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JINGRUI HOLDINGS LIMITED

景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01862)

(Debt Stock Code: 40659 and 40866)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS HIGHLIGHTS

- For the six months ended 30 June 2022, the contracted sales of the Group amounted to approximately RMB4,509.0 million, representing a decrease of approximately 75.9% as compared to the corresponding period last year.
- For the six months ended 30 June 2022, the Group achieved revenue of RMB2,471.2 million, representing a decrease of approximately 51.5% as compared to the corresponding period last year. Gross profit amounted to RMB202.9 million and gross profit margin was 8.2%.
- For the six months ended 30 June 2022, the net loss of the Group was RMB1,454.2 million.
- As at 30 June 2022, the Group's total assets amounted to RMB59,418.0 million, representing a decrease of 6.1% as compared to 31 December 2021.
- As at 30 June 2022, land bank of the Group was approximately 4,451,799 sq.m.
- As at 30 June 2022, the net debt-to-capital ratio was approximately 129%. The total amount of cash at bank and on hand (including restricted cash) was RMB7,539.9 million.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Jingrui Holdings Limited (“**Jingrui**” or the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**us**” or “**our**”) for the six months ended 30 June 2022 (the “**Period under Review**”) together with the comparative figures for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	2,471,167	5,099,478
Cost of sales	9	(2,268,317)	(3,872,174)
Gross profit		202,850	1,227,304
Fair value losses on investment properties under capital platform		(183,552)	(2,514)
Fair value gains on investment properties under other platforms		–	2,000
Selling and marketing costs	9	(236,309)	(273,321)
Administrative expenses	9	(257,457)	(289,010)
Other income	7	10,926	13,245
Other (losses)/gains – net	8	(47,667)	237,504
Operating (loss)/profit		(511,209)	915,208
Finance income	10	89,530	196,335
Finance costs	10	(1,049,488)	(408,253)
Finance costs – net		(959,958)	(211,918)
Share of results of joint ventures		(41,362)	(25,615)
Share of results of associates		(2,807)	4,859
		(44,169)	(20,756)
(Loss)/profit before income tax		(1,515,336)	682,534
Income tax credit/(expense)	11	61,154	(316,769)
(Loss)/profit for the period		(1,454,182)	365,765
Attributable to:			
Equity holders of the Company		(1,462,085)	295,306
Non-controlling interests		7,903	70,459
		(1,454,182)	365,765
(Loss)/earnings per share for profit attributable to equity holders of the Company			
Basic (loss)/earnings per share	12	RMB(0.95)	RMB0.19
Diluted (loss)/earnings per share	12	RMB(0.95)	RMB0.19

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2022*

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	<u>(1,454,182)</u>	<u>365,765</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss		
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	<u>21,432</u>	<u>(5,117)</u>
Total comprehensive (loss)/income for the period, net of tax	<u>(1,432,750)</u>	<u>360,648</u>
Attributable to:		
Equity holders of the Company	<u>(1,440,653)</u>	<u>290,189</u>
Non-controlling interests	<u>7,903</u>	<u>70,459</u>
	<u>(1,432,750)</u>	<u>360,648</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		93,569	94,285
Right-of-use assets		125,726	127,022
Investment properties		5,714,800	5,893,100
Intangible assets		80,473	47,882
Investments in joint ventures		1,218,324	1,343,964
Investments in associates		857,539	998,562
Deferred income tax assets		512,702	429,344
Financial assets at fair value through profit or loss		969,545	1,051,261
Financial assets at fair value through other comprehensive income		485,279	456,703
Trade and other receivables and prepayments	5	682,709	655,304
		<u>10,740,666</u>	<u>11,097,427</u>
Current assets			
Prepayments for leasehold land		54,304	54,304
Properties held or under development for sale		29,743,117	29,563,157
Trade and other receivables and prepayments	5	9,601,910	9,743,610
Prepaid income taxes		514,060	453,714
Cash and cash equivalents		1,066,336	2,211,442
Restricted cash		6,473,556	8,779,513
Contract acquisition costs		295,659	253,107
Financial assets at fair value through profit or loss		928,363	988,469
		<u>48,677,305</u>	<u>52,047,316</u>
Non-current assets held-for-sale		-	105,000
		<u>48,677,305</u>	<u>52,152,316</u>
Total assets		<u><u>59,417,971</u></u>	<u><u>63,249,743</u></u>
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		87,813	87,813
Reserves		4,510,084	5,950,678
		<u>4,597,897</u>	<u>6,038,491</u>
Non-controlling interests		<u>5,192,202</u>	<u>5,198,501</u>
Total equity		<u><u>9,790,099</u></u>	<u><u>11,236,992</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)*As at 30 June 2022*

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	6	75,008	1,034,876
Borrowings		9,116,966	10,669,698
Deferred income tax liabilities		1,131,068	1,171,872
Lease liabilities		114,227	124,781
		10,437,269	13,001,227
Current liabilities			
Trade and other payables	6	11,860,815	13,263,939
Amounts due to non-controlling interests of subsidiaries		1,098,947	1,498,982
Contract liabilities		12,744,369	11,172,786
Current income tax liabilities		2,390,145	2,127,122
Borrowings		11,074,117	10,928,339
Lease liabilities		22,210	20,356
		39,190,603	39,011,524
Total liabilities		49,627,872	52,012,751
Total liabilities and equity		59,417,971	63,249,743

1 GENERAL INFORMATION

Jingrui Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as the “**Group**”) are principally engaged in property development business in the People’s Republic of China (the “**PRC**”).

The ultimate holding company of the Company is Beyond Wisdom Limited and the ultimate controlling shareholder of the Company is Mr. Yan Hao.

The Company’s shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 October 2013.

The condensed consolidated interim financial statements are presented in thousands of Renminbi (“**RMB’ 000**”), unless otherwise stated and were approved and authorised for issue by the board of directors of the Company on 13 March 2023.

These condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which are carried at fair value, and in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

As at 30 June 2022, the Group’s borrowings amounted to RMB20,191,083,000, among which RMB11,074,117,000 will be due for repayment within the next twelve months while the Group’s cash at bank and on hand (including restricted cash) amounted to RMB7,539,892,000.

On 22 February 2022, the Company commenced an exchange offer to the bond holders of the senior notes due on 11 March 2022 with an annual interest rate of 12.75% (“**Notes Due March 2022**”). On 9 March 2022, a total amount of USD175,330,000 (representing approximately 92.28% of the aggregate principal amount of outstanding existing notes) has been validly exchanged for new senior notes of USD171,113,500 due on 9 September 2023 with an annual interest rate of 12.75% (“**Notes Due September 2023**”).

In connection with the exchange offer, on 9 March 2022, the Company also successfully solicited consents (the “**Consent Solicitation**”) from holders of all its other outstanding senior notes such that the events of default provisions under each of them will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Notes Due March 2022.

On 21 April 2022, the Company issued USD19,900,000 Notes Due September 2023, including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022, to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022.

The remaining outstanding principal amount of USD12,670,000 (equivalent to RMB85,033,438), representing approximately 6.67% of the aggregate principal amount, became due on 11 March 2022 and has not yet been repaid. While the non-payment will not trigger any cross defaults under the Company's other existing senior notes as a result of the Consent Solicitation, the non-payment, if not waived by the other relevant lenders, will constitute an event of default after 30 June 2022.

Since 1 January 2022, the Group has failed to pay the interest of 12.5% senior notes due October 2023 ("**Notes Due October 2023**"), 12.0% senior notes due January 2024 ("**Notes Due January 2024**") and the Notes Due September 2023, as well as the principal and interest of 12.0% senior notes due July 2022 ("**Notes Due July 2022**"), 12.0% senior notes due September 2022 ("**Notes Due September 2022**") and 14.5% senior notes due February 2023 ("**Notes Due February 2023**"). Pursuant to the Company's restructuring management of its offshore USD denominated senior notes and fair treatment of all creditors, the Company will suspend the payment due for other offshore USD denominated senior notes. The non-payment of the principal and interest of such senior notes may lead to a request for acceleration of repayment. As at the date of this announcement, the Company has not received any notice for acceleration of payment by holders of its USD denominated senior notes. The Company has appointed Admiralty Harbour Capital Limited as its financial adviser and Sidley Austin as its legal adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders as soon as possible.

The event of default resulted in certain of the Group's borrowings amounted to RMB5,781,550,000 (including the over-due senior notes of RMB5,443,580,000) as at 13 March 2023, becoming immediately repayable (if requested by the lenders), among which RMB5,634,022,000 represented loans with scheduled repayment dates within one year, while RMB147,528,000 represented non-current loans with original maturity dates beyond one year, which would be reclassified as current liabilities, and among which RMB182,341,000 were fully pledged by the Group's bank deposits.

In addition, a wholly-owned subsidiary of the Group did not repay the outstanding borrowing principal of RMB96,000,000 due on 30 June 2022 to its non-wholly owned subsidiary, which also constituted an event of default on 30 June 2022. As of 13 March 2023, the principal of the outstanding borrowings was RMB38,770,000. The event of default resulted in certain of the Group's borrowings amounted to RMB291,800,000 as at 30 June 2022, becoming immediately repayable (if requested by the lender), among which RMB136,000,000 represented loans with scheduled repayment dates within one year, while RMB155,800,000 represented non-current loans with original maturity dates beyond one year, which were reclassified as current liabilities as at 30 June 2022. As of 13 March 2023, the principal of the outstanding borrowings was RMB155,528,000. All of such cross-default borrowings (the amount outstanding) were also included in the above-mentioned borrowings of RMB5,781,550,000 as at 13 March 2023. As at the date of this announcement, the Company has not received any notice regarding acceleration action by the aforementioned lenders.

For the twelve months ended 31 December 2022, influenced by a slowdown in the property market, coupled with the limited source of financing from the capital market, the Group's aggregated contracted sales was RMB7,076 million (for the twelve months ended 31 December 2021: RMB27,011 million). It was not as high as expected at the beginning of the year, and the Group may take longer time than expected to realize cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

As of 13 March 2023, the contractual consideration for the sale of non-core properties by the Group was approximately RMB458 million, and the amount received will be used for working capital replenishment.

In view of such circumstances, the directors of the Group have given careful consideration to the future liquidity and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve its cash flows:

- i Although no demand for immediate repayment has been made by the relevant lenders, the Group has been proactively communicating with the relevant lenders to explain the Group's business, operations and financial condition, and the Group has sufficient financial resources to support the repayments of the relevant loans under original repayment schedules. As at the date of this interim results announcement, based on the status of the ongoing discussions, the directors of the Group are of the view that the relevant lenders will not exercise their rights to request the Group for immediate repayment of the loans prior to their scheduled contractual repayment dates;
- ii The Group has appointed Admiralty Harbour Capital Limited as its financial adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders;
- iii The Group will continue to take measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have been encouraging to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- iv When necessary, the Group will identify suitable buyers for further sales of certain self-owned properties to replenish its working capital;
- v The Group will continuously enhance payment collection progress from customers in respect of the property sales and pre-sales through closely following up with customers and communicating and coordinating with banks for timely grant of individual mortgage loans to the customers;
- vi The Group will continue to maintain continuous communication and agree with major constructors and suppliers to arrange payments to these vendors and complete the construction progress as scheduled;
- vii The Group will continue to actively communicate with relevant banks so that the projects can timely secure necessary project development loans for qualified project development;
- viii The Group will continue to adjust acquisitions of land based on progress of new financing and to ensure continuous development and sales of all existing projects as budgeted without material interruptions;
- ix The Group will continuously seek re-financing from other financial institutions, including but not limited to exchange of existing senior notes or other borrowings;
- x The Group will continue to seek suitable opportunities to dispose of its equity interest in certain companies to generate additional cash inflows; and
- xi The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The directors of the Group have reviewed the Group's cash flow forecast prepared by management, which covers a period of at least 18 months from 30 June 2022. They are of the opinion that, taking into account the above-mentioned status, plans and measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next 12 months from 30 June 2022. Accordingly, the directors of the Group are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in the PRC and the uncertainties to obtain support by the banks and the Group's creditors, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

3 ACCOUNTING POLICIES

Save as described below, the accounting policies and calculation methods applied in the condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2021.

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

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

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

4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (the “CODM”) for the purposes of allocating resources and assessing performance.

The Group manages its business by three operating segments based on their products and services, which is consistent with the way in which information is reported internally to the Group’s CODM for the purpose of resources allocation and performance assessment:

- Property development platform engages in real estate development in the PRC;
- Capital platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and
- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

The Group’s revenue is mainly attributable to the market in the PRC and the Group’s non-current assets are mainly located in the PRC.

(a) Revenue

Revenue of the Group for each of the six months ended 30 June 2022 and 2021 consists of the following revenue:

	Six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Revenue from contract with customers recognised at a point in time		
– Sales of properties	1,902,204	4,636,072
– Others	26,777	5,291
	1,928,981	4,641,363
Revenue from contract with customers recognised over time		
– Property management service	423,382	350,470
Rental income	118,804	107,645
	2,471,167	5,099,478

(b) Segment information

	Six months ended 30 June 2022 (Unaudited)					
	Property development platform <i>RMB'000</i>	Capital platform <i>RMB'000</i>	All other platforms <i>RMB'000</i>	Total segment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total Group <i>RMB'000</i>
Segment revenue	<u>1,926,793</u>	<u>183,156</u>	<u>426,506</u>	<u>2,536,455</u>	<u>(65,288)</u>	<u>2,471,167</u>
Segment (loss)/profit before income tax expense	<u>(1,447,666)</u>	<u>(159,563)</u>	<u>9,458</u>	<u>(1,597,771)</u>	<u>82,435</u>	<u>(1,515,336)</u>
Finance income	55,099	102	34,329	89,530	–	89,530
Finance costs	(878,295)	(137,711)	(33,482)	(1,049,488)	–	(1,049,488)
Share of results of joint ventures	(12,780)	(29,902)	1,320	(41,362)	–	(41,362)
Share of results of associates	(2,283)	37	(561)	(2,807)	–	(2,807)
Depreciation and amortisation	<u>(5,859)</u>	<u>(2,507)</u>	<u>(7,061)</u>	<u>(15,427)</u>	<u>–</u>	<u>(15,427)</u>
Loss for the period is as follow:						
Total segment loss before income tax credit						(1,515,336)
Income tax credit						<u>61,154</u>
Loss for the period						<u>(1,454,182)</u>
	As at 30 June 2022 (Unaudited)					
Segment assets	<u>107,654,237</u>	<u>4,294,539</u>	<u>24,318,732</u>	<u>136,267,508</u>	<u>(76,849,537)</u>	<u>59,417,971</u>
Segment assets include:						
Investments in joint ventures	786,484	388,848	42,992	1,218,324	–	1,218,324
Investments in associates	768,097	3,600	85,842	857,539	–	857,539
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>49,888</u>	<u>93</u>	<u>7,832</u>	<u>57,813</u>	<u>–</u>	<u>57,813</u>
Segment liabilities	<u>105,964,785</u>	<u>1,143,839</u>	<u>16,367,678</u>	<u>123,476,302</u>	<u>(73,848,430)</u>	<u>49,627,872</u>

Six months ended 30 June 2021 (Unaudited)

	Property development platform <i>RMB'000</i>	Capital platform <i>RMB'000</i>	All other platforms <i>RMB'000</i>	Total segment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total Group <i>RMB'000</i>
Segment revenue	<u>4,642,611</u>	<u>94,743</u>	<u>439,964</u>	<u>5,177,318</u>	<u>(77,840)</u>	<u>5,099,478</u>
Segment profit/(loss) before income tax expense	<u>607,963</u>	<u>87,584</u>	<u>(16,750)</u>	<u>678,797</u>	<u>3,737</u>	<u>682,534</u>
Finance income	162,908	4,229	29,198	196,335	–	196,335
Finance costs	(371,397)	(6,546)	(30,310)	(408,253)	–	(408,253)
Share of results of joint ventures	(7,583)	(18,032)	–	(25,615)	–	(25,615)
Share of results of associates	6,114	–	(1,255)	4,859	–	4,859
Depreciation and amortisation	<u>(11,498)</u>	<u>(458)</u>	<u>(2,384)</u>	<u>(14,340)</u>	<u>–</u>	<u>(14,340)</u>
Profit for the period is as follow:						
Total segment profits before income tax expense						682,534
Income tax expense						<u>(316,769)</u>
Profit for the period						<u>365,765</u>

As at 31 December 2021 (Audited)

Segment assets	<u>110,696,344</u>	<u>8,535,922</u>	<u>19,886,915</u>	<u>139,119,181</u>	<u>(75,869,438)</u>	<u>63,249,743</u>
Segment assets include:						
Investments in joint ventures	830,837	513,127	–	1,343,964	–	1,343,964
Investments in associates	901,831	3,564	93,167	998,562	–	998,562
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>366,735</u>	<u>4,885</u>	<u>3,844</u>	<u>375,464</u>	<u>–</u>	<u>375,464</u>
Segment liabilities	<u>104,990,760</u>	<u>6,197,169</u>	<u>16,700,164</u>	<u>127,888,093</u>	<u>(75,875,342)</u>	<u>52,012,751</u>

5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	670,533	501,722
Less: provision for impairment of trade receivables	<u>(51,938)</u>	<u>(38,137)</u>
Trade receivables – net	618,595	463,585
Amounts due from joint ventures and associates	1,359,077	1,861,356
Prepaid taxes and surcharges and input value-added taxes to be deducted (a)	438,713	665,090
Deposits with public housing fund centres (b)	14,298	9,249
Prepayments of construction costs	73,701	25,998
Temporary funding receivables (c)	140,979	114,303
Deposits paid for construction work	253,505	228,035
Amounts due from non-controlling interests of subsidiaries (d)	3,913,928	3,913,092
Deposits paid to secure borrowings	126,135	81,183
Prepayments for acquisition of completed properties for sale (e)	42,297	37,964
Deposits for potential investment	331,953	289,634
Dividend receivables	20,004	34,749
Net leasing investment receivables	92,244	101,132
Receivables from third parties (f)	1,165,654	1,194,675
Receivables in connection with the compensation of demolition costs	–	43,203
Amounts due from related parties of non-controlling interests of a subsidiary	620,106	474,740
Deposits paid for advanced proceeds received from customers (g)	243,527	152,253
Others	984,595	847,802
Less: provision for impairment of other receivables	<u>(154,692)</u>	<u>(139,129)</u>
	10,284,619	10,398,914
Less: non-current portion (h)	<u>(682,709)</u>	<u>(655,304)</u>
	<u>9,601,910</u>	<u>9,743,610</u>

Notes:

- (a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid are recorded as prepayments before the relevant revenue is recognised.

- (b) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.
- (c) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing, unsecured and repayable on demand.
- (d) The balance represents the funding provided to non-controlling interests of certain subsidiaries, which are unsecured, non-interest bearing and repayable on demand.
- (e) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.
- (f) The balance as at 30 June 2022 includes the loan principal and interest receivables, totaling USD132,630,000 and HKD322,175,000 (totaling equivalent to RMB1,165,654,000) (31 December 2021: RMB1,194,675,000) due from third parties, which will be matured in 2022 and 2023, respectively.
- (g) The balance represents the deposits paid to local government for the advanced proceeds of properties received from customers in Changzhou.
- (h) The balance as at 30 June 2022 includes the long-term portion of the loan principal and interest receivables of RMB597,937,000 (31 December 2021: RMB568,327,000) due from third parties and the long-term portion of net leasing investment receivables of RMB84,771,000 (31 December 2021: RMB86,977,000).

The aging analysis of trade receivables, based on the property delivery or invoice date is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Less than 1 year	429,825	384,807
Between 1 and 2 years	135,193	64,773
Between 2 and 3 years	64,080	43,437
Over 3 years	41,435	8,705
	670,533	501,722

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

Trade and other receivables with a total carrying amount of RMB15,259,000 as at 30 June 2022 (31 December 2021: RMB18,611,000) were pledged as collateral for the Group's borrowings.

As at 30 June 2022 and 31 December 2021, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
– RMB	8,603,416	8,912,918
– USD	1,211,125	1,129,974
– HKD	470,078	356,022
	<u>10,284,619</u>	<u>10,398,914</u>

6 TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	4,513,422	4,569,378
Notes payable	33,598	100,857
Amounts due to related parties	1,671,916	2,231,294
Turnover taxes payable	812,379	1,256,657
Electricity fee and cleaning fee collected on behalf	94,767	105,093
Deed tax collected on behalf	1,374	3,445
Accrued payroll	13,850	35,394
Interest payable	848,902	380,855
Temporary funding payables (a)	276,520	849,943
Construction deposits received from suppliers	77,525	48,387
Deposits received from customers	454,451	428,310
Consideration payables for acquisition	304,141	304,141
Dividend payable to non-controlling interests of certain subsidiaries	185,733	286,138
Amount received in connection with the transferring the right of collection of future receivables (b)	–	107,656
Payables to related parties of non-controlling interests of subsidiaries (c)	313,356	884,441
Deposits received in connection with cooperation with third parties for property development and property investment	287,604	389,386
Payables for acquisition of equity investments (d)	1,333,219	1,596,778
Payables to third parties	76,027	76,027
Consideration received in advance for disposal of a property	45,266	45,266
Others	591,773	599,369
	11,935,823	14,298,815
Less: non-current portion	(75,008)	(1,034,876)
	<u>11,860,815</u>	<u>13,263,939</u>

Notes:

- (a) Temporary funding payables are funds temporarily received from non-related parties, which are non-interest bearing, unsecured and repayable on demand.
- (b) The balance represents the consideration received from a third party in connection with the transferring the right of collection of certain future trade receivables for the remaining receipts from sales of properties.
- (c) The balance represents the payables to related parties of non-controlling interests of certain subsidiaries which are unsecured, non-interest bearing and repayable on demand.

- (d) The balance represents the payables due to certain third parties in connection with the acquisition of equity interests in certain subsidiaries, joint ventures and associates by the Group. The rate of return is ranging from approximately 7.93% – 11.06% per annum.

The aging analysis of trade payables and notes payable, based on invoice date are as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Less than 1 year	3,568,961	4,177,532
Between 1 and 2 years	607,694	229,376
Between 2 and 3 years	209,281	203,854
Over 3 years	161,084	59,473
	4,547,020	4,670,235

As at 30 June 2022 and 31 December 2021, the fair value of trade and other payables approximate their carrying amounts.

As at 30 June 2022 and 31 December 2021, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
– RMB	11,055,167	13,800,148
– USD	26,888	467,191
– HKD	853,768	31,476
	11,935,823	14,298,815

7 OTHER INCOME

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Government grants	6,341	8,886
Compensation income	4,585	876
Others	–	3,483
	10,926	13,245

8 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Gains from disposal of shares in subsidiaries	–	156,584
Losses from re-measurement of the existing interests in an associate upon gaining control	(2,683)	–
Fair value (losses)/gains from financial assets at fair value through profit or loss	(128,736)	111,735
Investment income from financial assets at fair value through profit or loss	3,280	56,434
Investment income from financial assets at fair value through other comprehensive income	–	9,049
Losses from disposal of shares in a joint venture	(4,227)	–
Gains from disposal of shares in an associate	–	1,061
Net foreign exchange gains/(losses)	81,443	(27,618)
Changes in fair value of derivative financial instruments	–	7,400
Compensation and late payment charges	(3,311)	(72,413)
Gains from disposal of property, plant and equipment	42	468
Other gains/(losses)	6,525	(5,196)
	(47,667)	237,504

9 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of properties sold	1,949,198	3,558,939
Cost of property management	240,095	229,072
Surcharges	7,289	22,133
Depreciation of property, plant and equipment and right-of-use assets	14,314	13,893
Amortisation of intangible assets	1,113	447
Bank charges	10,994	12,519
Staff costs	236,818	245,651
Entertainment expenses	7,528	12,471
Stamp duty and other taxes	17,829	16,019
Professional fees	48,733	41,757
Auditors' remuneration	4,708	2,813
Sales commission	53,519	78,160
Advertising and publicity costs	17,945	41,391
Office and meeting expenses	23,861	18,779
Rental expenses	3,948	1,450
Travelling expenses	6,967	6,387
Accrual of provision for impairment of properties held or under development for sale	17,053	26,427
Net impairment losses on financial assets	29,364	14,735
Other expenses	70,807	91,462
	<hr/>	<hr/>
Total cost of sales, selling and marketing costs and administrative expenses	2,762,083	4,434,505
	<hr/> <hr/>	<hr/> <hr/>

10 FINANCE COSTS – NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits and financial assets	89,530	84,810
– Net foreign exchange gains on financing activities	–	111,525
	89,530	196,335
Finance costs		
– Interest on financing arrangements	(1,068,162)	(1,201,777)
– Net foreign exchange losses on financing activities	(499,760)	–
– Interest on lease liabilities	(5,352)	(5,728)
– Less: amounts capitalised	523,786	799,252
	(1,049,488)	(408,253)
Net finance costs	(959,958)	(211,918)

11 INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	21,959	105,228
– PRC corporate income tax	33,905	391,142
	55,864	496,370
Deferred income tax	(117,018)	(179,601)
Total income tax (credited)/charged for the period	(61,154)	316,769

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the “**CIT Law**”), the CIT rate applicable to the Group’s subsidiaries located in mainland China from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. No PRC withholding income tax was accrued for the six months ended 30 June 2022. The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 30 June 2022, the Group did not recognise deferred income tax for PRC withholding income tax with an amount of RMB674,653,000 (31 December 2021: RMB658,962,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with an amount of RMB6,746,533,000 (31 December 2021: RMB6,589,615,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the condensed consolidated interim income statement as income tax expense.

12 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the six months ended 30 June 2022 and 2021 is calculated by dividing the Group’s (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Group’s (loss)/profit attributable to equity holders of the Company (<i>RMB’000</i>)	<u>(1,462,085)</u>	<u>295,306</u>
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	<u>1,536,356</u>	<u>1,536,093</u>
Basic (loss)/earnings per share (<i>RMB</i>)	<u>(0.95)</u>	<u>0.19</u>

(b) Diluted (loss)/earnings per share

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Group's (loss)/profit attributable to equity holders of the Company <i>(RMB'000)</i>	<u>(1,462,085)</u>	<u>295,306</u>
Weighted average number of shares in issue <i>(in thousand)</i>	1,536,356	1,536,093
Effect of dilutive potential ordinary shares in respect of share award scheme <i>(in thousand)</i>	<u>551</u>	<u>509</u>
Weighted average number of ordinary shares for diluted earnings per share <i>(in thousand)</i>	<u>1,536,907</u>	<u>1,536,602</u>
Diluted (loss)/earnings per share <i>(RMB)</i>	<u>(0.95)</u>	<u>0.19</u>

13 DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In the first half of 2022, the domestic and international economic situation was complex and volatile, coupled with the impact of the multiple and sporadic outbreaks of the COVID-19 pandemic (the “**COVID-19**” or “**pandemic**”), the economic downward pressure was enormous. Economy of the People’s Republic of China (the “**PRC**” or “**China**”) withstood the pressure and achieved a gross domestic product of RMB56,264.2 billion in the first half of the year, an increase of 2.5% year-on-year. Real estate market in China remained at a low point, due to the combination of factors such as the repeated COVID-19 in Shanghai and other regions in the first half of the year, strong regulation of financial policies and others. According to the National Bureau of Statistics, in the first half of 2022, real estate development investment in China amounted to RMB6,831.4 billion, a decrease of 5.4% year-on-year; sales area of commercial properties amounted to 689.23 million square meters (“**sq.m.**”), a decrease of 22.2% year-on-year; and sales of commercial properties amounted to RMB6,607.2 billion, a decrease of 28.9% year-on-year. On the other hand, the reoccurring negative credit events in the real estate industry have intensified market’s concern about the operating and credit conditions of real estate enterprises, leading to increasing difficulties in financing, more intensification of the financial pressure and more cautious attitude towards land purchase and investments by real estate enterprises.

Under the keynote of promoting the stable and healthy development of the real estate market and the policy of “housing is for accommodation, not for speculation”, governments and regulators have taken multiple approaches. In several cities, in order to stabilize the economy and recover the property market, policies have been intensively introduced and benchmark interest rate for loans has been lowered, since the second quarter of 2022. Local governments have also responded positively by formulating relevant incentives to support the recovery of the property market, such as lowering the down payment ratio, increasing efforts to attract talents, providing subsidies for home purchase, easing Housing Provident Fund loans, lowering mortgage rates and others. However, due to the influence of factors such as the ongoing COVID-19 in China and the fermentation of the “Mortgage Boycott” incidents, both sides of the supply and demand of the real estate market have not recovered significantly.

PROSPECTS

On 8 November 2022, the National Association of Financial Market Institutional Investors released the “second arrow” of financing arrangement, which is expected to grant approximately RMB250 billion to support private enterprises’ bond financing. On 11 November 2022, the People’s Bank of China and the China Banking Regulatory Commission jointly issued the Notice on Current Financial Support for the Steady and Healthy Development of the Real Estate Market, which launched 16 measures for financial support for the real estate market. The continuous introduction of the above important measures conducive to the steady and healthy development of the real estate industry, combined with various policies in the first half of 2022 to stimulate the house purchasing demand, have created conditions for the recovery of the real estate market. It is expected that the real estate market will gradually stabilize from the end of 2022, and enter the recovery channel. However, the pace of recovery still depends on the pace of macroeconomic repair, the effectiveness of pandemic prevention and control as well as the strength of policy optimization and others, and complete recovery requires long-term efforts from all parties.

BUSINESS REVIEW

Jingrui Properties

Property Development

In the first half of 2022, the Group achieved contracted sales (including those of joint ventures and associates on a 100% basis) of approximately RMB4,509.0 million and our total contracted gross floor area (“GFA”) sold was approximately 285,518 sq.m. Our contracted sales (excluding car parks) were primarily generated from Jiangsu Province and other regions, which were approximately RMB2,091.7 million and RMB1,098.8 million, respectively, representing 46.4% and 24.4% of the total contracted sales, respectively.

The following table sets out the geographical breakdown of the Group’s contracted sales for the six months ended 30 June 2022:

Project Name	Contracted GFA Sold <i>sq.m.</i>	Contracted Sales <i>RMB’000</i>	Contracted Average Selling Price <i>RMB/sq.m.</i>
Shanghai			
Shanghai Jingrui Upper Riverside	450	68,300	151,778
Shanghai Jingrui The French Lakeside Villa	2,370	15,000	6,329
Tianjin			
Tianjin Yuetiandi	160	2,000	12,500
Tianjin Jingrui Yuexitai	3,840	47,101	12,266
Tianjin Jingrui Yujing Tiandi	16,451	311,156	18,914
Tianjin Sea Blue City	12,147	179,005	14,737
Tianjin Jingrui No. 1 Tang Gu Bay	342	3,982	11,643
Tianjin No. 6 Tang Gu Bay	50	612	12,240
Tianjin Liuhe Mingzhu	790	4,400	5,570
Chongqing			
Chongqing Jingrui Jiangshan Yufu	19,129	155,201	8,113
Chongqing Tianchen Yujing	3,311	48,679	14,702
Sub-total of municipalities directly under the Central Government	59,040	835,436	14,150

Project Name	Contracted GFA Sold <i>sq.m.</i>	Contracted Sales <i>RMB'000</i>	Contracted Average Selling Price <i>RMB/sq.m.</i>
Hangzhou			
Hangzhou Jingrui Qinghai	7,050	147,046	20,858
Hangzhou Jingrui Haiyi Cuiting	225	2,188	9,724
Hangzhou Jingrui Changxing Dignity Mansion	641	4,200	6,552
Ningbo			
Ningbo Jingrui Ninghai Yujing Chaoming (Land lot 19-72, Xidian Town)	23,461	262,040	11,169
Ningbo Xinghai Land	2,001	10,359	5,177
Ningbo Jingrui In Times	88	1,170	13,295
Zhoushan			
Zhoushan Jingrui Peninsula Bay	901	5,147	5,713
Zhoushan Jingrui HOPSCA	60	100	1,667
Sub-total of Zhejiang Province	34,427	432,250	12,556
Suzhou			
Suzhou Changshu In Times	7,635	80,008	10,479
Suzhou Jingrui Changshu Jiangnan Mansion	31,664	558,371	17,634
Suzhou Jingrui Taicang Yueting	11,062	135,931	12,288
Wuxi			
Wuxi Jingrui Hubin Tianyu	5,496	155,639	28,319
Nanjing			
Nanjing Jingrui Xitang Mansion	8,205	156,017	19,015
Yangzhou			
Yangzhou Jingrui Yujing Fenghua	14,953	208,914	13,971
Yangzhou Tianfu Xingchen	18,483	369,956	20,016
Changzhou			
Changzhou Jingrui Chenyun Tianfu	16,901	426,875	25,257
Sub-total of Jiangsu Province	114,399	2,091,711	18,284

Project Name	Contracted GFA Sold <i>sq.m.</i>	Contracted Sales <i>RMB'000</i>	Contracted Average Selling Price <i>RMB/sq.m.</i>
Wuhan			
Wuhan Jingrui Tianfu Binjiang	20,984	329,073	15,682
Wuhan Jingrui Tianfu Peninsula	4,363	65,806	15,083
Wuhan Jingrui Jiangshanyue	3,898	47,332	12,143
Wuhan Jingrui Jiangnanyue	6,113	49,641	8,121
Chengdu			
Chengdu Jingrui Yujing Fenghua, North	2,470	40,400	16,356
Chengdu Jingrui Yujing Fenghua, South	20,678	363,985	17,603
Nanchang			
Nanchang Jingrui Hongxing Plaza	4,000	51,000	12,750
Nanchang Jingrui Ruifu	11,956	119,064	9,959
Jiujiang			
Jiujiang Jingrui Ningzhou Mansion	3,190	32,500	10,188
Sub-total of other provinces	77,652	1,098,801	14,150
Car park (lots)	564	50,845	
Total	285,518⁽¹⁾	4,509,043	15,792

Note:

(1) Excluding the area of car parks.

Land Bank

As at 30 June 2022, the total land bank of the Group was approximately 4,451,799 sq.m. or approximately 2,618,461 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities as of 30 June 2022

City	Total GFA <i>sq.m.</i>	Percentage of the Group's Total GFA <i>%</i>	GFA Attributable to the Group's Interests <i>sq.m.</i>	Percentage of GFA Attributable to the Group's Interests <i>%</i>
Municipalities directly under the Central Government				
Shanghai	315,437	7.1	216,233	8.3
Beijing	29,669	0.7	29,669	1.1
Tianjin	446,434	10.0	341,701	13.0
Chongqing	243,856	5.5	196,412	7.5
Sub-total	1,035,396	23.3	784,015	29.9
Zhejiang Province				
Hangzhou	85,998	1.9	85,482	3.3
Ningbo	127,851	2.9	106,412	4.1
Shaoxing	42,033	0.9	42,033	1.6
Jinhua	84,093	1.9	68,946	2.6
Sub-total	339,975	7.6	302,873	11.6

City	Total GFA <i>sq.m.</i>	Percentage of the Group's Total GFA <i>%</i>	GFA Attributable to the Group's Interests <i>sq.m.</i>	Percentage of GFA Attributable to the Group's Interests <i>%</i>
Jiangsu Province				
Suzhou	774,541	17.4	261,809	10.0
Nanjing	40,191	0.9	11,050	0.4
Wuxi	57,115	1.3	47,176	1.8
Changzhou	198,583	4.5	168,033	6.4
Yangzhou	259,925	5.8	115,764	4.4
Sub-total	1,330,355	29.9	603,832	23.0
Other provinces				
Chengdu	151,923	3.4	102,363	3.9
Wuhan	1,046,750	23.5	460,334	17.6
Nanchang	365,205	8.2	219,288	8.4
Jiujiang	182,195	4.1	145,756	5.6
Sub-total	1,746,073	39.2	927,741	35.5
Total	4,451,799	100.0	2,618,461	100.0

Revenue from Sales of Properties

Our revenue from the sales of properties from 1 January 2022 to 30 June 2022 was RMB1,902.2 million, representing a decrease of 59.0% as compared to the corresponding period last year, and its distribution is mainly as follows:

	Revenue <i>RMB' 000</i>	Percentage of Total Revenue %	GFA <i>sq.m.</i>	Average Selling Price <i>RMB/sq.m.</i>
Shanghai				
Shanghai Jingrui Upper Riverside	22,083	1.2	214	103,192
Shanghai Jingrui Zhongshan Building Project in Huangpu District	98,402	5.2	3,013	32,659
Jiangsu Province				
Suzhou Jingrui Sino Park	97,809	5.1	5,983	16,348
Suzhou Jingrui Huyu Shangyuan	106,101	5.6	6,862	15,462
Suzhou Jingrui Taicang Yueting	153,234	8.0	13,093	11,704
Nanjing Jingrui Xitang Mansion	324,941	17.1	21,745	14,943
Zhejiang Province				
Hangzhou Jingrui Haiyi Cuiting	15,815	0.8	751	21,059
Shaoxing Jingrui Dignity Mansion	15,513	0.8	2,325	6,672
Jiaying Jingrui Puyue Lake	728,561	38.3	42,338	17,208
Zhoushan Jingrui Peninsula Bay	5,333	0.3	997	5,349
Tianjin				
Tianjin Jingrui No. 1 Tang Gu Bay	3,444	0.2	376	9,160
Tianjin Jingrui Yuexitai	19,050	1.0	1,868	10,198
Wuhan				
Wuhan Jingrui Tianfu Peninsula	50,160	2.6	4,551	11,022
Wuhan Jingrui Tianfu Binjiang	71,371	3.8	5,218	13,678
Other projects	9,490	0.5	1,112	8,534
Sub-total	1,721,307	90.5	110,446	15,585
Car parks (lots)	180,897	9.5	1,153	
Total	1,902,204	100.0		

Yan Capital Management (優鉞資管)

Yan Capital Management, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital Management has firmly cultivated fund raising, fund design and investor protection capability, extensively expanded its presence in the capital market and established a cooperative network to access to investors' resources for real estate development and optimize the capital structure.

As of 30 June 2022, Yan Capital Management has established and promoted 25 funds, with an aggregate size of the funds of approximately RMB9.22 billion and the total size of the existing funds as at 30 June 2022 is RMB3.96 billion.

Jingrui Capital (景瑞不動產)

Jingrui Capital is based on the development strategy of "large-scale asset management". Jingrui Capital platform was established by combining Joyride Apartment (悅樞公寓) and Carry Capital (鐳瑞辦公) under Jingrui, which are designed for investment, development, renovation and operation of rental apartments and office buildings. Jingrui Capital is committed to the holding, management and operation of long-term apartments and office properties, and providing end-to-end services to investors with the guidance of achieving high-quality asset management scale and concentrating on urban renewal and land matching.

In the first half of 2022, Jingrui Capital overcame the ongoing impact of the COVID-19, and all projects are in normal operation, except for Shanghai Hongqiao Lianghua Project which was still under renovation. As at 30 June 2022, the time-point occupancy rate of apartment projects was 87.4% and the time-point occupancy rate of office projects was 80.6%. From August to October 2022, Jingrui Capital disposed its entire equity interest in Suzhou Jingrui Guangyun Gusu Building, Shanghai Jingrui Xingfulai Project, Shanghai Jingrui Zhongshan North Road Project in Jing'an District and Shanghai Hongqiao Lianghua Project. The proceeds of the disposals were applied as general working capital of the Group, which helped ease the liquidity issue of the Group.

Jingrui Service (景瑞服務)

With economic development and consumption upgrading, the value of services has been highly recognized in the capital market in recent years. In March 2020, Jingrui established the "Jingrui Service" platform with Jingrui Properties as its carrier. By adhering to the management concept of "focusing on ideal life" and taking the "promoter of ideal life in Chinese cities" as its development objective, Jingrui Service has built high-quality communities with quality consciousness to pursue continuous improvement of management services and provide high-standard and customized property management services for customers by meeting customers' increasing demands with positive and enthusiastic attitudes.

As of 30 June 2022, the business footprint of Jingrui Service covers more than 50 cities, such as Shanghai, Zhejiang, Jiangsu, Anhui, Hunan, Tianjin, Chongqing, etc. Its contracted GFA has exceeded 54 million sq.m., providing full-type, full-scenario and full-lifecycle services for 280,000 customers. Its service target covers residential, commercial complex, office buildings, parks, schools, banks, hospitals, government construction projects and other types of properties. Jingrui Service has been focused on the growing needs of customers, adopted diversified and multi-structure methods to integrate property services into the construction of smart cities, and embarked on a path with Jingrui characteristics.

Co-Fortune Capital (合福資本)

Co-Fortune Capital, as a light-asset investment platform of the Group, aims to equip the other four major segments with asset operation capability. Through “Jingrui”, the brand name of the Company, being a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of “Real Estate Industrial Chain + Post-Life Service”.

As of 30 June 2022, the total number of investment projects reached 15 with an aggregate investment amount of RMB1,164 million being made by Co-Fortune Capital. Co-Fortune Capital completed the withdrawal of its investments in four projects, with an investment return of 18.1%. On 16 September 2022, the AgiiPlus Group (堂堂加集團) (the former “Distrii (辦伴)”), which was co-invested by Co-Fortune Capital, submitted its prospectus to the SEC of the U.S. for the proposed listing on the Nasdaq in the U.S. At present, it has passed the review of the SEC of the U.S.

Employees and Remuneration Policies

As at 30 June 2022, we had a total of 3,000 full-time employees (31 December 2021: 3,160). 720 of our employees worked in property development operations, 2,155 of our employees were engaged in property management and 125 of our employees worked in customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee’s qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive compared with market standards in each geographic location where we conduct business. We adopted a pre-IPO share award scheme on 6 October 2013 and a share award scheme on 29 November 2017 (cancelled and terminated on 29 November 2017 and 29 November 2022, respectively), respectively, pursuant to which share awards were granted to selected employees of the Group. We have also adopted the share option scheme at the annual general meeting held on 7 May 2019. By doing so, share options were granted to selected senior executives of the Group and employees are encouraged to grow together with the Company. The Group’s staff costs for the six months ended 30 June 2022 amounted to RMB236.8 million (for the six months ended 30 June 2021: RMB245.7 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, the training programs for members of our management teams focus on improving their management and leadership skills. We have also designed trainings for our marketing and sales personnel to improve their sales capabilities. In addition to the internal trainings, we have also engaged external experts or sponsored continuing education for our employees from time to time.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the revenue of the Group was RMB2,471.2 million, representing a decrease of 51.5% as compared to RMB5,099.5 million for the corresponding period last year. Our revenue consists of (i) sales of properties, (ii) property management services, (iii) rental income and (iv) others.

Revenue by business segments

	Six months ended 30 June				Year-on-year change %
	2022	Percentage of the total revenue	2021	Percentage of the total revenue	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	
Revenue from contract with customers recognised at a point in time					
– Sales of properties	1,902,204	77.0	4,636,072	90.9	(59.0)
– Others	26,777	1.1	5,291	0.1	406.1
	1,928,981	78.1	4,641,363	91.0	(58.4)
Revenue from contract with customers recognised over time					
– Property management service	423,382	17.1	350,470	6.9	20.8
Rental income	118,804	4.8	107,645	2.1	10.4
Total	2,471,167	100.0	5,099,478	100.0	(51.5)

Revenue from the sales of properties has contributed, and is expected to continue to contribute to, a substantial majority of our total revenue. For the six months ended 30 June 2022, it accounted for 77.0% of our total revenue.

Our operating results for any given period are dependent on the GFA and the selling prices of the properties we deliver during such period and the market demand for our properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for presales in accordance with the PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Period under Review, the properties delivered by the Group were mainly Jiaxing Jingrui Puyue Lake, Nanjing Jingrui Xitang Mansion and Suzhou Jingrui Taicang Yueting. Revenue from sales of properties was RMB1,902.2 million for the first half of 2022 (the corresponding period in 2021: RMB4,636.1 million), representing a decrease of 59.0% as compared to the corresponding period last year, mainly due to the decrease in the GFA of properties delivered during the Period under Review.

Revenue from property management represents revenue generated from property management services we provide through our wholly-owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Revenue from property management is recognized over the period when our property management services are rendered. In the first half of 2022, revenue from property management of the Group was approximately RMB423.4 million (the corresponding period in 2021: approximately RMB350.5 million), representing an increase of approximately 20.8% as compared to the corresponding period last year. The increase in revenue from property management was primarily due to the significant increase in the contracted GFA and the increase in the third-party property management fee.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. In the first half of 2022, rental income of the Group was approximately RMB118.8 million (the corresponding period in 2021: approximately RMB107.6 million), representing an increase of approximately 10.4% as compared to the corresponding period last year. The slight increase in rental income was mainly due to the shortening of lease terms for some properties upgraded in the corresponding period last year, while the properties were operating steadily and the rental income was stable during the Period under Review.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

In the first half of 2022, our cost of sales amounted to RMB2,268.3 million, representing a decrease of 41.4% as compared with RMB3,872.2 million for the corresponding period last year, which was in line with the decrease in revenue.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

	Six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Construction costs	714,890	31.5	1,187,986	30.7
Land use right costs	1,056,765	46.6	2,073,019	53.5
Capitalized interest	177,543	7.8	297,934	7.7
Sub-total: total cost of properties	<u>1,949,198</u>	<u>85.9</u>	<u>3,558,939</u>	<u>91.9</u>
Surcharges	7,289	0.3	22,133	0.6
Provision for impairment of properties held or under development for sale, net	17,053	0.8	26,427	0.7
Other costs ⁽¹⁾	294,777	13.0	264,675	6.8
Total	<u>2,268,317</u>	<u>100.0</u>	<u>3,872,174</u>	<u>100.0</u>

Note:

(1) Includes costs associated with property management, leasing, decoration and other operations.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2022, the gross profit of the Group was RMB202.9 million (the corresponding period in 2021: RMB1,227.3 million), and the gross profit margin of the Group was 8.2% (the corresponding period in 2021: 24.1%). The gross profit margin decreased compared to the corresponding period last year, primarily due to that the carry-over of projects was concentrated in third-tier cities with lower selling price during the Period under Review.

Fair Value Losses on Investment Properties under Capital Platform

For the six months ended 30 June 2022, the fair value losses on investment properties under capital platform were RMB183.6 million (the corresponding period in 2021: RMB2.5 million), which was mainly due to the impairment of Shanghai Jingrui Elite Residences, Suzhou Jingrui Guangyun Gusu Building, Shanghai Jingrui Yinqiao Apartment Project and Shanghai Jingrui Life Square.

Fair Value Gains on Investment Properties under Other Platforms

For the six months ended 30 June 2022, the fair value gains on investment properties under other platforms were RMB0 million (the corresponding period in 2021: RMB2.0 million).

Selling and Marketing Costs

For the six months ended 30 June 2022, our selling and marketing costs were RMB236.3 million (the corresponding period in 2021: RMB273.3 million), representing a decrease of 13.5% as compared to the corresponding period last year, mainly due to the decrease in the Group's new launches of property projects.

Administrative Expenses

For the six months ended 30 June 2022, our administrative expenses were RMB257.5 million (the corresponding period in 2021: RMB289.0 million), representing a decrease of 10.9% as compared to the corresponding period last year, which was mainly due to the downsizing and cost control of the Group.

Other Income and Other (Losses)/Gains, Net

For the six months ended 30 June 2022, our other income recorded gains of RMB10.9 million (the corresponding period in 2021: RMB13.2 million), which was mainly the income on the government grants.

For the six months ended 30 June 2022, we recorded other losses of RMB47.7 million (the corresponding period in 2021: recorded other gains of RMB237.5 million). Other losses recorded in the first half of 2022 mainly derived from fair value losses on financial assets at fair value through profit or loss and exchange gains arising from foreign currency assets.

Finance Costs, Net

For the six months ended 30 June 2022, our finance income was RMB89.5 million (the corresponding period in 2021: RMB196.3 million). Our finance costs were RMB1,049.5 million (the corresponding period in 2021: RMB408.3 million). As a result, our net finance cost was RMB960.0 million, representing an increase of RMB748.0 million as compared to the corresponding period last year, primarily due to the increase in exchange losses on overseas financing arising from the depreciation of RMB.

Share of Results of Joint Ventures/Associates

For the six months ended 30 June 2022, our share of results of joint ventures/associates was a loss of RMB44.2 million (the corresponding period in 2021: RMB20.8 million), mainly due to the decline in the demand for lease of commercial properties as a result of external macro market environment, which led to an increase in the operating loss of joint ventures in a struggling period after commencement of operation, as well as the fact that some of the joint ventures/associates did not deliver any projects during the Period under Review, but expenses were incurred.

Income Tax (Credit)/Expense

For the six months ended 30 June 2022, our income tax credit was RMB61.2 million (the corresponding period in 2021: income tax expense of RMB316.8 million), the significant decrease in income tax expense was mainly due to the decrease in land appreciation tax and corporate income tax as a result of the carry-over of projects with lower gross profit margin during the period.

(Loss)/Profit for the Period

For the six months ended 30 June 2022, we recorded the loss for the period of RMB1,454.2 million (the corresponding period in 2021: recorded a profit of RMB365.8 million).

For the six months ended 30 June 2022, the loss of the Group attributable to equity holders of the Company was RMB1,462.1 million (the corresponding period in 2021: recorded a profit of RMB295.3 million).

LIQUIDITY AND CAPITAL RESOURCES

The industry in which the Group operates is a capital-intensive industry. The Group has been and is expected to continue satisfying its needs of operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, while the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loans, and the Group's sources of long-term liquid capital include loans, capital injections from shareholders and issuance of new shares.

Cash Positions

As at 30 June 2022, the Group's cash at bank and on hand (including restricted cash) decreased by approximately 31.4% to approximately RMB7,539.9 million from approximately RMB10,991.0 million as at 31 December 2021. The Group's cash at bank and on hand are mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings decreased from RMB21,589.0 million as at 31 December 2021 to RMB20,191.1 million as at 30 June 2022. As at 30 June 2022, the Group had approximately RMB27,354.5 million in unutilized banking facilities. All of the Group's secured borrowings were secured or guaranteed by one or a combination of the following methods: land use rights, properties under development, investment properties, properties held for sale, shares of the Company's subsidiaries, bank deposits and/or guarantees granted by the Company's subsidiaries. The Group's borrowings are mainly denominated in RMB and US dollars.

In March and April 2022, the Company issued USD171,113,500 and USD19,900,000 12.75% USD denominated senior notes due September 2023, respectively. Please refer to the section headed "Repurchase, Sale or Redemption of Listed Securities of the Company" in this interim results announcement for details.

Breakdown of our borrowings by categories

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	Change %
Current Borrowings:			
Bank loans, secured	1,322,585	2,502,906	(47.2)
Other loans, secured	–	25,219	(100.0)
Trust financing arrangements, secured	–	110,000	(100.0)
Add: current portion of long-term borrowings	9,751,532	8,290,214	17.6
Total Current Borrowings	11,074,117	10,928,339	1.3
Non-Current Borrowings:			
Bank loans, secured	5,354,596	5,529,006	(3.2)
Other loans, secured	991,520	1,129,034	(12.2)
Trust financing arrangements, secured	1,668,964	2,003,400	(16.7)
Senior notes due 2022, issued in July 2019, secured	1,744,784	1,652,591	5.6
Senior notes due 2022, issued in March 2020, secured	85,033	1,210,478	(93.0)
Senior notes due 2022, issued in June 2020, secured	1,005,768	953,456	5.5
Senior notes due 2023, issued in November 2020, secured	1,606,319	1,522,409	5.5
Senior notes due 2023, issued in March 2021, secured	739,785	704,011	5.1
Senior notes due 2023, issued in April 2021, secured	1,047,457	992,617	5.5
Senior notes due 2023, issued in May 2021, secured	221,364	210,249	5.3
Senior notes due 2023, issued in August 2021, secured	335,471	318,632	5.3
Senior notes due 2024, issued in September 2021, secured	1,106,685	1,050,994	5.3
Senior notes due 2023, issued in March 2022, secured	1,146,819	–	–
Senior notes due 2023, issued in April 2022, secured	133,073	–	–
Corporate bonds due 2022	337,895	341,749	(1.1)
Corporate bonds due 2024	1,342,965	1,341,286	0.1
Less: current portion of long-term borrowings	(9,751,532)	(8,290,214)	17.6
Total Non-Current Borrowings	9,116,966	10,669,698	(14.6)
Total	20,191,083	21,598,037	(6.5)

Breakdown of our borrowings by maturity profiles

	30 June 2022		31 December 2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Within 1 year	11,074,117	54.8	10,928,339	50.6
Between 1 and 2 years	7,722,169	38.3	7,642,118	35.4
Between 2 and 5 years	970,269	4.8	2,861,580	13.2
Above 5 years	424,528	2.1	166,000	0.8
Total	<u>20,191,083</u>	<u>100.0</u>	<u>21,598,037</u>	<u>100.0</u>

The proportion of the Group's long-term borrowings in the total borrowings was 45.2% as at 30 June 2022.

Interest and foreign exchange losses generated from bank loans, senior notes, corporate bonds and trust financing arrangements and other loans

	Six months ended 30 June		Change %
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	
Finance costs			
– Interest expensed	544,376	402,525	35.2
– Net foreign exchange losses on financing activities	499,760	–	–
– Interest on lease liabilities	5,352	5,728	(6.6)
– Amounts capitalised	523,786	799,252	(34.5)
Total	<u>1,573,274</u>	<u>1,207,505</u>	<u>30.3</u>

Net Debt-to-Capital Ratio

As at 30 June 2022, our net debt-to-capital ratio was 129%. Net debt-to-capital ratio is calculated as net debt at the end of the period divided by the total equity and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

CONTINGENT LIABILITIES

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgage bank may auction the underlying property and recover any additional amount outstanding from us, as the guarantor of the mortgage loans.

As at 30 June 2022, our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers was approximately RMB4,214.8 million (31 December 2021: approximately RMB4,971.9 million). In addition, we provided guarantee for certain bank loans amounting to RMB546.7 million (as at 31 December 2021: RMB634.4 million) which were granted to our joint ventures/associates. We provided guarantee for certain bank loans amounting to RMB178.4 million (as at 31 December 2021: approximately RMB113.0 million) which were granted to related parties of joint ventures. The Group provided guarantees as the proceeds from the loans were applied towards property projects of the joint ventures and associates.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the guarantees disclosed above, as at 30 June 2022, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

INTEREST RATE RISK

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, the Group has no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank and trust financing providers, senior notes and corporate bonds. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk.

Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

FOREIGN EXCHANGE RISK

We are engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of our assets and liabilities are denominated in RMB. Accordingly, we are not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2019 to 2022, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB, which may increase our exposure to fluctuations on exchange rates. We currently do not have a foreign currency hedging policy but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

As at 30 June 2022, the balance of the Group's financial assets at fair value through profit or loss mainly represented the investments in liquid opportunity fund, wealth management products purchased and other investments in private equities. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investments in unlisted equity securities.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals for the six months ended 30 June 2022.

FUTURE PLANS FOR MATERIAL INVESTMENT

The Directors confirmed that as at the date of this interim results announcement, there is no plan for any material investment other than that in the Group's ordinary business of property development and the identification of potential independent third party investors for its respective project companies.

INTERIM DIVIDEND

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

IMPORTANT EVENTS AFFECTING THE GROUP SINCE 30 JUNE 2022

Suspension of Payment Due for USD Denominated Senior Notes

Since 30 June 2022, the Group has failed to pay the interest of 12.5% senior notes due October 2023 (“**Notes Due October 2023**”), 12.0% senior notes due January 2024 (“**Notes Due January 2024**”) and 12.75% senior notes due September 2023 (“**Notes Due September 2023**”), as well as the principal and interest of 12% senior notes due July 2022 (“**Notes Due July 2022**”), 12.0% senior notes due September 2022 (“**Notes Due September 2022**”) and 14.5% senior notes due February 2023 (“**Notes Due February 2023**”). The non-payment of the principal and interest of such senior notes may lead to a request for acceleration of repayment. Pursuant to the Company’s restructuring management of its offshore USD denominated senior notes and fair treatment of all creditors, the Company will suspend the payment due for other offshore USD denominated senior notes. Further details regarding the senior notes are disclosed in the announcements of the Company dated 21 July, 31 August 2022 and 17 February 2023.

Disposal of Subsidiaries and Associates

On 14 September 2022, the Company sold all shares and the shareholder’s loan of its indirect wholly-owned subsidiary, Suzhou Jingyu Consulting Management Co., Ltd.* (蘇州璟譽諮詢管理有限公司) at a consideration of RMB103,573,295. It is expected that the Company will record a loss of approximately RMB36,124,963 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 14 September 2022.

On 27 September 2022, the Company sold all shares and the shareholder’s loan of its indirect wholly-owned subsidiary, Shanghai Jingxia Consulting Management Co., Ltd.* (上海精瑕諮詢管理有限公司) at a consideration of RMB38,300,000. It is expected that the Company will record a loss of approximately RMB12,332,324 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 27 September 2022.

On 27 October 2022, the Company sold its 25% equity interest indirectly held in SHQ Investment Holdings II Limited at a consideration of RMB121,814,379. It is expected that the Company will record a loss of approximately RMB10,142,551 from the disposal. Further details of disposal of the associate are disclosed in the announcement of the Company dated 27 October 2022.

On 12 March 2023, the Company sold all shares of its indirect wholly-owned subsidiary, Shanghai Shenxin Real Estate Co., Ltd.* (上海申信房地產有限公司) at a consideration of RMB132,386,667. It is expected that the Company will record a profit of approximately RMB1,363,170 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 12 March 2023.

The disposals above would help ease the liquidity issue of the Group, while the proceeds will be applied as general working capital of the Group.

Save as disclosed above, no other important event affecting the Group has occurred since 30 June 2022 and up to the date of this interim results announcement.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance during the year. The Company has been in compliance with the code provisions set out in the CG Code for the year except for the deviation from the code provision C.2.1 of the CG Code stating that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Since the listing of the Company, Mr. Yan Hao (“**Mr. Yan**”) has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge (“**Mr. Chen**”) as another co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in C.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company’s growth and business expansion since 1999. The Board considers that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group’s business strategies. The administrative functions and day-to-day business management are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the two co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. The Board currently comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a high level of independence in its composition. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG code.

AUDIT COMMITTEE REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Qian Shi Zheng (Chairman of the Audit Committee), Dr. Lo Wing Yan William and Mr. Han Jiong.

The Audit Committee, the management of the Group and the external auditor of the Company have reviewed the unaudited interim results for the six months ended 30 June 2022 of the Group and the accounting principles and practices adopted by the Company.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Material Uncertainty Related to Gong Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that as at 30 June 2022, the Group's borrowings amounted to RMB20,191,083,000, among which RMB11,074,117,000 will be due for repayment within the next twelve months while the Group's cash at bank and on hand (including restricted cash) amounted to RMB7,539,892,000. This condition, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and each of the Directors has confirmed that he has complied with the Model Code during the six months ended 30 June 2022.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 22 February 2022, the Company commenced an exchange offer for USD190,000,000 12.75% senior notes due 11 March 2022 ("**Notes Due March 2022**"). As of the extended exchange expiration deadline, existing notes amounted to USD175,330,000 (representing approximately 92.28% of aggregate principal amount of outstanding existing notes) have been validly tendered for exchange and accepted pursuant to the exchange offer. Pursuant to the exchange offer, on 9 March 2022, the Company issued USD171,113,500 Notes Due September 2023 with an annual interest rate of 12.75%. Further details of senior notes exchange are disclosed in the announcements of the Company dated 22 February, 2 March, 7 March and 10 March 2022.

On 21 April 2022, the Company issued USD19,900,000 (including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022) Notes Due September 2023 (to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022). Further details regarding the issuance of the senior notes are disclosed in the announcement of the Company dated 25 April 2022.

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries (other than the trust of the share award scheme) repurchased, sold or redeemed any of the Company's listed securities.

**PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND 2022 INTERIM REPORT
ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jingruis.com) and the 2022 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course for inspection.

By order of the Board
Jingrui Holdings Limited
Yan Hao Chen Xin Ge
Co-chairmen

Hong Kong, 13 March 2023

As at the date of this announcement, the Board comprises Yan Hao, Chen Xin Ge, Xu Hai Feng and Chen Chao, as executive Directors; Han Jiong, Qian Shi Zheng and Lo Wing Yan William, as independent non-executive Directors.

* *For identification purpose only*