

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code: 2286 股份代號：2286



CHEN XING

Chen Xing Development Holdings Limited

辰興發展控股有限公司

2022 INTERIM REPORT 中期報告



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Bai Xuankui *(Chairman)*
Mr. Bai Wukui
Mr. Bai Guohua
Mr. Dong Shiguang

Independent Non-executive Directors

Mr. Tian Hua
Mr. Qiu Yongqing
Ms. Gao Jianhua

COMPANY SECRETARY

Ms. Lee Angel Pui Shan

AUTHORIZED REPRESENTATIVES

Mr. Bai Guohua
Ms. Lee Angel Pui Shan

AUDIT COMMITTEE

Mr. Tian Hua *(Chairman)*
Mr. Qiu Yongqing
Ms. Gao Jianhua

REMUNERATION COMMITTEE

Mr. Tian Hua *(Chairman)*
Ms. Gao Jianhua
Mr. Bai Xuankui

NOMINATION COMMITTEE

Mr. Bai Xuankui *(Chairman)*
Mr. Qiu Yongqing
Ms. Gao Jianhua

AUDITOR

Ernst & Young
Certified Public Accountant
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
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Quarry Bay, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
China Merchants Bank Co. Ltd.
China Construction Bank Corporation
Bank of China Limited
Bank of Shanxi Co., Ltd.

CORPORATE INFORMATION

LEGAL ADVISORS

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Jingtian & Gongcheng LLP

As to PRC law
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REGISTERED OFFICE

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PLACE OF LISTING

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(the "Stock Exchange")

STOCK CODE

2286

COMPANY WEBSITE

www.chen-xing.cn

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) together with its subsidiaries (collectively, the “**Group**”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2022 (the “**Reporting Period**”) together with the comparative figures for the same period in 2021. The Group’s interim results have not yet been audited, but have been reviewed by the Company’s audit committee.

- The contracted sales of the Group for the Reporting Period amounted to approximately RMB287.8 million and the contracted gross floor area (“**GFA**”) amounted to approximately 32,416 square meters (“**sq.m.**”), representing an increase of approximately 66.2% and approximately 0.1% as compared with the same period of last year, respectively;
- Revenue of the Group for the Reporting Period amounted to approximately RMB509.8 million, of which approximately RMB507.7 million was revenue from property development;
- Gross profit of the Group for the Reporting Period amounted to approximately RMB115.0 million, of which approximately RMB114.2 million was gross profit from property development;
- Net profit of the Group for the Reporting Period amounted to approximately RMB37.6 million, of which approximately RMB9.0 million was net profit attributable to equity holders of the Company;
- Total GFA of land bank of the Group amounted to approximately 2,814,941 sq.m. and the average cost of land bank was approximately RMB834.9 per sq.m. as at the end of the Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) of the Group for the Reporting Period was approximately RMB8,878.3 per sq.m.;
- Basic earnings per share of the Company for the Reporting Period was approximately RMB0.01; and
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2022.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended 30 June 2022.

RESULTS PERFORMANCE AND REVIEW OF FIRST HALF YEAR OF 2022

For the first half of 2022, the real estate market in China remained in the adjusting stage. Due to the resurgence of the COVID-19 epidemic, the real estate market and industry faced many unexpected challenges. The national land market was inactive in the first half of 2022, and the scale for the supply and demand as well as the sales of land decreased. Meanwhile, overall expectations for the real estate industry decreased as the sales market continued to adjust and the sales results dropped significantly. Therefore, real estate companies of all scales faced greater funding pressure in the first half of 2022, leading to a lower growth of corporate development.

At the same time, the government promulgated various policies to promote the real estate market during the first half of 2022. All regions have fully implemented localised policies where second-tier and third-tier cities promulgating a wide range of policies, which stimulated market demands to a certain extent and kickstarted the depressed market. Overall, in the first half of 2022, the positive signals released by government regulatory authorities on multiple occasions as well as the many policies launched to optimise regulation on the real estate market allowed for a recovery of the overall real estate industry.

The Company was also affected by the overall environment of real estate industry and the market, and our sales performance for the first half of 2022 did not meet our expectation. However, through the continuing efforts of the Board and the management of the Company, the business strategy was adjusted in time. Risks were resolved within a controllable range and the Company maintained steady operation.

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB287.8 million, representing an increase of approximately 66.2% as compared with the same period of last year. Contracted GFA sold amounted to approximately 32,416 sq.m., representing an increase of approximately 0.1% as compared with that in the same period of last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB509.8 million, representing a decrease of approximately 13.8% as compared with the same period of last year, of which approximately RMB507.7 million was revenue from property development, representing a decrease of approximately 13.9% as compared with the same period of last year. The profit for the period attributable to owners of the Group was approximately RMB9.0 million, representing a decrease of approximately 56.2% as compared with the same period of last year.

As at the end of the Reporting Period, the Group's land bank was approximately 2,814,941 sq.m.

CHAIRMAN'S STATEMENT

PROSPECTS FOR SECOND HALF YEAR OF 2022

For the second half of 2022, the real estate market in China will continue to adjust as policies supporting the property market are introduced, with guaranteeing the delivery of properties being the main direction, which is expected to restore consumer confidence. The real estate market will gradually return to stability and the overall development of the industry will be better than that in the first half of 2022. According to the prediction on situation of the current China real estate market and future development trends, the Company will follow a path in line with the government's policies, grasp the changes in the market cycle in a timely manner, seize market opportunities and achieve stable development.

In the second half of 2022, the Company will follow the local regulating and controlling policies introduced in the cities where the Company's projects are located, actively make corresponding adjustments to the operating strategy, adjust the marketing strategy in time to promote sales collection and accelerate capital returns, and enhance our capability to respond to and resolve risks. In the meanwhile, we will control the Company's operational costs effectively, simplify the company management process, formulate measures to improve the Company's management efficiency from multiple aspects, and explore and develop new management models.

The Company will continue to focus on the development of residential properties for home upgrades, enhance the strength of products and services through product design, usage of new materials and technology as well as introduction of high-end property services. We aim to provide high-end residential properties for home upgrades with higher quality and better service, increase our share in the high-end improvement product market and comprehensively enhance the industry competitiveness of the Company and the market competitiveness of our products. In terms of corporate team building, the Company will also create a professional core team and high-caliber management team, and continue to train reserve talents during industry adjustment to meet the Company's need of steady development of talents.



CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT

Finally, I would like to express my sincerest gratitude on behalf of the Board to the management and staff of the Company for their hard work. At the same time, I would also like to thank the investors, customers and partners for their great support and trust in the Group.

Bai Xuankui
Chairman

Jinzhong, Shanxi, the PRC
26 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group's contracted sales amounted to approximately RMB287.8 million, representing an increase of approximately 66.2% as compared with the same period of last year. During the Reporting Period, the Group's revenue amounted to approximately RMB509.8 million, representing a decrease of approximately 13.8% as compared to the same period of last year, among which, revenue derived from property development was approximately RMB507.7 million, representing a decrease of approximately 13.9% as compared with the same period of last year. During the Reporting Period, the Group had gross profit of approximately RMB115.0 million, net profit of approximately RMB37.6 million, of which net profit attributable to equity holders of the Company was approximately RMB9.0 million.

CONTRACTED SALES

For the six months ended 30 June 2022 and 2021, the Group's contracted sales were approximately RMB287.8 million and RMB173.2 million, respectively, representing an increase of approximately 66.2%. The Group's total contracted GFA for the six months ended 30 June 2022 and 2021 were approximately 32,416 sq.m. and 32,369 sq.m., respectively, representing an increase of approximately 0.1%. By geographic location, the Group's contracted sales from Jinzhong, Taiyuan, Mianyang and Haikou were approximately RMB22.1 million, RMB40.0 million, RMB217.9 million and RMB7.8 million, respectively, accounting for approximately 7.7%, 13.9%, 75.7% and 2.7% of the Group's total contracted sales, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted sales for the six months ended 30 June 2022 by geographic location:

| | Contracted Sales for the six months ended 30 June 2022 (RMB million) | Contracted Sales for the six months ended 30 June 2021 (RMB million) | Contracted GFA for the six months ended 30 June 2022 (sq.m.) | Contracted GFA for the six months ended 30 June 2021 (sq.m.) | Contracted Average Sales Price for the six months ended 30 June 2022 (RMB/sq.m.) | Contracted Average Sales Price for the six months ended 30 June 2021 (RMB/sq.m.) |
|---|--|--|--|--|--|--|
| Jinzhong | | | | | | |
| Yijun Community (頤郡小區) | 0.6 | 2.8 | 318 | 478 | 1,771.0 | 5,770.9 |
| Chenxing Yijun (辰興頤郡) | 19.4 | 42.0 | 2,761 | 5,279 | 7,032.3 | 7,959.9 |
| Xiyuan (熙苑) | — | 1.2 | — | 157 | — | 7,889.6 |
| Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V) | 2.1 | 1.2 | 331 | 39 | 6,248.4 | 31,865.3 |
| Taiyuan | | | | | | |
| Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I) | 18.6 | 6.9 | 1,942 | 806 | 9,566.2 | 8,503.9 |
| Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II) | 1.9 | 30.5 | 1,046 | 2,456 | 1,806.6 | 12,428.6 |
| Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase III) | 19.5 | 37.2 | 2,501 | 4,633 | 7,778.2 | 8,029.5 |
| Mianyang | | | | | | |
| Chang Xing Star Gardens (長興星城) | 1.1 | 44.2 | 856 | 18,066 | 1,251.9 | 2,445.4 |
| Chang Xing Jinhutingyuan (長興金湖庭院) | 216.8 | — | 22,173 | — | 9,776.3 | — |
| Hainan | | | | | | |
| Chenxing Shangpinhui (辰興尚品匯) | 7.8 | 7.2 | 488 | 455 | 16,071.1 | 15,864.8 |
| Total | 287.8 | 173.2 | 32,416 | 32,369 | 8,878.3 | 5,350.8 |

Note:

Contracted sales, total contracted GFA and contracted average sales price in the above table also include car parking spaces sold, if applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Projects

The Group's property projects are divided into the following three categories depending on their development stages: completed properties, properties under development and properties held for future development. As some of the projects are developed successively in several phases, a single project may involve different development phases like completed, under development and held for future development.

As at 30 June 2022, the Group had completed a total GFA of approximately 3,105,440 sq.m. and a land bank with a total GFA of approximately 2,814,941 sq.m. comprising (i) a total GFA of approximately 148,664 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,740,013 sq.m. which is under development; and (iii) a total planned GFA of approximately 926,264 sq.m. which is held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with strategic values to generate sustainable and stable revenue. As at 30 June 2022, the Group had investment properties with a total GFA of approximately 21,613 sq.m.

Property Portfolio Summary

| Intended use ⁽¹⁾ | Total GFA completed (sq.m.) | GFA under development (sq.m.) | Total GFA held for future development (sq.m.) |
|---------------------------------------|--------------------------------|----------------------------------|--|
| Mid-rise | 872,716 | 89,693 | 320,660 |
| High-rise | 1,203,967 | 577,208 | 234,812 |
| Townhouses | 27,612 | 196,834 | — |
| Multi-story garden apartments | 576,743 | 124,427 | 16,771 |
| Retail outlets | 189,151 | 266,243 | 112,936 |
| SOHO apartments | 6,931 | 15,984 | 15,791 |
| Hotels | — | 108,743 | — |
| Parking spaces | 221,205 | 338,092 | 207,873 |
| Ancillary ⁽²⁾ | 7,115 | 22,789 | 17,421 |
| Total GFA | 3,105,440 | 1,740,013 | 926,264 |
| Attributable GFA⁽³⁾ | 2,931,748 | 1,466,096 | 809,957 |

Notes:

- (1) Includes the portion of GFA held by the Group as public facilities (not saleable or leaseable).
- (2) Includes primarily public facilities which are not saleable or leaseable.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interest in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

Completed Projects

The following table sets forth a summary of information on the Group's completed projects and corresponding project phases, if any, as at 30 June 2022:

| Project | Location | Project type | Actual completion date | Site area (sq.m.) | Completed GFA (sq.m.) | Saleable/Leaseable GFA | | Other GFA ⁽¹⁾ (sq.m.) | Ownership interest ⁽²⁾ (%) | |
|---|---|------------------------|------------------------|-------------------|-----------------------|--------------------------|-----------------------------|----------------------------------|---------------------------------------|--------|
| | | | | | | remaining unsold (sq.m.) | held for investment (sq.m.) | | | |
| Jinzhong (晉中) | | | | | | | | | | |
| 1. East Lake Mall (東湖井) | Jinzhong City, Shanxi Province (山西省晉中市) | Retail outlets | July 2000 | 1,330 | 17,886 | — | 10,610 | 7,276 | — | 100.00 |
| 2. Grand International Mall & Apartments (君豪國際) | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/Commercial | June 2007 | 7,465 | 65,544 | 9,081 | 8,241 | 48,222 | — | 100.00 |
| 3. Blossom Gardens (錦綉新城) | Jinzhong City, Shanxi Province (山西省晉中市) | Residential | April 2007 | 5,261 | 39,080 | — | — | 39,080 | — | 100.00 |
| 4. Xin Xing International Cultural Town (新興國際文教城) | | | | | | | | | | |
| Phase I | Jinzhong City, Shanxi Province (山西省晉中市) | Residential | December 2005 | 5,600 | 24,602 | — | — | 24,602 | — | 100.00 |
| Phase II | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/Commercial | April 2012 | 17,968 | 93,061 | — | — | 92,910 | 151 | 100.00 |
| Phase III | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/Commercial | December 2009 | 255,918 | 545,047 | 2,588 | — | 542,459 | — | 100.00 |
| Phase IV | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/Commercial | July 2016 | 30,987 | 71,103 | 2,019 | — | 69,084 | — | 100.00 |
| Phase V | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/Commercial | July 2016 | 22,578 | 50,438 | 3,266 | — | 46,137 | 1,035 | 100.00 |

MANAGEMENT DISCUSSION AND ANALYSIS

| Project | Location | Project type | Actual completion date | Site area (sq.m.) | Completed GFA (sq.m.) | Saleable/ Leaseable GFA | | GFA sold (sq.m.) | Other GFA ⁽¹⁾ (sq.m.) | Ownership interest ⁽²⁾ (%) |
|---|---|-------------------------|------------------------|-------------------|-----------------------|--------------------------|-----------------------------|------------------|----------------------------------|---------------------------------------|
| | | | | | | remaining unsold (sq.m.) | held for investment (sq.m.) | | | |
| 5. Upper East Gardens (上東庭院) | | | | | | | | | | |
| Phase I | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | November 2006 | 19,361 | 47,926 | — | — | 47,926 | — | 100.00 |
| Phase II | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | December 2011 | 24,343 | 75,889 | — | — | 75,889 | — | 100.00 |
| 6. Riverside Gardens — Zuoquan (左權濱河嘉園) | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | December 2007 | 73,035 | 98,545 | — | — | 97,990 | 555 | 100.00 |
| 7. SOLO Apartments (尚座公寓) | Jinzhong City, Shanxi Province (山西省晉中市) | Commercial/ Complex | September 2009 | 2,411 | 9,783 | 257 | — | 9,526 | — | 100.00 |
| 8. Riverside Gardens — Heshun (和順濱河小區) | | | | | | | | | | |
| Stage I | Jinzhong City, Shanxi Province (山西省晉中市) | Residential | June 2008 | 60,100 | 62,508 | — | — | 62,168 | 340 | 100.00 |
| Stage II | Jinzhong City, Shanxi Province (山西省晉中市) | Residential | October 2012 | 5,898 | 51,217 | — | — | 51,217 | — | 100.00 |
| 9. Mandarin Gardens — Taigu (太谷文華庭院) | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | May 2011 | 30,690 | 51,525 | — | — | 51,525 | — | 100.00 |
| 10. Shuncheng Street Underground Space (順城街地下空間) | Jinzhong City, Shanxi Province (山西省晉中市) | Retail outlets | August 2015 | — | 897 | — | — | 897 | — | 100.00 |
| 11. Yijun Community (驪郡小區) | | | | | | | | | | |
| Phase I (portion) | Jinzhong City, Shanxi Province (山西省晉中市) | Residential | November 2020 | 25,661 | 59,660 | 32,074 | — | 26,754 | 832 | 51.00 |

MANAGEMENT DISCUSSION AND ANALYSIS

| Project | Location | Project type | Actual completion date | Site area (sq.m.) | Completed GFA (sq.m.) | Saleable/Leaseable GFA | | GFA held for investment (sq.m.) | GFA sold (sq.m.) | Other GFA ⁽¹⁾ (sq.m.) | Ownership interest ⁽²⁾ (%) |
|--|---|------------------------|------------------------|-------------------|-----------------------|--------------------------|---|---------------------------------|------------------|----------------------------------|---------------------------------------|
| | | | | | | remaining unsold (sq.m.) | | | | | |
| 12. Xiyuan (熙苑) | Jinzhong City, Shanxi Province (山西省晋中市) | Residential/Commercial | November 2021 | 46,603 | 58,971 | 4,405 | — | 54,566 | — | 33.66 | |
| 13. Chenxing Yijun (辰興頤郡) Stage I (portion) | Jinzhong City, Shanxi Province (山西省晋中市) | Residential/Commercial | January 2022 | 15,432 | 29,053 | 12,095 | — | 16,494 | 464 | 100.00 | |
| Taiyuan (太原) | | | | | | | | | | | |
| 1. Yosemite Valley Town — Taiyuan (龍城優山美郡) | | | | | | | | | | | |
| Southern District, Phase I | Taiyuan City, Shanxi Province (山西省太原市) | Residential/Commercial | December 2014 | 117,128 | 406,165 | 24,178 | — | 381,987 | — | 100.00 | |
| Northern District, Phase I | Taiyuan City, Shanxi Province (山西省太原市) | Residential/Commercial | November 2016 | 108,005 | 397,867 | 14,512 | — | 312,976 | 70,379 | 100.00 | |
| Phase II (portion) | Taiyuan City, Shanxi Province (山西省太原市) | Residential/Commercial | June 2020 | 68,164 | 194,807 | 12,859 | — | 181,948 | — | 100.00 | |

MANAGEMENT DISCUSSION AND ANALYSIS

| Project | Location | Project type | Actual completion date | Site area (sq.m.) | Completed GFA (sq.m.) | Saleable/Leaseable GFA | | Other GFA ⁽¹⁾ (sq.m.) | Ownership interest ⁽²⁾ (%) | |
|---|--|------------------------|------------------------|-------------------|-----------------------|--------------------------|---------------------------------|----------------------------------|---------------------------------------|-------|
| | | | | | | remaining unsold (sq.m.) | GFA held for investment (sq.m.) | | | |
| Mianyang (綿陽) | | | | | | | | | | |
| 1. Yosemite Valley Town (優山美郡) | Mianyang City, Sichuan Province (四川省綿陽市) | Residential/Commercial | May 2012 | 74,124 | 126,329 | 5,288 | — | 119,196 | 1,845 | 83.89 |
| 2. Elite Gardens (天禦) | Mianyang City, Sichuan Province (四川省綿陽市) | Residential/Commercial | September 2014 | 68,529 | 116,816 | 1,265 | — | 114,864 | 687 | 83.89 |
| 3. Chang Xing Star Gardens (長興星城) | | | | | | | | | | |
| Phase I | Mianyang City, Sichuan Province (四川省綿陽市) | Residential/Commercial | June 2017 | 68,150 | 288,450 | 8,166 | — | 278,963 | 1,321 | 83.89 |
| Phase II | Mianyang City, Sichuan Province (四川省綿陽市) | Residential/Commercial | November 2020 | 36,158 | 122,271 | 16,611 | — | 104,729 | 931 | 83.89 |
| Total | | | | 1,190,899 | 3,105,440 | 148,664 | 18,851 | 2,859,385 | 78,540 | |
| Total attributable GFA⁽³⁾ | | | | 1,107,623 | 2,931,748 | 124,978 | 18,851 | 2,710,557 | 77,362 | |

Notes:

- (1) Includes the GFA held by the Group as public facilities (not saleable or leasable).
- (2) Calculated based on the Group's actual ownership interests in the respective project companies.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

Properties under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 30 June 2022:

| Project | Location | Project type | Site area (sq.m.) | Actual/ estimated completion date | Under development | | Held for future development | | | Ownership interest ⁽¹⁾ (%) |
|--|---|--|----------------------|--|-------------------------------------|---|-----------------------------|---------------------------|--|---|
| | | | | | GFA under development (sq.m.) | Saleable/ leasable GFA (sq.m.) | Pre-sold GFA (sq.m.) | Planned GFA (sq.m.) | GFA with land use right certificate not yet obtained (sq.m.) | |
| Jinzhong (晉中) | | | | | | | | | | |
| 1. Phase I of Longtian (龍田項目一期) | | | 129,049 | | 449,634 | 427,999 | 30,059 | — | — | 51.00 |
| Stage I | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial/ Parking Space | 14,346 | December 2022 | 78,954 | 74,203 | 30,059 | — | — | 51.00 |
| Stage II | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial/ Parking Space | 24,367 | December 2022 | 110,725 | 101,385 | — | — | — | 51.00 |
| Stage III | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial/ Parking Space | 26,682 | December 2022 | 126,120 | 121,061 | — | — | — | 51.00 |
| Stage IV | Jinzhong City, Shanxi Province (山西省晉中市) | Commercial/ Parking Space | 13,422 | December 2022 | 28,819 | 28,819 | — | — | — | 51.00 |
| Stage V | Jinzhong City, Shanxi Province (山西省晉中市) | Commercial/ Parking Space | 50,232 | December 2022 | 105,016 | 102,531 | — | — | — | 51.00 |
| 2. Yijun Community (頤郡小區) | | | 79,203 | | 52,641 | 19,267 | 2,189 | 154,347 | — | 51.00 |
| Stage I (portion) | Jinzhong City, Shanxi Province (山西省晉中市) | Residential | 21,102 | December 2022 | 52,641 | 19,267 | 2,189 | — | — | 51.00 |
| Stage II | Jinzhong City, Shanxi Province (山西省晉中市) | Commercial | 16,410 | August 2024 | — | — | — | 44,157 | — | 51.00 |
| Stage III | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | 41,691 | August 2024 | — | — | — | 110,190 | — | 51.00 |

MANAGEMENT DISCUSSION AND ANALYSIS

| Project | Location | Project type | Site area (sq.m.) | Actual/ estimated completion date | Under development | | Held for future development | | | Ownership interest ⁽¹⁾ (%) |
|---|---|----------------------------|----------------------|--|-------------------------------------|---|-----------------------------|---------------------------|--|---|
| | | | | | GFA under development (sq.m.) | Saleable/ leasable GFA (sq.m.) | Pre-sold GFA (sq.m.) | Planned GFA (sq.m.) | GFA with land use right certificate not yet obtained (sq.m.) | |
| 3. Chenxing Yijun (辰興頤郡) | | | 181,854 | | 101,894 | 99,145 | 43,379 | 356,400 | — | 100.00 |
| Stage I (portion) | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | 41,169 | December 2023 | 101,894 | 99,145 | 43,379 | — | — | 100.00 |
| Stage II | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | 37,462 | December 2024 | — | — | — | 99,500 | — | 100.00 |
| Stage III | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | 85,669 | December 2024 | — | — | — | 209,300 | — | 100.00 |
| Stage IV | Jinzhong City, Shanxi Province (山西省晉中市) | Residential/ Commercial | 17,554 | December 2024 | — | — | — | 47,600 | — | 100.00 |
| 4. Shiguang Zhicheng (時光之城) | Jinzhong City, Shanxi Province (山西省晉中市) | Commercial | 28,296 | October 2023 | 112,383 | 53,880 | — | — | — | 100.00 |
| 5. Jinxiu SOHO (錦綉中心) | Jinzhong City, Shanxi Province (山西省晉中市) | Commercial | 3,461 | May 2023 | 20,506 | — | — | — | — | 100.00 |
| Taiyuan (太原) | | | | | | | | | | |
| 1. Yosemite Valley Town — Taiyuan (龍城優山美郡) | | | 125,192 | | 406,532 | 380,625 | 205,027 | — | — | 100.00 |
| Phase II (portion) | Taiyuan City, Shanxi Province (山西省太原市) | Residential/ Commercial | 43,071 | December 2022 | 177,032 | 163,979 | 62,297 | — | — | 100.00 |
| Phase III | Taiyuan City, Shanxi Province (山西省太原市) | Residential/ Commercial | 60,273 | November 2023 | 216,881 | 216,646 | 142,730 | — | — | 100.00 |
| Phase IV | Taiyuan City, Shanxi Province (山西省太原市) | Primary school | 21,848 | September 2022 | 12,619 | — | — | — | — | 100.00 |

MANAGEMENT DISCUSSION AND ANALYSIS

| Project | Location | Project type | Site area (sq.m.) | Actual/ estimated completion date | Under development | | Held for future development | | | Ownership interest ⁽¹⁾ (%) |
|---|---|----------------------------|----------------------|--|-------------------------------------|---|-----------------------------|---------------------------|--|---|
| | | | | | GFA under development (sq.m.) | Saleable/ leasable GFA (sq.m.) | Pre-sold GFA (sq.m.) | Planned GFA (sq.m.) | GFA with land use right certificate not yet obtained (sq.m.) | |
| Haikou (海口) | | | | | | | | | | |
| 1. Shangpinhui (尚品匯) | Haikou City, Hainan Province (海南省海口市) | Commercial | 43,795 | October 2022 | 98,140 | 55,876 | 2,237 | — | — | 100.00 |
| 2. Jiangdong Shangyuan (江東上院) | Haikou City, Hainan Province (海南省海口市) | Residential/ Commercial | 57,446 | December 2024 | 56,425 | — | — | 17,240 | — | 100.00 |
| Wuzhishan (五指山) | | | | | | | | | | |
| 1. Yijun (頤郡) | | | 92,522 | | 136,422 | 12,293 | — | — | — | 100.00 |
| Phase I | Wuzhishan City, Hainan Province (海南省五指山市) | Commercial | 28,745 | November 2023 | 48,013 | 1,559 | — | — | — | 100.00 |
| Phase II | Wuzhishan City, Hainan Province (海南省五指山市) | Residential | 23,827 | May 2024 | 35,274 | — | — | — | — | 100.00 |
| Phase III | Wuzhishan City, Hainan Province (海南省五指山市) | Residential | 18,244 | May 2024 | 26,666 | 10,734 | — | — | — | 100.00 |
| Phase IV | Wuzhishan City, Hainan Province (海南省五指山市) | Residential | 21,706 | May 2024 | 26,469 | — | — | — | — | 100.00 |
| Xishuangbanna (西雙版納) | | | | | | | | | | |
| 1. Chenxing International Health City (辰興國際健康城) | | | 223,780 | | 132,861 | — | — | 145,781 | — | 100.00 |
| Stage I | Xishuangbanna Autonomous Prefecture, Yunnan Province (雲南省西雙版 納傣族自治州) | Residential/ Commercial | 51,965 | November 2023 | 37,396 | — | — | — | — | 100.00 |

MANAGEMENT DISCUSSION AND ANALYSIS

| Project | Location | Project type | Site area (sq.m.) | Actual/ estimated completion date | Under development | | Held for future development | | | Ownership interest ⁽¹⁾ (%) |
|---|---|----------------------------|----------------------|--|-------------------------------------|---|-----------------------------|---------------------------|--|---|
| | | | | | GFA under development (sq.m.) | Saleable/ leasable GFA (sq.m.) | Pre-sold GFA (sq.m.) | Planned GFA (sq.m.) | GFA with land use right certificate not yet obtained (sq.m.) | |
| Stage II | Xishuangbanna Autonomous Prefecture, Yunnan Province (雲南省西雙版 納傣族自治州) | Residential/ Commercial | 171,815 | December 2024 | 95,465 | — | — | 145,781 | — | 100.00 |
| Mianyang (綿陽) | | | | | | | | | | |
| 1. Jinhutingyuan (金湖庭院) | | | 154,367 | | 172,575 | 93,130 | 45,045 | 252,496 | — | 83.89 |
| Phase I | Mianyang City, Sichuan Province (四川省綿陽市) | Residential/ Commercial | 62,672 | December 2023 | 172,575 | 93,130 | 45,045 | — | — | 83.89 |
| Phase II | Mianyang City, Sichuan Province (四川省綿陽市) | Residential/ Commercial | 91,695 | December 2025 | — | — | — | 252,496 | — | 83.89 |
| Total | | | 1,118,965 | | 1,740,013 | 1,142,215 | 327,936 | 926,264 | — | |
| Total Attributable GFA⁽²⁾ | | | | | 1,466,096 | 908,051 | 304,878 | 809,957 | — | |

Notes:

- (1) Calculated based on the Group's actual ownership interests in the respective project companies.
- (2) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of information on the Group's investment properties as at 30 June 2022:

| Project | Type of property | Total GFA held for investment (sq.m.) | Effective leased GFA (sq.m.) | Occupancy rate (%) | Rental income for the six months ended 30 June | |
|--|------------------|--|---------------------------------|-----------------------|--|------------|
| | | | | | 2022 (RMB million) | 2021 |
| Grand International Mall & Apartments (君豪國際) | Retail outlets | 8,241 | — | — | — | — |
| East Lake Mall (東湖井) | Retail outlets | 10,610 | 8,161 | 76.9 | 0.5 | 0.5 |
| Office Building of West Yingbin Street (迎賓西街辦公樓) | Retail outlets | 2,762 | 1,063 | 38.5 | 0.9 | 0.8 |
| Total | | 21,613 | 9,224 | — | 1.4 | 1.3 |

The table below sets forth a summary of the Group's land bank as at 30 June 2022 by geographical location:

| | Completed Saleable/ Leasable GFA remaining unsold (sq.m.) | Under development GFA under development (sq.m.) | Future development Planned GFA (sq.m.) | Total land bank ⁽¹⁾ Total GFA (sq.m.) | Percentage | Average land cost (RMB/sq.m.) |
|---------------|--|---|---|--|------------------|----------------------------------|
| | | | | | of total | |
| | | | | | land bank (%) | |
| Jinzhong | 65,785 | 737,058 | 510,747 | 1,313,590 | 46.7 | 853.9 |
| Taiyuan | 51,549 | 406,532 | — | 458,081 | 16.3 | 393.5 |
| Mianyang | 31,330 | 172,575 | 252,496 | 456,401 | 16.2 | 1,063.9 |
| Haikou | — | 154,565 | 17,240 | 171,805 | 6.1 | 2,183.2 |
| Wuzhishan | — | 136,422 | — | 136,422 | 4.8 | 1,145.2 |
| Xishuangbanna | — | 132,861 | 145,781 | 278,642 | 9.9 | 1,006.9 |
| Total | 148,664 | 1,740,013 | 926,264 | 2,814,941 | 100.0 | 834.9 |

Note:

(1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of the Group's land bank as at 30 June 2022 by type of property:

| | Completed | Under development | Held for future development | Total land bank ⁽¹⁾ | Percentage of total land bank |
|---|--|--|----------------------------------|--------------------------------|-------------------------------|
| | Saleable/ Leasable GFA remaining unsold <i>(sq.m.)</i> | GFA under development <i>(sq.m.)</i> | Planned GFA <i>(sq.m.)</i> | Total GFA <i>(sq.m.)</i> | (%) |
| Mid-rise | 46,289 | 89,693 | 320,660 | 456,642 | 16.2 |
| High-rise | 25,475 | 577,208 | 234,812 | 837,495 | 29.8 |
| Townhouses | 1,472 | 196,834 | — | 198,306 | 7.1 |
| Multi-story garden apartments | 3,408 | 124,427 | 16,771 | 144,606 | 5.1 |
| Available-for-sale office/commercial properties | 39,612 | 266,243 | 112,936 | 418,791 | 14.9 |
| SOHO apartments | 58 | 15,984 | 15,791 | 31,833 | 1.1 |
| Hotels | — | 108,743 | — | 108,743 | 3.9 |
| Parking spaces | 32,350 | 338,092 | 207,873 | 578,315 | 20.5 |
| Ancillary facilities ⁽²⁾ | — | 22,789 | 17,421 | 40,210 | 1.4 |
| Total | 148,664 | 1,740,013 | 926,264 | 2,814,941 | 100.0 |

Notes:

(1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

(2) Includes primarily public facilities which are not saleable.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB509.8 million, representing a decrease of approximately 13.8% as compared with approximately RMB591.5 million for the corresponding period of last year. The decrease was mainly because the decrease in total GFA of completed properties delivered during the Reporting Period.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB507.7 million, representing a decrease of approximately 13.9% as compared with the corresponding period of last year. The decrease was mainly because the decrease in total GFA of completed properties delivered during the Reporting Period.

Sales and Services Cost

The Group's sales and services cost decreased by approximately 3.8% from approximately RMB410.2 million for the six months ended 30 June 2021 to approximately RMB394.8 million for the six months ended 30 June 2022, which was mainly due to a corresponding decrease in cost of sales and services with the decrease in revenue during the Reporting Period.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB115.0 million, representing a decrease of approximately 36.5% from approximately RMB181.3 million for the six months ended 30 June 2021. The Group's gross profit margin during the Reporting Period was approximately 22.6%, representing a decrease of approximately 8.0 percentage points as compared with approximately 30.6% for the corresponding period of last year.

During the Reporting Period, the Group's gross profit on property development was approximately RMB114.2 million, representing a decrease of approximately 36.6% as compared with approximately RMB180.0 million for the six months ended 30 June 2021. The decrease in the gross profit on property development of the Group was mainly due to the decrease in the selling prices of delivered projects during the Reporting Period, leading to a decrease in revenue from sales.

During the Reporting Period, the gross profit margin of property development of the Group was approximately 22.5%, representing a decrease of approximately 8.0 percentage points as compared with a gross profit margin of approximately 30.5% for the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

The Group's other income and gains amounted to approximately RMB8.2 million during the Reporting Period, while the other income and gains amounted to approximately RMB10.2 million for the six months ended 30 June 2021. The decrease was primarily due to the decrease in bank interest income and rental income during the Reporting Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 19.6% from approximately RMB23.8 million for the six months ended 30 June 2021 to approximately RMB28.5 million for the six months ended 30 June 2022, primarily due to the increase in sales agency fee during the Reporting Period.

Administrative Expenses

The Group's administrative expenses decreased by approximately 36.1% from approximately RMB30.2 million for the six months ended 30 June 2021 to approximately RMB19.3 million for the six months ended 30 June 2022, primarily due to the decrease in labour costs and office expenses during the Reporting Period.

Finance Costs

The Group's finance costs decreased by approximately 18.3% from approximately RMB11.9 million for the six months ended 30 June 2021 to approximately RMB9.8 million for the six months ended 30 June 2022, primarily due to the decrease in finance costs for Yosemite Valley Town — Taiyuan project during the Reporting Period.

Income Tax Expense

The Group's income tax expense decreased by approximately 57.9% from approximately RMB63.0 million for the six months ended 30 June 2021 to approximately RMB26.5 million for the six months ended 30 June 2022, primarily due to the decrease in profit before tax and land appreciation tax during the Reporting Period.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period increased by approximately 30.3% from approximately RMB27.2 million for the six months ended 30 June 2021 to approximately RMB35.4 million for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Position

As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB228.3 million, representing a decrease of approximately 5.0% as compared with approximately RMB240.4 million as at 31 December 2021.

Net Operating Cash Flow

The Group recorded a positive operating cash flow of approximately RMB95.0 million as at 30 June 2022 as compared with a negative operating cash flow of approximately RMB393.5 million as at 30 June 2021.

Borrowings

The Group had outstanding bank borrowings of approximately RMB3,122.6 million as at 30 June 2022, with 85.7% of bank and other borrowings at fixed rate and the Group had outstanding bank borrowings of approximately RMB3,140.4 million as at 31 December 2021.

Pledged Assets

Certain of the Group's borrowings were secured by properties under development and investment properties. As at 30 June 2022, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB1,410.1 million, while the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB1,586.3 million as at 31 December 2021.

Financial Guarantees and Contingent Liabilities

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at 30 June 2022, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB2,073.2 million, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,979.5 million as at 31 December 2021.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Currency Risk

The Group operates primarily in the PRC and most of its revenues and expenses are settled in RMB. The Group is exposed to foreign currency risks because its bank balances are denominated in Hong Kong dollar and the value of which will fluctuate with exchange rate fluctuations. The exchange rate between RMB and Hong Kong dollar may fluctuate as a result of various factors, such as changes in China's political and economic conditions. The Board expects that the fluctuation of the RMB exchange rate will not have a material adverse effect on the Group. The Group currently does not have a hedging policy in relation to the foreign currency risk.

Gearing Ratio

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB3,122,589 million and total equity of approximately RMB1,749,368 million, the gearing ratio of the Group was approximately 178% (31 December 2021: approximately 183%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The decrease in gearing ratio was mainly due to the decrease of interest-bearing bank borrowings and the increase of total equity during the Reporting Period.

Material Acquisitions and Disposals and Significant Investments

Save as disclosed in this report, the Group did not have any material acquisition and disposal and significant investment during the Reporting Period.

Significant Events after the Reporting Period

As of the date of this report, the Group did not have any significant events after the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments or Capital Assets

The Company will continue to invest in property development projects and acquire suitable land parcels in selected cities as it sees fit. It is expected that internal resources and bank borrowings will be sufficient to meet the required funding requirements. Save as disclosed in the prospectus and above, the Group did not have any future plans for material investments or capital assets as at the date of this report.

Employees and Remuneration Policies

As at 30 June 2022, the Group had 247 employees. As of 30 June 2022, the Group incurred employee costs of approximately RMB14.49 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans operated by the municipal and provincial governments, including housing provident funds, pension, medical, occupational injury and unemployment benefit plans.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2022 (the six months ended 30 June 2021: Nil).

CORPORATE GOVERNANCE AND OTHER MATTERS

CORPORATE GOVERNANCE PRACTICE

The Company is always 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. The Board considers that sound corporate governance maximizes the shareholders' interest.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange as its own code of corporate governance. The Company has complied with all the applicable code provisions of the CG Code during the Reporting Period.

The Company shall review and strengthen its corporate governance practice from time to time, and strengthen internal control with the help of its PRC and Hong Kong legal advisors, so as to ensure compliance with the CG Code.

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's businesses, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, while the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess professional qualifications and related management experience in areas of financial accounting, corporate governance, etc. and contribute to the Board with their professional opinions.

Mr. Bai Xuankui (“**Mr. Bai**”) is an executive Director and the chairman of the Board. He is responsible for the management of the Board and the overall strategic planning, business development and corporate governance functions. The Company believes that Mr. Bai, who has been serving as a Director and the chairman of the Board since its establishment, can facilitate the Company in formulating appropriate development strategies. Regarding business operations, the Company's senior management, which comprises experienced and high-caliber individuals from various sectors, will ensure decisions made by the Board are thoroughly implemented.

CORPORATE GOVERNANCE AND OTHER MATTERS

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Listing Rules.

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 D.3 of the code provision of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua. The Audit Committee is chaired by Mr. Tian Hua, who has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including the review of the interim results for the six months ended 30 June 2022. The Audit Committee considered that the interim results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE AND OTHER MATTERS

DISCLOSURE OF INTERESTS

Interests and/or Short Positions of Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 30 June 2022, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered into the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in the Shares of the Company

| Name of Director/ chief executive | Capacity/ Nature of interest | Number of shares held | Percentage of shareholdings ^(Note 1) |
|---|---|--------------------------|--|
| Mr. Bai Xuankui ("Mr. Bai") ^(Note 2) | Settlor of a discretionary trust | 346,944,000 | 57.82% |
| Mr. Bai Wukui ^(Note 3) | Interest of a controlled corporation | 64,944,000 | 10.82% |
| Mr. Bai Guohua ^(Note 4) | Beneficiary of a discretionary trust | 346,944,000 | 57.82% |
| Mr. Dong Shiguang ("Mr. Dong") ^(Note 5) | Interest of a controlled corporation | 10,481,740 | 1.74% |

Notes:

- As at 30 June 2022, the total number of issued shares of the Company was 599,999,989 shares.
- The shares were held by White Dynasty Global Holdings Limited ("White Dynasty BVI") in the capacity of a legal beneficial owners, which was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited ("White Empire BVI") in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian ("Mrs. Bai", the spouse of Mr. Bai), and other beneficiaries to be nominated by the trustee from time to time (the "Family Trust"). Since Mr. Bai was the settlor of the Family Trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.

CORPORATE GOVERNANCE AND OTHER MATTERS

- The shares were held by White Legend Global Holdings Limited ("White Legend BVI") in the capacity of a legal beneficial owner. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui held the entire issued share capital of White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- The shares were held by White Dynasty BVI in the capacity of a legal beneficial owner. Since (i) Mr. Bai Guohua was a beneficiary of the Family Trust; and (ii) Mr. Bai Guohua was a person acting in accordance with the instructions from Mr. Bai, the settlor of the Family Trust, at all times, hence Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by Honesty Priority Global Holdings Limited ("Honesty Priority BVI") in the capacity of a legal beneficial owner. Since Mr. Dong owned 34.87% shares in Honesty Priority BVI, Mr. Dong was deemed to be interested in the shares held by Honesty Priority BVI under the SFO.

Long Positions in the Shares of Associated Corporations of the Company

| Name of Director/ chief executive | Name of associated corporation | Capacity/ Nature of interest | Number of shares held | Percentage of shareholdings |
|--------------------------------------|---------------------------------------|--------------------------------------|-----------------------|-----------------------------|
| Mr. Bai | White Dynasty BVI ^(Note 1) | Settlor of a discretionary trust | 10,000 | 100% |
| Mr. Bai | White Empire BVI ^(Note 1) | Settlor of a discretionary trust | | 100% |
| Mr. Bai Guohua | White Dynasty BVI ^(Note 1) | Beneficiary of a discretionary trust | 10,000 | 100% |
| Mr. Bai Guohua | White Empire BVI ^(Note 1) | Beneficiary of a discretionary trust | | 100% |

Note:

- White Dynasty BVI was a corporate controlling shareholder of the Company and was wholly-owned by White Empire BVI in the capacity of a legal beneficial owner. White Empire BVI was a company limited by guarantee incorporated in the British Virgin Islands and the trustee of the Family Trust which was held for the benefits of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time, and Mr. Bai was the settlor of the Family Trust.

As at 30 June 2022, save as disclosed above, none of the Directors or chief executive of the Company had any interest and/or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER MATTERS

Interests and/or Short Positions in the Shares and Underlying Shares of the Company Held by Substantial Shareholders

As at 30 June 2022, to the best knowledge of the Company and the Directors, the following persons (other than Directors or chief executive of the Company) had interests and/or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO:

| Name of Shareholder | Capacity/Nature of interest | Number of shares held | Percentage of shareholdings ^(Note 1) |
|---------------------------------------|--------------------------------------|-----------------------|---|
| White Dynasty BVI ^(Note 2) | Beneficial owner | 346,944,000 | 57.82% |
| White Empire BVI ^(Note 2) | Interest of a controlled corporation | 346,944,000 | 57.82% |
| White Legend BVI ^(Note 3) | Beneficial owner | 64,944,000 | 10.82% |
| Mrs. Bai ^(Note 4) | Beneficiary of a discretionary trust | 346,944,000 | 57.82% |
| Ms. Zhang Lindi ^(Note 5) | Interest of spouse | 346,944,000 | 57.82% |
| Ms. Gan Xuelin ^(Note 6) | Interest of spouse | 64,944,000 | 10.82% |
| Hwabao Trust Co., Ltd. | Trustee | 62,160,000 | 10.36% |

Notes:

- As at 30 June 2022, the Company had a total number of 599,999,989 shares in issue.
- White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the Family Trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the Family Trust.
- White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the Family Trust, Mrs. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Zhang Lindi was the wife of Mr. Bai Guohua. Since Mr. Bai Guohua was a beneficiary of the Family Trust, Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO, therefore, Ms. Zhang Lindi was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Gan Xuelin was the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI.



CORPORATE GOVERNANCE AND OTHER MATTERS

As at 30 June 2022, save as disclosed above, the Company was not aware of any other persons (other than Directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 12 June 2015. During the Reporting Period, the Company has not granted, exercised, cancelled or lapsed any share options under the Share Option Scheme.

CHANGE OF THE INFORMATION OF THE DIRECTORS

Since the publication of annual report 2021 of the Company, there is no change in the information of the Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

| | Notes | For the six months ended 30 June | |
|---|-------|-------------------------------------|--------------------------------|
| | | 2022 RMB'000 (unaudited) | 2021 RMB'000 (unaudited) |
| REVENUE | 5 | 509,828 | 591,501 |
| Cost of sales | | (394,784) | (410,224) |
| Gross profit | | 115,044 | 181,277 |
| Other income and gains | 5 | 8,217 | 10,181 |
| Selling and distribution expenses | | (28,533) | (23,849) |
| Administrative expenses | | (19,268) | (30,152) |
| Other expenses | | (2,483) | (33,108) |
| Finance costs | | (9,754) | (11,946) |
| Share of profits and losses of: | | | |
| Joint ventures | | 955 | 1,482 |
| PROFIT BEFORE TAX | 6 | 64,178 | 93,885 |
| Income tax expense | 7 | (26,536) | (63,039) |
| PROFIT FOR THE PERIOD | | 37,642 | 30,846 |
| Attributable to: | | | |
| Owners of the parent | | 8,957 | 20,429 |
| Non-controlling interests | | 28,685 | 10,417 |
| | | 37,642 | 30,846 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic and diluted | | | |
| — for profit for the period | 8 | RMB0.01 | RMB0.03 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2022 RMB'000 (unaudited) | 2021 RMB'000 (unaudited) |
| PROFIT FOR THE PERIOD | 37,642 | 30,846 |
| OTHER COMPREHENSIVE INCOME | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | 2,150 | (571) |
| Net other comprehensive income that may be reclassified to profit or loss in subsequent periods | 2,150 | (571) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | |
| Equity investments designated at fair value through other comprehensive income: | | |
| Changes in fair value | (5,842) | (4,133) |
| Income tax effect | 1,458 | 1,033 |
| Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods | (4,384) | (3,100) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | (2,234) | (3,671) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 35,408 | 27,175 |
| Attributable to: | | |
| Owners of the parent | 6,723 | 16,758 |
| Non-controlling interests | 28,685 | 10,417 |
| | 35,408 | 27,175 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2022

| | Notes | 30 June 2022 RMB'000 (unaudited) | 31 December 2021 RMB'000 (audited) |
|--|-------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 63,239 | 67,862 |
| Investment properties | | 133,000 | 133,000 |
| Right-of-use assets | | 1,217 | 1,239 |
| Properties under development | | 133,552 | 133,552 |
| Intangible assets | | 17 | 48 |
| Investment in joint ventures | | 4,949 | 3,994 |
| Equity investments designated at fair value through other comprehensive income | | 48,356 | 54,198 |
| Time deposit | | 10,550 | 10,550 |
| Deferred tax assets | | 230,544 | 225,769 |
| Total non-current assets | | 625,424 | 630,212 |
| CURRENT ASSETS | | | |
| Properties under development | | 9,449,247 | 9,783,856 |
| Completed properties held for sale | | 1,140,870 | 821,338 |
| Inventories | | 20,214 | 20,186 |
| Trade receivables | 10 | 4,830 | 3,953 |
| Prepayments, other receivables and other assets | | 1,043,488 | 864,512 |
| Tax recoverable | | 61,455 | 71,363 |
| Pledged deposits | | 11,296 | 12,583 |
| Restricted cash | | 201,759 | 159,701 |
| Cash and cash equivalents | | 228,252 | 240,373 |
| Total current assets | | 12,161,411 | 11,977,865 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 11 | 1,259,453 | 1,236,669 |
| Other payables and accruals | | 2,259,015 | 2,246,366 |
| Contract liabilities | | 4,149,551 | 4,025,605 |
| Interest-bearing bank and other borrowings | | 313,780 | 2,386,114 |
| Tax payable | | 218,772 | 217,012 |
| Total current liabilities | | 8,200,571 | 10,111,766 |
| NET CURRENT ASSETS | | 3,960,840 | 1,866,099 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,586,264 | 2,496,311 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2022

| | 30 June 2022 RMB'000 (unaudited) | 31 December 2021 RMB'000 (audited) |
|---|---|---|
| NON-CURRENT LIABILITIES | | |
| Interest-bearing bank and other borrowings | 2,808,809 | 754,264 |
| Deferred tax liabilities | 28,087 | 28,087 |
| Total non-current liabilities | 2,836,896 | 782,351 |
| NET ASSETS | 1,749,368 | 1,713,960 |
| EQUITY | | |
| Equity attributable to owners of the parent | | |
| Share capital | 4,855 | 4,855 |
| Reserves | 1,522,295 | 1,515,572 |
| | 1,527,150 | 1,520,427 |
| Non-controlling interests | 222,218 | 193,533 |
| TOTAL EQUITY | 1,749,368 | 1,713,960 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

| | Attributable to owners of the parent | | | | | | | | | | | | | | | | | | | | |
|--|--------------------------------------|-----------------------|-----------------|---------------------------|---------------------------|---|------------------------------|------------------|-----------|---------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Share capital | Share premium account | Capital reserve | Statutory surplus reserve | Asset revaluation reserve | Fair value reserve of financial assets at fair value through other comprehensive income | Exchange fluctuation reserve | Retained profits | Total | Non-controlling interests | Total equity | | | | | | | | | | |
| | | | | | | | | | | | | RMB'000 |
| | | | | | | | | | | | | | | | | | | | | | |
| At 1 January 2022 (audited) | 4,855 | 344,141 | 102,552 | 172,804 | 23,331 | (76,079) | 12,445 | 936,378 | 1,520,427 | 193,533 | 1,713,960 | | | | | | | | | | |
| Profit for the period | — | — | — | — | — | — | — | 8,957 | 8,957 | 28,685 | 37,642 | | | | | | | | | | |
| Other comprehensive income for the period: | | | | | | | | | | | | | | | | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | — | — | — | — | — | (4,384) | — | — | (4,384) | — | (4,384) | | | | | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | — | — | — | 2,150 | — | 2,150 | — | 2,150 | | | | | | | | | | |
| Total comprehensive income for the period | — | — | — | — | — | (4,384) | 2,150 | 8,957 | 6,723 | 28,685 | 35,408 | | | | | | | | | | |
| At 30 June 2022 (unaudited) | 4,855 | 344,141* | 102,552* | 172,804* | 23,331* | (80,463)* | 14,595* | 945,335* | 1,527,150 | 222,218 | 1,749,368 | | | | | | | | | | |

* These reserve accounts comprise the consolidated reserves of RMB1,522,295,000 at 30 June 2022 in the condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

| | Attributable to owners of the parent | | | | | | | | | | |
|--|--------------------------------------|-------------------------------------|----------------------------|---|---|---|---|--------------------------------|------------------|---|----------------------------|
| | Share capital RMB'000 | Share premium account RMB'000 | Capital reserve RMB'000 | Statutory surplus reserve RMB'000 | Asset revaluation reserve RMB'000 | Fair value | Exchange fluctuation reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non- controlling interests RMB'000 | Total equity RMB'000 |
| | | | | | | reserve of financial assets at fair value through other comprehensive income RMB'000 | | | | | |
| | | | | | | | | | | | |
| At 1 January 2021 (audited) | 4,855 | 344,141 | 102,552 | 164,887 | 23,331 | (68,352) | 13,857 | 865,572 | 1,450,843 | 158,758 | 1,609,601 |
| Profit for the period | — | — | — | — | — | — | — | 20,429 | 20,429 | 10,417 | 30,846 |
| Other comprehensive income for the period: | | | | | | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | — | — | — | — | — | (3,100) | — | — | (3,100) | — | (3,100) |
| Exchange differences on translation of foreign operations | — | — | — | — | — | — | (571) | — | (571) | — | (571) |
| Total comprehensive income for the period | — | — | — | — | — | (3,100) | (571) | 20,429 | 16,758 | 10,417 | 27,175 |
| At 30 June 2021 (unaudited) | 4,855 | 344,141 | 102,552 | 164,887 | 23,331 | (71,452) | 13,286 | 886,001 | 1,467,601 | 169,175 | 1,636,776 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

| | For the six months ended | |
|---|--------------------------|-------------|
| | 30 June | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 64,178 | 93,885 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 4,724 | 5,359 |
| Depreciation of right-of-use assets | 22 | 246 |
| Amortisation of intangible assets | 31 | 31 |
| Loss on disposal of items of property, plant and equipment | — | 18 |
| Other interest income from financial assets at fair value through profit or loss | — | — |
| Share of profits of joint ventures and an associate | (955) | (1,482) |
| Finance costs | 9,754 | 11,946 |
| Interest income | (4,166) | (5,496) |
| | 73,588 | 104,507 |
| Decrease/(increase) in properties under development | 430,667 | (337,590) |
| Decrease/(increase) in completed properties held for sale | (319,531) | 150,353 |
| Decrease/(increase) in inventories | (28) | 4,501 |
| Increase in trade receivables | (878) | (105) |
| Decrease/(increase) in prepayments, other receivables and other assets | (189,524) | 23,248 |
| (Increase)/decrease in pledged deposit | 1,287 | (3,952) |
| Increase in restricted bank balance | (42,058) | (774) |
| (Decrease)/increase in trade and bills payables | 22,785 | (66,664) |
| Increase in other payables and accruals | 13,382 | 19,960 |
| (Decrease)/increase in contract liabilities | 123,944 | (287,165) |
| Cash generated from operations | 113,634 | (393,681) |
| Tax paid | (18,185) | 175 |
| Net cash flows from operating activities | 95,449 | (393,506) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

| | For the six months ended 30 June | |
|---|-------------------------------------|--------------------------------|
| | 2022 RMB'000 (unaudited) | 2021 RMB'000 (unaudited) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of items of property, plant and equipment | (100) | (1,085) |
| Loss on disposal of items of property, plant and equipment | — | 10 |
| Purchase of intangible assets | — | — |
| Purchases of financial assets at fair value through profit or loss | — | — |
| Proceeds from disposal of financial assets at fair value through profit or loss | — | — |
| Proceeds from disposal of an associate | — | 20,000 |
| Income from financial assets at fair value through profit or loss | — | — |
| Interest received | 4,166 | 1,910 |
| Net cash flows from investing activities | 4,066 | 20,835 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New bank and other loans | 74,600 | 307,950 |
| Repayment of bank loans | (92,389) | (99,067) |
| Principal portion of lease payments | — | (480) |
| Interest paid | (95,997) | (108,484) |
| Net cash flows from/(used in) financing activities | (113,786) | 99,919 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (14,271) | (272,752) |
| Cash and cash equivalents at beginning of period | 240,373 | 534,101 |
| Effect of foreign exchange rate changes, net | 2,150 | (572) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 228,252 | 260,777 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 451,857 | 287,188 |
| Less: Pledged deposits | 21,846 | 24,604 |
| Restricted cash | 201,759 | 1,807 |
| | 228,252 | 260,777 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in property development with focus on development projects of residential and commercial properties.

2. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, wealth management products and equity investment which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

Amendments to HKFRS 9,
HKAS 39 and HKFRS 7,
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB based on the China Interbank Offered Rate as at 30 June 2022. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the six months ended 30 June 2022 and 2021.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2022 RMB'000 (unaudited) | 2021 RMB'000 (unaudited) |
| <i>Revenue from contracts with customers</i> | 508,426 | 590,233 |
| <i>Revenue from other sources</i> | | |
| Property leasing income | 1,402 | 1,268 |
| | 509,828 | 591,501 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers

(a) Disaggregated revenue information

| | For the six months ended | |
|---|--------------------------|-------------|
| | 30 June | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Type of goods or services | | |
| Sale of properties | 507,686 | 589,799 |
| Sale of construction materials | 740 | 434 |
| Total revenue from contracts with customers | 508,426 | 590,233 |
| Timing of revenue recognition | | |
| Goods transferred at a point in time | 508,426 | 590,233 |
| Other income | | |
| Bank interest income | 579 | 1,910 |
| Interest income from third parties | 3,586 | 3,586 |
| Gross rental income | 3,471 | 4,585 |
| Others | 581 | 100 |
| | 8,217 | 10,181 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

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

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2022 RMB'000 (unaudited) | 2021 RMB'000 (unaudited) |
| Cost of properties sold | 393,509 | 409,798 |
| Cost of construction materials sold | 1,275 | 426 |
| Depreciation of property, plant and equipment | 4,612 | 5,359 |
| Depreciation of right-of-use assets | 22 | 246 |
| Amortisation of intangible assets | 15 | 31 |
| Lease payments not included in the measurement of lease liabilities | 397 | 526 |
| Employee benefit expense (excluding directors' and chief executive's remuneration): | | |
| Wages and salaries | 7,898 | 13,015 |
| Pension scheme contributions | 661 | 1,090 |
| Staff welfare expense | 1,081 | 1,646 |
| | 9,640 | 15,751 |
| Bank interest income | (579) | (1,910) |
| Interest income from third parties | (3,586) | (3,586) |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The major components of the Group's income tax expense are as follows:

| | For the six months ended | |
|---------------------------------|--------------------------|-------------|
| | 30 June | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Current tax: | | |
| Income tax charge | 26,289 | 29,003 |
| Land appreciation tax | 3,561 | 32,698 |
| Deferred tax | (3,314) | 1,338 |
| Total tax charge for the period | 26,536 | 63,039 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2022 RMB'000 (unaudited) | 2021 RMB'000 (unaudited) |
| Earnings: | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 8,957 | 20,429 |

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------------------------|
| | 2022 '000 (unaudited) | 2021 '000 (unaudited) |
| Shares: | | |
| Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation | 600,000 | 600,000 |

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2022 and 2021.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of RMB100,000 (the six months ended 30 June 2021: RMB1,085,000).

During the six months ended 30 June 2022, the Group had no asset disposal cost (the six months ended 30 June 2021: RMB812,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

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

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|----------------|--|--|
| Within 3 month | 883 | 17 |
| 3 to 6 months | — | 1 |
| 6 to 12 months | 635 | 3,935 |
| Over 12 months | 3,312 | — |
| | 4,830 | 3,953 |

11. TRADE AND BILLS PAYABLES

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

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|------------------|--|--|
| Less than 1 year | 499,326 | 270,091 |
| 1 to 2 years | 222,080 | 318,041 |
| 2 to 3 years | 395,851 | 165,392 |
| 3 to 4 years | 95,971 | 372,405 |
| 4 to 5 years | 13,617 | 4,570 |
| Over 5 years | 32,608 | 106,170 |
| | 1,259,453 | 1,236,669 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 June 2022 (the six months ended 30 June 2021: Nil).

13. PROPERTIES UNDER DEVELOPMENT

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|--|--|--|
| Carrying amount at beginning of period/year | 9,917,408 | 9,128,247 |
| Additions | 378,432 | 1,789,579 |
| Transfer to completed properties held for sale (note 15) | (713,041) | (1,000,418) |
| Carrying amount at end of period/year | 9,582,799 | 9,917,408 |
| Less: Current portion | (9,449,247) | (9,783,856) |
| Non-current portion | 133,552 | 133,552 |

Properties under development expected to be recovered:

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|-----------------|--|--|
| Within one year | 1,211,828 | 3,704,852 |
| After one year | 8,370,971 | 6,212,556 |
| | 9,582,799 | 9,917,408 |

At 30 June 2022, certain of the Group's properties under development with a carrying value of approximately RMB1,355,993,000 (31 December 2021: RMB1,355,993,000) were pledged to secure bank loans granted to the Group (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|---|--|--|
| Listed equity investment, at fair value | 48,356 | 54,198 |

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

15. COMPLETED PROPERTIES HELD FOR SALE

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|--|--|--|
| Carrying amount at beginning of period/year | 821,338 | 931,224 |
| Transfer from properties under development (note 13) | 713,041 | 1,000,418 |
| Transfer to cost of properties sold | (393,509) | (1,108,092) |
| Impairment during the period/year | — | (2,212) |
| Carrying amount at end of period/year | 1,140,870 | 821,338 |

The aggregated carrying value of certain of the Group's completed properties held for sale as at 30 June 2022 was approximately RMB54,108,000 (31 December 2021: RMB67,303,000) (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|--|--|--|
| Total cash and bank balances, including pledged deposits | 451,857 | 423,207 |
| Less: Pledged deposits | 21,846 | (23,133) |
| Restricted cash | 201,759 | (159,701) |
| Cash and cash equivalents | 228,252 | 240,373 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS

| | Effective interest rate (%) | Maturity | RMB'000 |
|---|-----------------------------|-----------|-----------|
| 31 December 2021 (audited) | | | |
| Current | | | |
| bank loans — secured | 4.15–7.44 | 2022 | 65,300 |
| Current portion of long term bank loans — secured | 6.18–15.00 | 2022 | 2,320,814 |
| | | | 2,386,114 |
| Non-current | | | |
| Bank loans — secured | 6.80–8.65 | 2022–2025 | 754,264 |
| | | | 3,140,378 |
| 30 June 2022 (unaudited) | | | |
| Current | | | |
| bank loans — secured | 4.15–7.50 | 2022–2023 | 120,600 |
| Current portion of long term bank loans — secured | 6.51–6.80 | 2022–2023 | 193,180 |
| | | | 313,780 |
| Non-current | | | |
| Bank loans — secured | 5.23–8.65 | 2022–2025 | 2,808,809 |
| | | | 3,122,589 |

Notes:

- (i) The bank borrowings of approximately RMB127,369,000 (31 December 2021: RMB127,369,000) are guaranteed by a company controlled by a non-controlling shareholder of a subsidiary of the Group.
- (ii) The bank borrowings of approximately RMB100,000,000 (2021: RMB100,000,000) are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (iii) The bank borrowings of approximately RMB1,450,000,000 (2021: RMB1,450,000,000) are secured by a 100% equity interest of a subsidiary of the Group and are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

- (iv) The bank borrowings of approximately RMB98,000,000 (2021: RMB98,000,000) are secured by the pledge of certain of the Group's properties under development of RMB100,900,000 (2021: RMB100,900,000) (note 13) and are guaranteed by a subsidiary of the Group, two directors of the Company and the Company's controlling shareholder.
- (v) The bank borrowings of approximately RMB234,000,000 (2021: RMB235,000,000) are secured by the pledge of certain of the Group's properties under development of RMB251,700,000 (2021: RMB251,700,000) (note 13) and a 100% equity interest of a subsidiary of the Group and are guaranteed by a subsidiary of the Group, a director of the Company and the Company's controlling shareholder.
- (vi) The bank borrowings of approximately RMB192,680,000 (2021: RMB193,680,000) are secured by the pledge of certain of the Group's properties under development of RMB63,700,000 (2021: RMB63,700,000) (note 13) and a 100% equity interest of a subsidiary of the Group and are guaranteed by two subsidiaries of the Group.
- (vii) The bank borrowings of approximately RMB32,040,000 (2021: RMB33,040,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB18,109,000 (2021: RMB18,109,000) (note 15) and are guaranteed by a subsidiary of the Group, a director of the Company and the Company's controlling shareholder.
- (viii) The bank borrowings of approximately RMB179,000,000 (2021: RMB180,000,000) are guaranteed by two subsidiaries of the Group.
- (ix) The bank borrowings of approximately RMB251,000,000 (2021: RMB251,000,000) are secured by the pledge of certain of the Group's properties under development of RMB174,013,000 (2021: RMB174,013,000) (note 13) and are guaranteed by a subsidiary of the Group and a director of the Company.
- (x) The bank borrowings of approximately RMB7,900,000 (2021: RMB9,000,000) are secured by the pledge of certain of the Group's properties under development of RMB22,193,000 (2021: RMB22,193,000) (note 13) and are guaranteed by a subsidiary of the Group and a director of the Company.
- (xi) The bank borrowings of approximately RMB10,000,000 (2021: RMB10,000,000) are secured by the pledge of certain of the Group's properties under development of RMB16,388,000 (2021: RMB16,388,000) (note 13) and are guaranteed by a subsidiary of the Group and a director of the Company.
- (xii) The bank borrowings of approximately RMB49,000,000 (2021: Nil) are guaranteed by a subsidiary of the Group, an employee of the Company, a director of the Company and the Company's controlling shareholder.
- (xiii) The bank borrowings of approximately RMB36,000,000 (2021: RMB36,000,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB36,000,000 (2021: RMB36,000,000) (note 15).
- (xiv) The bank borrowings of approximately RMB9,600,000 (2021: Nil) are guaranteed by a subsidiary of the Group, two employees of the Company, a director of the Company and the Company's controlling shareholder.
- (xv) The bank borrowings of approximately RMB320,000,000 (2021: RMB320,000,000) are secured by the pledge of certain of the Group's properties under development of RMB727,100,000 (2021: RMB727,100,000) (note 13) and are guaranteed by a subsidiary of the Group.
- (xvi) The bank borrowings of approximately RMB16,000,000 (2021: Nil) are guaranteed by a subsidiary of the Group, a director of the Company and the Company's controlling shareholder.
- (xvii) The bank borrowings of approximately RMB10,000,000 (2021: RMB10,000,000) are secured by the certificate of time deposit of a subsidiary of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|--|--|--|
| Contracted, but not provided for: | | |
| Property development activities | 1,540,980 | 2,086,256 |
| Capital contribution payable to joint ventures | 252,950 | 252,950 |
| | 1,793,930 | 2,339,206 |

19. CONTINGENT LIABILITIES

At 30 June 2022 and 31 December 2021, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

| | As at 30 June 2022 RMB'000 (unaudited) | As at 31 December 2021 RMB'000 (audited) |
|---|--|--|
| Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties | 2,073,175 | 1,979,500 |

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends at the execution of individual purchaser's collateral agreement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. CONTINGENT LIABILITIES *(continued)*

The Group did not incur any material losses during the Reporting Period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

20. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows

| Name | Relationship |
|--|---|
| Mr. Bai Xuankui | Director, the ultimate controlling shareholder |
| Mr. Bai Guohua | Director, the ultimate controlling shareholder |
| Mr. Bai Wukui | Director |
| Ms. Bai Lihua | The daughter of Mr. Bai Xuankui |
| Shanxi Wanjia Property Management Co., Ltd. ("Shanxi Wanjia") | Company controlled by the daughter of Mr. Bai Xuankui |
| Shanxi Wanzhong Heating Co., Ltd. ("Shanxi Wanzhong") | Company controlled by the daughter of Mr. Bai Xuankui |
| Xi'an Agile Consulting Co., Ltd. ("Xi'an Agile") | Shareholder of a subsidiary |
| Shanxi Greentown Property Service Co., Ltd. ("Shanxi Greentown Property") | A joint venture |
| Shanghai Xuanyu Investment Management Center Co., Ltd. ("Shanghai Xuanyu") | Company controlled by Mr. Bai Xuankui |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS *(continued)*

- (a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following transactions with related parties during the Reporting Period:

| | For the six months ended | |
|-----------------------------------|--------------------------|-------------|
| | 30 June | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Property management service from: | | |
| Shanxi Greentown Property | 630 | 2,579 |
| Shanxi Wanjia | 368 | 323 |
| | 998 | 2,902 |
| Interest expense from: | | |
| Shanghai Xuanyu | 1,237 | 2,875 |
| Shanxi Wanzhong | 1,178 | — |
| | 2,415 | 2,875 |
| Royalty fee to: | | |
| Xi'an Agile | — | 179 |
| Leasing from: | | |
| Ms. Bai Lihua | — | 286 |

- (b) Other transactions with related parties:

Mr. Bai Xuankui has guaranteed certain of the Group's bank loans up to RMB2,239,640,000 (31 December 2021: RMB1,853,340,000) as at the end of the Reporting Period (note 17).

Mr. Bai Wukui has guaranteed certain of the Group's bank loans up to RMB115,900,000 (31 December 2021: RMB19,000,000) as at the end of the Reporting Period (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties:

The Group had the following balances with its related parties during the Reporting Period:

| | Notes | As at | As at |
|--------------------------|-------|---|---|
| | | 30 June 2022 RMB'000 (unaudited) | 31 December 2021 RMB'000 (audited) |
| Due from joint ventures | | 145 | — |
| Due from a related party | | 51,427 | 30,164 |
| Due from directors | | 444 | — |
| Due to related parties | | 91,185 | 114,391 |
| Due to directors | | 133 | 85 |
| Due to joint ventures | | 2,862 | — |

(d) Compensation of key management personnel of the Group:

| | For the six months ended 30 June | |
|---|-------------------------------------|--------------------------------|
| | 2022 RMB'000 (unaudited) | 2021 RMB'000 (unaudited) |
| Short term employee benefits | 1,167 | 963 |
| Pension scheme contributions | 55 | 52 |
| Total compensation paid to key management personnel | 1,222 | 1,015 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2022

| | Fair value measurement using | | | Total RMB'000 |
|--|--|---|---|------------------|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Equity investments designated at fair value through other comprehensive income | 48,356 | — | — | 48,356 |

As at 31 December 2021

| | Fair value measurement using | | | Total RMB'000 |
|--|--|---|---|------------------|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Equity investments designated at fair value through other comprehensive income | 54,198 | — | — | 54,198 |



CHEN XING

