsidiary to the following related party:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Center Drive	–	19,053

(vii) *Rental expenses*

During the period ended 30 June 2022, the Group rented premises from the following related party:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chung Wai (Hong Kong)	<u>530</u>	<u>–</u>

(c) **Balances with related parties/connected parties/non-controlling shareholders/an associate**

(i) *Amounts due from connected parties/an associate*

	At	At
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-trade related:		
Associate		
Shenzhen Aolan	15,327	15,327
Connected parties		
中民築友	500	500
Center Drive	<u>13,595</u>	<u>16,167</u>
	<u>29,422</u>	<u>31,994</u>

The amounts due are unsecured, interest-free and repayable on demand except for the amount due from 中民築友 is interest bearing at 12% per annum and repayable in 2022.

(ii) *Amounts due to related parties/connected parties/non-controlling shareholders*

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade related:		
Connected parties		
Nanjing Huizhi	37,086	46,033
Lianyungang Hui Neng	1,177	17,102
Nanjing Hengjida	516	516
Nanjing Huiyao	2,029	2,029
Nanjing Diken	4,350	4,350
海藍惠源	156	1,465
	<u>45,314</u>	<u>71,495</u>
Non-trade related:		
Other borrowings and other payables due to:		
Non-controlling shareholders		
Zhanjiang Aoyu	59,940	59,940
深圳金凱	72,986	73,726
廣西濱海	473	473
CSM	1,868	1,712
410 Sierra Vista	615	564
200 Ocean Boulevard II, LLC	1,235	12,083
Related parties		
Zhonghui Financial	726	726
深圳翠屏置業	96,050	96,050
Connected parties		
Zhonghui Investment	1,576	924
南京斯悅	59,511	59,511
南京元港	143,903	119,310
	<u>438,883</u>	<u>425,019</u>

The amounts due are unsecured, interest-free and repayable on demand except for the amounts due to CSM and 410 Sierra Vista are interest bearing at 8% per annum and the amount due to 南京元港 is interest bearing at 7% to 8% per annum (31 December 2021: the amount due to 200 Ocean Boulevard II, LLC was interest bearing at 10% per annum).

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the unaudited financial results for the Reporting Period.

In 2022, the economic development was affected by sporadic epidemic lockdowns in the first half of the year, which hindered the recovery of consumption to a certain extent. The industry sentiment in the real estate market was relatively weak. The leading real estate companies were materially affected by the capital flow, and exports remained stable and growing. In general, the positive momentum of China’s economy was seen solidifying with stability. In respect of policy direction, the overall real estate market regulation policy remained its continuity and stability. The Chinese Central Government will continue to uphold the principle of “housing properties for accommodation, not speculation” and implement city-specific measures thoroughly, with a view to “stabilize land price, property price and expectation”. Local government actively implemented city-specific measures to ensure a stable and healthy operation of the real estate market. In respect of regional development, the comprehensive establishment of Hainan Free Trade Port continued to benefit the development of Hainan Province with notable increase in the number of enterprises and talents establishing foothold there, reflecting the stronger confidence in Hainan’s fixed investments.

During the Reporting Period, the contracted sales of the Group amounted to RMB1,106.0 million, representing a decrease of 32.9% as compared to 2021. The contracted saleable gross floor area (“**GFA**”) was approximately 77,435.3 square metres (“**sq.m.**”), representing a decrease of approximately 31.9% from 2021. The contracted average selling price (“**ASP**”) was approximately RMB14,282.9 per sq.m., representing a decrease of approximately 1.5% from 2021. The decrease in contracted sales and contracted saleable GFA was mainly due to a slow down in the demand for properties in the PRC property market during 2022.

Given the gradual restoration of the endogenous momentum of economic growth as well as more flexible and precise macro policies adopted in 2022, the positive momentum of China's economy was seen solidifying with stability. In respect of domestic strategy, the Group will remain focused on the development projects in Hainan Province, the unprecedented opportunities brought by the free trade port development initiative and the favorable policies which continued to support the Group's future business development in Hainan Province. Overseas projects in North America have also entered the harvest period, which will bring capital and profit contributions to the Group. To further foster the continuous development of the Group, we will operate steadily by leveraging our existing advantages to enhance our product and service capabilities and improve our brand competitiveness. While continuing to cultivate the expanded regions, we are actively seeking to enter into new regions nationwide, optimizing our city presence and focusing on mainstream cities.

The management has formulated the future development plan. By basing in Hong Kong, delving into the China's market, expanding the market in North America and spreading global footprints, the Group will further promote its business development and create the best return for the shareholders of the Company.

Finally, I would like to express my sincere gratitude on behalf of the Board to all our staff for their hard work, and my heartfelt thanks to investors, customers and business partners for their strong and continuous support to the Group.

Zhou Li
Chairperson

31 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Performance

For the Reporting Period, the revenue of the Group was approximately RMB400.1 million, representing an increase of approximately 5.9% as compared with the corresponding period of 2021 while the gross profit was decreased 56% from approximately RMB229.8 million for the corresponding period of 2021 to approximately RMB101.0 million. Loss attributable to owners of the Company was approximately RMB30.8 million while the profit attributable to owners of the Company was approximately RMB43.1 million in the corresponding period of 2021. Basic loss per share were RMB0.1 cents (the corresponding period of 2021: basic earnings per share of RMB0.14 cents).

Performance Highlights	For the six months ended 30 June		
	2022	2021	Changes
Contracted sales (RMB million) ³	1,106.0	1,647.8	-32.9%
Contracted saleable gross floor area (“GFA”) (sq.m.) ^{2,3}	77,435.3	113,665.3	-31.9%
Contracted average selling price (“ASP”) (RMB/sq.m.) ^{2,3}	14,282.9	14,496.9	-1.5%
Revenue ¹ (RMB million)	400.1	377.9	5.9%
Among which: sales of properties			
— Revenue from properties delivered (RMB million) ¹	397.2	374.6	6.0%
— GFA of properties delivered (sq.m.)	48,359.7	16,027.5	201.7%
— ASP of properties delivered (RMB/sq.m.)	8,213.5	23,372.4	-64.9%
Rental income (RMB million) ¹	2.9	3.3	-12.1%
Loss on changes in fair value of investment properties (RMB million)	(2.9)	(3.8)	-23.7%
Gross profit (RMB million)	101.0	229.8	-56%
(Loss) Profit for the Reporting Period			
— Attributable to owners of the Company (RMB million)	(30.8)	43.1	-171.5%
— Attributable to non-controlling interests (RMB million)	(8.7)	(29.2)	-70.2%

	At 30 June 2022	At 31 December 2021	Changes
Total assets (RMB million)	9,889.6	8,925.7	10.8%
Cash and bank balances (including cash and cash equivalents and restricted cash) (RMB million)	1,151.5	907.8	26.8%
Total equity (RMB million)	1,625.3	1,656.5	-1.9%

Key financial ratios

Gross profit margin ⁴	25.3%	53.7%	-28.4 p.p.
Gearing ratio ⁵	123.3%	99.1%	24.2 p.p.

Notes:

1. Representing the amount of income after deduction of sales related taxes.
2. Excluding the GFA of car parking spaces.
3. Pursuant to the agreement between the shareholders of Danzhou Shuang Lian, one of the shareholders of Danzhou Shuang Lian shall continue to manage, develop and undertake fully the risk and reward of Danzhou Phase I. The acquisition of Danzhou Shuang Lian has been accounted for as a business combination with Danzhou Shuang Lian fully combined into the Group's combined financial statements from the date of acquisition. As the Group does not share any risks and rewards relating to Danzhou Phase I pursuant to the abovementioned agreement, the net profit or loss, net assets or liabilities arising from Danzhou Phase I are wholly attributable to the non-controlling interests in the Group's combined statements of profit or loss and other comprehensive income and the combined statements of changes in equity. Contracted sales of Danzhou Phase I is excluded in this analysis for discussion purpose.
4. Gross profit margin: $\text{Gross profit} \div \text{Revenue} \times 100\%$
5. Gearing ratio: $\text{Total bank and other borrowing} \div \text{Total equity} \times 100\%$

PROPERTY DEVELOPMENT

Contracted sales

For the Reporting Period, the Group recorded contracted sales of approximately RMB1,106.0 million, representing a decrease of approximately 32.9% as compared with approximately RMB1,647.8 million in the corresponding period of 2021. The contracted saleable GFA was 77,435.3 sq.m. in the first half year of 2022, representing a decrease of approximately 31.9% as compared with 113,665.3 sq.m. in the corresponding period of 2021. The ASP of contracted sales for the Reporting Period was RMB14,282.9 per sq.m., representing a slightly decrease of approximately 1.5% as compared with RMB14,496.9 per sq.m. in the corresponding period of 2021.

The decrease in contracted sales and contracted saleable GFA was mainly due to a slow down in the demand for properties in the PRC property market in the first half year of 2022.

REVENUE FROM SALES OF PROPERTIES

For the Reporting Period, the revenue from sales of properties amounted to approximately RMB397.2 million, representing an increase of approximately 6.0% as compared with approximately RMB374.6 million in the corresponding period of 2021 and accounting for 99.3% of the total revenue. GFA of properties delivered increased approximately 2 times to 48,359.7 sq.m. for the Reporting Period from 16,027.5 sq.m. in the corresponding period of 2021 mainly due to the increase GFA of properties completed and delivered in the project of Zhanjiang City Binjianghua Fu. The ASP of properties delivered for the Reporting Period was RMB8,213.5 per sq.m., representing a decrease of 64.9% as compared with the corresponding period of 2021.

Completed projects held for sale

Completed projects held for sale represents completed GFA remaining undelivered at the end of each reporting period. At the end of Reporting Period, all completed properties held for sale are located in the PRC.

As at 30 June 2022, the Group had 5 completed property projects which amounted to RMB490.6 million, representing slightly decrease of 0.8% as compared with 31 December 2021.

Projects held for future development and projects under development

Projects held for future development and projects under development are intended to be held for sale after completion. As at 30 June 2022, the Group held 11 property projects under development which amounted to RMB7,392.3 million, representing an increase of 7.3% as compared with 31 December 2021.

PROPERTY INVESTMENTS

Rental income

The rental income of the Group for the Reporting Period amounted to approximately RMB2.9 million, which was derived from the leasing of the serviced apartments and car parking spaces located at Sanya Phoenix Aqua City Left Shore and the shops located at Danzhou Phase I decreased by approximately 12.1% over the same period in 2021.

Investment properties

As at 30 June 2022, the investment properties of the Group represent the car parking spaces held by the Group for rental purpose.

Financial Review

(I) Revenue

Revenue of the Group for the Reporting Period amounted to approximately RMB400.1 million, representing an increase of approximately 5.9%, as compared with the corresponding period of 2021, primarily attributable to the sales of properties of the projects of Sanya Phoenix Aqua City Left Shore, Sanya Phoenix Aqua City South Shore Phase I & II and Zhanjiang City Binjianghua Fu.

Details of the revenue from sales of properties by project are as follows:

Project	For the six months ended			
	30 June 2022		30 June 2021	
	GFA	Revenue	GFA	Revenue
	delivered	<i>RMB</i>	delivered	<i>RMB</i>
	<i>sq.m.</i>	<i>in million</i>	<i>sq.m.</i>	<i>in million</i>
Sanya Phoenix Aqua City				
Left Shore	63.5	1.4	–	–
Sanya Phoenix Aqua City				
South Shore Phase I & II	3,285.8	122.4	8,757.4	310.3
Haikou Phoenix Aqua City Phase I	–	–	7,270.1	64.3
Zhanjiang City Binjianghua Fu	45,010.4	273.4	–	–
	<u>48,359.7</u>	<u>397.2</u>	<u>16,027.5</u>	<u>374.6</u>

(II) Cost of sales and gross profit margin

During the Reporting Period, the cost of sales of the Group increased by approximately RMB150.8 million, or approximately 101.8%, as compared with the corresponding period of 2021. The increase was mainly attributable to an increase of total GFA of properties delivered in the first half of 2022 when compared with same period in 2021.

Gross profit margin decreased from 60.8% for the six months ended 30 June 2021 to 25.3% for the Reporting Period, primarily due to the increase of delivered GFA under the Zhanjiang City Binjianghua Fu project which has a relatively lower profitability during the Reporting Period.

(III) Selling and distribution expenses and administrative expenses

The selling and distribution expenses for the Reporting Period amounted to approximately RMB24.7 million, representing a decrease of 25.8% from approximately RMB33.3 million in the same period of 2021, which was mainly due to a decrease in the commission expenses and the salaries and allowance as a result of the downsizing of the property sales team.

Administrative expenses decreased by 21.8% from RMB60.9 million in the same period of 2021 to approximately RMB47.6 million, which was mainly due to a decrease in taxes and surcharges and the salaries and allowance as a result of the downsizing of the administrative staff team.

(IV) Finance costs, net

The finance costs, net of the Group for the Reporting Period amounted to approximately RMB15.3 million (the corresponding period of 2021: approximately RMB26.5 million). The finance cost of the Group has significantly decreased by RMB10.1 million while the finance income has slightly increased by RMB1.1 million as compared to the corresponding period in 2021, which was due to the increase in capitalisation of borrowing costs to the qualifying assets during the Reporting Period.

(V) Income tax expenses

The income tax expenses of the Group decreased by 56.9% to approximately RMB50.5 million for the Reporting Period from approximately RMB117.2 million for the six months ended 30 June 2021. The significant decrease in income tax expenses was due to the decrease in provision of PRC land appreciation tax and PRC corporate income tax as a result of the decrease in gross profit from sales of properties and profit before taxation.

(VI) Loss attributable to owners of the Company

The loss attributable to owners of the Company for the Reporting Period amounted to approximately RMB30.8 million, while the profit attributable to owners of the Company was approximately RMB43.1 million in the corresponding period of 2021. The change was mainly attributable to the substantial decrease in gross profit from sales of properties during the Reporting Period.

(VII) Liquidity and financial resources

As at 30 June 2022, total assets of the Group amounted to approximately RMB9,889.6 million (31 December 2021: approximately RMB8,925.7 million), of which current assets amounted to approximately RMB9,730.5 million (31 December 2021: approximately RMB8,759.5 million). Total liabilities amounted to approximately RMB8,264.3 million (31 December 2021: approximately RMB7,269.2 million), of which non-current liabilities amounted to approximately RMB1,946.6 million (31 December 2021: approximately RMB1,660.3 million). Total equity amounted to approximately RMB1,625.3 million (31 December 2021: approximately RMB1,656.5 million). Total equity attributable to owners of the Company amounted to RMB1,444.4 million (31 December 2021: approximately RMB1,469.6 million).

As at 30 June 2022, the Group had cash and bank balances (including restricted cash) of approximately RMB1,151.5 million (31 December 2021: approximately RMB907.8 million). The Group had bank and others borrowings of RMB2,004.6 million (31 December 2021: RMB1,640.9 million).

(VIII) Commitments

As at 30 June 2022, the Group had capital commitments outstanding but not provided for amounting to approximately RMB1,863.7 million (31 December 2021: approximately RMB1,966.9 million).

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed in this announcement, during the six months ended 30 June 2022, the Group did not have any significant investments, material acquisitions or disposals.

GEARING RATIO

As at 30 June 2022, the Group's gearing ratio was 123.3% (31 December 2021: approximately 99.1%).

EVENTS AFTER THE REPORTING PERIOD

There was no significant events occurring after the end of the Reporting Period up to the date of this announcement.

FUTURE PLAN FOR MATERIAL INVESTMENTS

The Group will continue to invest in property development projects and acquire suitable land parcels in the PRC, Hong Kong, Southeast Asia and USA, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this announcement, the Group did not have any future plans for material investments as of the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, taking into account of Danzhou Phase I, the Group had approximately 279 employees (as at 31 December 2021: 328 employees). For the Reporting Period, the Group incurred employee costs of approximately RMB27.6 million, which were fully recognised as expenses. The remuneration of the employees generally includes salary and performance-based bonuses. According to the applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans. Employee costs of the Group also included the amortisation cost of the share incentive granted.

PLEDGE OF ASSETS

As at 30 June 2022, the restricted cash in amount of approximately RMB561.1 million (31 December 2021: RMB375.7 million) was pledged for properties under development. In addition, the carrying amount of properties under development and completed properties held for sale in amount of approximately RMB2,674.9 million (31 December 2021: RMB1,772.5 million) and RMB70.2 million (31 December 2021: RMB79.1 million) respectively was pledged for bank and other borrowings.

FOREIGN CURRENCY RISKS

The Group mainly operates in the PRC. The Group's functional currency and the currency in which the Group denominates and settles substantially all of its transactions are Renminbi. Any depreciation of the Renminbi would affect the value of any dividends that the Group pays to the shareholders of the Company (the “**Shareholders**”) outside the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk.

INTERIM DIVIDEND

The Board does not recommend to declare any interim dividend for the Reporting Period (six months ended 30 June 2021: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company and protecting the interests of all Shareholders. The Company is fully aware that transparency and accountability in corporate governance are crucially important to the Shareholders and the Board considers that sound corporate governance can maximize the Shareholders' interest.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with the Code Provisions as set out in the CG Code except for the deviation from code provision C.2.1 of the CG Code as described below.

Under Code Provision C.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Under the current organisational structure of the Group, the function of chief executive officer is performed by Ms. Zhou Li. The Board is of the opinion that vesting the roles of both chairman and chief executive officer in Ms. Zhou Li has the benefit of ensuring consistent leadership within the Group, thus enabling more effective and efficient strategic planning for the Group.

Under this arrangement, the Board also believes that the balance of power and authority will not be compromised and is adequately ensured by the existing Board which comprises experienced and competent individuals with more than one-third of the Board being independent non-executive Directors. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

CHANGE IN INFORMATION OF DIRECTORS

The Directors are not aware of any changes in the information of Directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

SHARE AWARD SCHEME

The Board has conditionally resolved to adopt the share award scheme (the "**Share Award Scheme**") on 30 April 2021 (the "**Adoption Date**"). The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain eligible participants ("**Eligible Participants**") and to provide them with incentives in order to retain them for the continuous operation and future development of the Group and to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for 10 years from the Adoption Date.

Pursuant to the Share Award Scheme, the award of shares of the Company may be satisfied by (i) new shares of the Company allotted and issued to the trustee or to the selected participants directly by the Company, the costs of which will be borne by the Company, or (ii) shares of the Company to be acquired by the trustee at the cost of the Company. The shares of the Company awarded to the selected participants (the “**Awarded Shares**”) will be held on trust by the trustee for the selected participants before vesting. Given that the Share Award Scheme does not involve the grant of options over any new shares of the Company, it does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder.

The total number of new shares of the Company as Awarded Shares to be allotted and issued by the Company, underlying all grants made pursuant to the Share Award Scheme shall not exceed 10% of the total number of issued shares of the Company as at the Adoption Date. As at the date of this announcement, no Awarded Shares have been granted under the Share Award Scheme. None of the Directors waived any emoluments during the Reporting Period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules as at the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Dr. Zhao Guoqing, Mr. Li Yong and Prof. Fan Conglai. The Audit Committee is chaired by Dr. Zhao Guoqing.

The Audit Committee has reviewed with the Company’s management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (<http://www.hailanholdings.com>) and the Stock Exchange (<http://www.hkexnews.hk>). The interim report of the Company for the six months ended 30 June 2022 will be despatched to the Shareholders and made available for review on the above websites in due course.

By order of the Board
Hailan Holdings Limited
Chairperson
Zhou Li

The PRC, 31 August 2022

As at the date of this announcement, the executive Directors are Ms. Zhou Li, Ms. Fan Wenyi, Mr. Chen Xiang and Mr. Jia Bin; and the independent non-executive Directors are Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai.