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銀城國際控股有限公司

YINCHENG INTERNATIONAL HOLDING CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1902)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS

- Revenue for the six months ended 30 June 2022 was approximately RMB4,580.4 million, representing an increase of approximately 20.9% as compared to approximately RMB3,788.6 million for the same period in 2021.
- Gross profit for the six months ended 30 June 2022 was approximately RMB1,350.5 million, representing an increase of approximately 95.9% as compared to approximately RMB689.3 million for the same period in 2021. Gross profit margin for the six months ended 30 June 2022 was approximately 29.5%, indicating an increase of approximately 11.3 percentage points as compared to that for the same period in 2021.
- Profit for the six months ended 30 June 2022 was approximately RMB333.7 million, representing an increase of approximately 11.9% as compared to approximately RMB298.1 million for the same period in 2021. Net profit margin for the six months ended 30 June 2022 was approximately 7.3%, indicating a decrease of approximately 0.6 percentage points as compared to that for the same period in 2021.
- Profit attributable to owners of the parent for the six months ended 30 June 2022 was approximately RMB66.6 million, representing a decrease of approximately 17.2% as compared to approximately RMB80.4 million for the same period in 2021.
- The Group reduced its liabilities and effectively de-leveraged during the six months ended 30 June 2022, making the size of its overall interest-bearing liabilities decreased by approximately 14.1% as compared to that as at 31 December 2021.

INTERIM RESULTS

The board of directors (the “**Board**”) of Yincheng International Holding Co., Ltd. (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021.

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

For the six months ended 30 June 2022

	<i>Notes</i>	2022 (Unaudited) RMB’000	2021 (Unaudited) RMB’000
REVENUE	5	4,580,358	3,788,625
Cost of sales		<u>(3,229,870)</u>	<u>(3,099,320)</u>
GROSS PROFIT		1,350,488	689,305
Other income and gains	5	85,423	62,673
Selling and distribution expenses		(163,480)	(114,421)
Administrative expenses		(81,337)	(79,487)
Other expenses		(23,159)	(828)
Finance costs	6	(149,836)	(78,390)
Share of profits and losses of:			
Joint ventures		(32,503)	(5,863)
Associates		(78,564)	(19,806)
PROFIT BEFORE TAX	7	907,032	453,183
Income tax expense	8	(573,345)	(155,103)
PROFIT FOR THE PERIOD		<u>333,687</u>	<u>298,080</u>
Attributable to:			
Owners of the parent		66,606	80,418
Non-controlling interests		267,081	217,662
		<u>333,687</u>	<u>298,080</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	10	<u>RMB0.05</u>	<u>RMB0.06</u>

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>33,245</u>	<u>8,401</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	33,245	8,401
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income (“FVOCI”):		
Change in fair value	<u>(171,130)</u>	<u>30,928</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(171,130)</u>	<u>30,928</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(137,885)</u>	<u>39,329</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>195,802</u>	<u>337,409</u>
Total comprehensive income attributable to:		
Owners of the parent	<u>(71,279)</u>	119,747
Non-controlling interests	<u>267,081</u>	<u>217,662</u>
	<u>195,802</u>	<u>337,409</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
<i>Note</i>	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	774,784	789,090
Right-of-use assets	157,640	164,062
Investment properties	3,144,377	3,093,300
Intangible assets	5,291	5,879
Investments in joint ventures	1,007,668	678,544
Investments in associates	3,126,905	3,433,364
Deferred tax assets	512,597	447,868
Other non-current assets	52,464	20,498
Equity investments designated at FVOCI	461,027	632,157
	<u>9,242,753</u>	<u>9,264,762</u>
CURRENT ASSETS		
Properties under development	20,131,707	19,575,100
Completed properties held for sale	2,215,050	2,633,439
Trade receivables	11,621	9,113
Due from related companies	2,849,783	3,755,083
Prepayments, deposits and other receivables	3,520,821	3,696,804
Tax recoverable	722,919	825,464
Financial assets at fair value through profit or loss (“FVTPL”)	489,737	574,303
Contract cost assets	207,435	132,703
Inventories	639	623
Cash and bank balances	1,885,036	2,731,889
	<u>32,034,748</u>	<u>33,934,521</u>
Total current assets	<u>32,034,748</u>	<u>33,934,521</u>

		30 June 2022	31 December 2021
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	3,899,313	3,880,873
Other payables, deposits received and accruals		1,341,740	1,346,798
Due to related companies		3,136,175	3,101,670
Contract liabilities		13,806,200	14,686,024
Senior notes		1,430,269	1,801,330
Interest-bearing bank and other borrowings		3,644,840	2,935,394
Tax payable		1,494,432	1,166,193
Lease liabilities		12,515	15,439
Provision for financial guarantee contracts		23,578	20,778
		<hr/>	<hr/>
Total current liabilities		28,789,062	28,954,499
		<hr/>	<hr/>
NET CURRENT ASSETS		3,245,686	4,980,022
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,488,439	14,244,784
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		6,632,210	8,889,999
Deferred tax liabilities		134,771	136,968
Lease liabilities		1,982	4,048
		<hr/>	<hr/>
Total non-current liabilities		6,768,963	9,031,015
		<hr/>	<hr/>
NET ASSETS		5,719,476	5,213,769
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		124,119	124,119
Treasury shares		(7)	(7)
Reserves		2,527,336	2,598,615
		<hr/>	<hr/>
		2,651,448	2,722,727
		<hr/>	<hr/>
Non-controlling interests		3,068,028	2,491,042
		<hr/>	<hr/>
TOTAL EQUITY		5,719,476	5,213,769
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 March 2019.

During the six months ended 30 June 2022, the subsidiaries now comprising the Group were principally involved in property development, hotel operation, property investment and exhibition operation.

2. BASIS OF PREPARATION

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

Going concern basis

As at 30 June 2022, the Group's current portion of interest-bearing bank, other borrowings and senior notes amounted to RMB5,075,109,000 while its cash and cash equivalents amounted to RMB626,566,000. Such condition indicates that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the "**Directors**") consider that the Group has taken various measures and will have adequate funds available to enable it to operate as a going concern, taken into account the past operating performance of the Group and the following:

- (i) The Group will continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.
- (ii) The Group continues to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.
- (iii) The Group continues to monitor capital expenditure to balance and relieve cash resource to support operations.
- (iv) The Group continues to take action to tighten cost controls over various operating expenses.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

- a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2022, the amendments did not have any impact on the financial position or performance of the Group.
- c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- d) *Annual Improvements to IFRSs Standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

The Group has changed its accounting policy for the classification of the interest paid in the consolidated statement of cash flows from operating activities to financing activities during the current year (the “**Policy Change**”) so as to provide reliable and more relevant information of cash flows generated from financial liabilities. In the opinion of the Directors, it is more appropriate to classify all cash flows of the Group’s borrowings as financing activities in the interim condensed consolidated statement of cash flows and the Policy Change can result in a consistent presentation which is beneficial to users of the financial statements to understand all the related cash flows of the same financial liabilities and provides more comparable information with industry peers. The comparative amounts have been restated accordingly.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group’s business which includes property development and leasing by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property development and leasing, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, thus all locations were aggregated as one reportable operating segment.

Geographical information

No further 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.

Information about major customers

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

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, project management income, hotel operation, exhibition operation and rental income for the six months ended 30 June 2022.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	4,546,099	3,768,853
<i>Revenue from other sources</i>		
Rental income	34,259	19,772
	<u>4,580,358</u>	<u>3,788,625</u>
Revenue from contracts with customers		
Types of goods or services:		
Sale of properties	4,470,893	3,728,442
Project management	57,286	24,055
Hotel operation	17,477	11,612
Exhibition operation	443	4,744
	<u>4,546,099</u>	<u>3,768,853</u>
Timing of revenue recognition:		
Recognised at a point in time:		
Revenue from sale of properties	4,470,893	3,728,442
Revenue from hotel operation	10,772	6,387
	<u>4,481,665</u>	<u>3,734,829</u>
Recognised over time:		
Revenue from project management	57,286	24,055
Revenue from hotel operation	6,705	5,225
Revenue from exhibition operation	443	4,744
	<u>64,434</u>	<u>34,024</u>
Total revenue from contracts with customers	<u>4,546,099</u>	<u>3,768,853</u>

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on redemption of senior notes	65,628	–
Interest income	12,806	12,561
Forfeiture of deposits	1,385	300
Government grants	823	975
Exchange gain	913	–
Remeasurement gain on investment in a joint venture held before business combination	111	–
Fair value gains from financial assets at FVTPL	–	23,277
Gain on disposal of a subsidiary	–	13,325
Dividends income from financial assets at FVOCI and FVTPL	–	11,379
Others	3,757	856
	85,423	62,673

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings and senior notes	495,287	937,892
Interest expense arising from revenue contracts	115,044	163,034
Interest on lease liabilities	310	485
	610,641	1,101,411
Less: Interest capitalised	(460,805)	(1,023,021)
	149,836	78,390

7. 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 inventories sold	3,182,462	3,073,152
Cost of project management	41,091	16,986
Cost of hotel operation	12,076	9,375
Cost of exhibition operation	243	1,929
Cost of rental	6,379	3,571
Impairment loss written off for completed properties for sales	(12,381)	(5,693)
Depreciation of items of property, plant and equipment	16,804	16,769
Amortization of items of intangible assets	588	603
Depreciation of right-of-use assets	6,277	5,673
Expenses relating to short-term leases and leases of low-value assets	1,200	1,547
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	66,937	62,855
Pension scheme contributions and social welfare	13,711	12,874

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the period. Subsidiaries of the Group operating in the PRC are subject to PRC corporate income tax at a rate of 25% for the period.

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax:		
PRC corporate income tax	223,157	201,494
PRC LAT	415,906	50,338
Deferred tax	(65,718)	(96,729)
Total tax charge for the period	<u>573,345</u>	<u>155,103</u>

9. DIVIDENDS

The Board resolved not to declare any dividend for the year ended 31 December 2021.

On August 2022, the Board has resolved not to pay an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB66,606,000 (six months ended 30 June 2021: RMB80,418,000), and the weighted average number of ordinary shares of 1,446,962,138 (six months ended 30 June 2021: 1,446,962,138) shares in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the Company had no potentially dilutive ordinary in issue during the periods.

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 year	11,621	9,113

12. TRADE AND BILLS PAYABLES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Less than 1 year	3,467,124	3,650,317
Over 1 year	432,189	230,556
	3,899,313	3,880,873

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

As at 30 June 2022, approximately RMB75,480,000 commercial acceptance bills issued by the Company's indirectly non-wholly-owned subsidiary, Nanjing Airport Exhibition Investment Management Co., Ltd., were overdue and unpaid.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present you the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 and the review and outlook for the business development of the Group.

REVIEW OF THE FIRST HALF OF THE YEAR

The real estate industry in the PRC has undergone a tremendous transition since last year due to various factors including the pandemic, an overall economic decline, industrial downturn and funding difficulties. Particularly, in the first half of the year, despite successive introduction of various favourable and recovery policies such as the relaxation of requirements for residential mortgage loans, lowering of down payment percentages, promulgation of less restrictive lending policies and standards and continual lowering of mortgage interest rate, the stimulus effects on real estate sales were insignificant. The haunting pandemic and worsening employment situation have led to insufficient consumer confidence and an aggravation of the current severe situation. There has been a significant drop in the overall transaction volume in the real estate market, which full year performance is destined to see an overall decline. Meanwhile, the government and financial institutions have strengthened their supervision on project funds, certain property developers were buffeted with cash flow issues, the overall operating conditions of real estate enterprises continued to deteriorate and the problem of unfinished property projects has even caught the government's attention.

In such extremely challenging market conditions, the Group has implemented various measures and made concerted efforts with all its employees to maintain a stable operation. For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB4,580.4 million, representing an increase of approximately 20.9% as compared to approximately RMB3,788.6 million for the same period last year. Gross profit increased significantly by approximately 95.9% to approximately RMB1,350.5 million from approximately RMB689.3 million for the same period last year. On the other hand, profit for the period achieved a steady growth of approximately 11.9% to approximately RMB333.7 million from approximately RMB298.1 million for the same period last year. Gross profit margin was approximately 29.5%, representing an increase of approximately 11.3 percentage points as compared to that from the same period in 2021, while net profit margin remained roughly the same as that from the same period last year at approximately 7.3%. At the same time during the first half of the year, the Group reduced its liabilities and effectively de-leveraged, and as a result, the size of interest-bearing liabilities of the Group decreased by approximately 14.1% as compared to that as at 31 December 2021.

Affected by a significant decline in property sales of the real estate industry, the Group recorded declined contracted sales of approximately RMB6.57 billion in the first half of the year, which drop was in line with the overall trend amongst its peers. Certain key projects of the Group such as Yi He Shan Zhuang (頤和山莊) in Hangzhou, Dong Wang (東望) in Suzhou, Jinlinfu (金麟府) in Taizhou and Huan Le Tian Di (歡樂天地) in Wenzhou still bucked the market with excellent performance and became bestselling projects in their respective regions. Jinlinfu (金麟府), in particular, recorded sales of approximately RMB150 million during the first week of its fourth launch at the subsequent sales period, which made it sales champion in its region. Having total contracted sales of approximately RMB367 million for the first quarter of the year, it was also the best performing project of the Group. At the same time, another project of the Group, Yizeyuan (頤澤園), ranked first in sales amongst comparable senior apartments of the Group. With a slowdown of property sales in the entire industry, it was uneasy that the Group managed to withstand various challenges and achieved exemplary project performance.

In view of the continuously harsh business environment and facing the common industry problem of tight cash flow just like any other real estate enterprises, the Group has taken a number of measures to maintain sufficient liquidity and stability with its daily operations. There was a comparatively high cash collection rate in the first half of the year with an overall cash collection of approximately RMB8.21 billion, which makes a cash collection rate of 125%. As project delivery has become the focus of the industry and even the entire society, the Group has made “guaranteed delivery” a priority to ensure timely delivery of its projects, so as to protect the interests of home buyers, live up to the market’s confidence in the Group and maintain the good market reputation of its brand. In the first half of the year, the Group delivered properties with a total gross floor area (“GFA”) of approximately 158,000 sq.m. In particular, all projects were delivered on schedule without any breach on contract delivery. The overall delivery rate of the Group in the first half of the year was approximately 85.8% and the delivery satisfaction rate was approximately 86%, both of which were at benchmark level in the industry.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking forward, it is expected that “stabilising the economy and maintaining growth” will remain as a fundamental of the country’s economic policies in the second half of the year. The central government will continue to introduce policies to promote economic growth, which may lead to a rebound in consumption, improved investment environment and a return to normal economic growth. Real estate policies in the second half of the year will also remain as lax as that in the first half of the year. Based on the month-to-month data available in June, it was apparent that positive effects of various stimulus policies were gradually taking shape, market confidence was recovering and there has been a month by month improvement in transaction volume. Despite the estimation that sales performance will further improve in the second half of the year and outrun that of the first half of the year due to an increasing supply of new projects and greater efforts taken by large-scale real estate enterprises to launch promotional campaigns, the market size is destined to see an overall decline throughout the year.

Although there have been improvements in the operating environment of the real estate industry, and both market confidence and transaction volume are expected to recover or resume to a certain extent, given the uncertainties of the COVID-19 pandemic, the continuing trend of economic downturn and the ongoing tight cash flow problem in the industry, real estate enterprises are still facing an overall unfavourable operating environment. The Group will continue to work on its fundamentals, maintain its normal operation in an orderly manner, provide effective safeguards for project development, operation and working capital management, so as to place the Group's operation on a normal development track. The Group will also grasp market opportunities to accelerate sales, restore capital flows, and weather through the difficulties.

The Group believes that private enterprises can no longer be guided by business scale in the future, they should instead strive to have a full understanding of customer and product needs in regional markets and make business decisions swiftly in response to market changes, so as to secure regional market development opportunities. When it comes to operation strategies, the Group will take market recovery and rebound as an opportunity to improve its sales and actively minimise potential risks over the course of its operation. Not only will the Group perfect its overall cash flow management to safeguard its business operations, but it will also require its subsidiaries to audit cash flow records (including sales return records), regulate the use of funds and, in particular, to restore liquidity available for allocation by the Group. At the same time, the Group will properly handle its cooperative relationship with suppliers under the current market situation, balance various payment relationship and ensure that all its business units can carry out various business tasks smoothly. Regarding its property projects, the Group will use its best endeavour to maintain normal project development with timely sales and delivery. It will, as a listed real estate enterprise and a reputable local brand, strive to maintain or carry out an appropriate level of commitment and social responsibility towards its investors, home buyers and the market.

Regardless of any industrial condition at any time, the Group will continue to persist, adhere to its business philosophy and values, and strive to carry out various business tasks under its set business direction. Such practise is the embodiment of the Group's values and also its competitive edge in facing changes in the environment and market competition. The Group has consistently maintained a united work style to overcome various difficulties and rise to the challenges. We are confident that hard work will pay off. Being an ambitious and compassionate company, and with collective effort, the Group will be able to ride out difficulties and embrace new development opportunities.

Yincheng International Holding Co., Ltd.
HUANG Qingping
Chairman

Nanjing, China
26 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. During the six months ended 30 June 2022, the subsidiaries of the Company now comprising the Group were involved in property development, hotel operation, property investment and exhibition operation.

PROPERTY DEVELOPMENT

The Group is an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. The Group commenced its property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis.

For the six months ended 30 June 2022, the Group continued to focus on developing quality residential properties in the Yangtze River Delta Megalopolis and believes that the unique geographical advantages of the Yangtze River Delta Megalopolis will remain substantial in the future. Due to the prosperous economic development and growing population in the Yangtze River Delta Megalopolis, the residential properties development market has significant growth potential. The Group will continue to focus on the Nanjing market in the future and strategically expand its reach in other cities in the Yangtze River Delta Megalopolis, further accelerating asset turnover and improving operational efficiency while maintaining property quality, and strive to become the leading quality property developer catered to customers of all ages in the Yangtze River Delta Megalopolis.

Contracted Sales

For the six months ended 30 June 2022, contracted sales amount of the Group together with its joint ventures and associates amounted to approximately RMB6,566.2 million, representing a decrease of approximately 60.3% as compared to that for the same period in 2021, which was mainly attributable to the decrease in contracted sales GFA of the Group together with its joint ventures and associates to approximately 308,597 sq.m. for the six months ended 30 June 2022, representing a decrease of approximately 62.0% as compared to that for the same period in 2021.

For the six months ended 30 June 2022, average selling price (“ASP”) recorded in the contracted sales of the Group together with its joint ventures and associates remained relatively stable at approximately RMB21,277 per sq.m., representing an increase of approximately 4.4% from approximately RMB20,374 per sq.m. for the same period in 2021.

Contracted sales from properties located in Nanjing, Wuxi, Hefei, Suzhou, Hangzhou, Zhenjiang, Xuzhou, Taizhou, Wenzhou and Huai’an contributed to approximately 20.4%, 9.5%, 0.3%, 14.7%, 22.9%, 3.1%, 3.5%, 10.9%, 10.5% and 4.2% respectively of the total contracted sales of the Group together with its joint ventures and associates for the six months ended 30 June 2022.

The following table sets out the geographic breakdown of the contracted sales of the Group together with its joint ventures and associates for the six months ended 30 June 2022 with comparative figures for the same period in 2021:

City	Six months ended 30 June 2022			% of contracted sales for the six months ended 30 June 2022	Six months ended 30 June 2021			% of contracted sales for the six months ended 30 June 2021
	Contracted GFA sold sq.m.	Contracted sales RMB'000	Contracted ASP RMB/sq.m.		Contracted GFA sold sq.m.	Contracted sales RMB'000	Contracted ASP RMB/sq.m.	
Nanjing	52,380	1,338,260	25,549	20.4%	285,423	5,491,720	19,241	33.1%
Wuxi	28,975	621,750	21,458	9.5%	36,382	797,340	21,916	4.8%
Hefei	720	17,650	24,499	0.3%	35,730	717,560	20,083	4.3%
Suzhou	45,903	966,930	21,065	14.7%	32,223	489,170	15,181	3.0%
Hangzhou	60,534	1,502,610	24,823	22.9%	237,709	6,017,810	25,316	36.4%
Zhenjiang	15,657	205,870	13,149	3.1%	28,069	423,940	15,104	2.6%
Ma'anshan	-	-	-	-	7,249	48,460	6,685	0.3%
Xuzhou	17,240	230,040	13,343	3.5%	78,341	1,021,040	13,033	6.2%
Taizhou	34,338	714,590	20,810	10.9%	22,365	427,710	19,124	2.6%
Wenzhou	30,210	691,210	22,880	10.5%	48,097	1,100,720	22,885	6.7%
Huai'an	22,640	277,240	12,246	4.2%	-	-	-	-
Total	308,597	6,566,150	21,277	100.0%	811,589	16,535,470	20,374	100.0%

GFA Delivered and Revenue Recognised from Sale of Properties

For the six months ended 30 June 2022, total GFA delivered amounted to approximately 157,600 sq.m., representing a decrease of approximately 44.5% from approximately 283,811 sq.m. for the same period in 2021.

Revenue recognised from sale of properties amounted to approximately RMB4,470.9 million for the six months ended 30 June 2022, representing an increase of approximately 19.9% from approximately RMB3,728.4 million for the same period in 2021. Such increase was primarily attributable to the recognition of sales of projects which have higher ASP.

ASP recognised for the six months ended 30 June 2022 was approximately RMB28,369 per sq.m., representing an increase of approximately 115.9% from approximately RMB13,137 per sq.m. for the same period in 2021. Such increase was primarily attributable to the higher recognised ASP of Jin Ling Jiu Yuan (金陵玖園) and Yi He Shan Zhuang (頤和山莊), which accounted for a large proportion of the revenue recognised.

During the six months ended 30 June 2022, the properties delivered by the Group mainly included Jin Ling Jiu Yuan (金陵玖園) and Yi He Shan Zhuang (頤和山莊). The following table sets forth the details of the revenue recognised from the sale of properties of the Group by geographical location for the periods indicated.

	Six months ended 30 June					
	2022			2021		
	Revenue RMB'000	GFA delivered sq.m.	Recognised ASP RMB/sq.m.	Revenue RMB'000	GFA delivered sq.m.	Recognised ASP RMB/sq.m.
Nanjing						
Jin Ling Jiu Yuan (金陵玖園)	2,664,169	48,502	54,929	-	-	-
Blue Stream Town (藍溪郡)	56,835	4,268	13,317	-	-	-
Huijian Weilai (蒼見未來)	54,047	5,375	10,055	680,746	61,125	11,137
Zhongshan Jingdian Park (鐘山晶典)	24,010	3,134	7,661	-	-	-
Long Island Qin Park (長島觀瀾汐園)	13,247	418	31,691	17,558	625	28,093
Peaceful Paradise (君頤東方)	5,132	217	23,650	3,808	219	17,388
Dongyue Mansion (東岳府)	1,448	281	5,153	1,109	105	10,562
Bejoy Villa (鉅悅源墅)	-	-	-	388,613	13,262	29,303
Ideal Palace (一方山)	-	-	-	26,391	1,682	15,690
Honor Mansion (雲台天境)	-	-	-	1,749	86	20,337
Xidi International Community (西堤國際)	-	-	-	889	97	9,165
Kinma Q+ Community (Kinma Q+ 社區)	-	-	-	473	72	6,569
	<u>2,818,888</u>	<u>62,195</u>	<u>45,323</u>	<u>1,121,336</u>	<u>77,273</u>	<u>14,511</u>

	Six months ended 30 June					
	2022			2021		
Revenue	GFA delivered	Recognised ASP	Revenue	GFA delivered	Recognised ASP	
RMB'000	sq.m.	RMB/sq.m.	RMB'000	sq.m.	RMB/sq.m.	
Wuxi						
Changjiang Fu (長江賦)	52,245	10,646	4,907	-	-	
Qiuduhui Mansion (沆都匯)	10,533	1,381	7,627	-	-	
Sheltered Mansion (東樾府)	8,256	2,361	3,497	35,753	3,944	
Canal Park (京梁合)	-	-	-	2,118	414	
Hui Mountain International Community (惠山國際社區)	-	-	-	915,321	77,528	
	<u>71,034</u>	<u>14,388</u>	<u>4,937</u>	<u>953,192</u>	<u>81,886</u>	
Suzhou						
Shui Pan Hua Ting (水畔華庭)	103,417	9,802	10,551	459,858	46,818	
Yuan Stream Mansion (原溪)	82,193	3,165	25,969	252,216	9,112	
	<u>185,610</u>	<u>12,967</u>	<u>14,314</u>	<u>712,074</u>	<u>55,930</u>	
Hangzhou						
Yi He Shan Zhuang (頤和山莊)	1,016,399	39,952	25,441	-	-	
Qingshanhupan (青山湖畔)	24,238	952	25,460	79,279	3,218	
Yungutianjing Mansion (雲谷天境)	14,043	637	22,046	2,697	162	
	<u>1,054,680</u>	<u>41,541</u>	<u>25,389</u>	<u>81,976</u>	<u>3,380</u>	
Zhenjiang						
Yuefu Mansion (樾府)	311,779	24,033	12,973	573,014	38,471	
Tang Dynasty Mansion (盛唐府)	28,902	2,476	11,673	108,603	8,717	
	<u>340,681</u>	<u>26,509</u>	<u>12,852</u>	<u>681,617</u>	<u>47,188</u>	
Xuzhou						
Zhixiang Cheng (致享城)	-	-	-	178,247	18,154	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,247</u>	<u>18,154</u>	
Total	<u><u>4,470,893</u></u>	<u><u>157,600</u></u>	<u><u>28,369</u></u>	<u><u>3,728,442</u></u>	<u><u>283,811</u></u>	

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalised borrowing costs and other costs directly attributable to such properties incurred during the development period and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 30 June 2022, the Group had properties under development of approximately RMB20,131.7 million, representing a relatively stable increase of approximately 2.8% compared to approximately RMB19,575.1 million as at 31 December 2021.

Completed Properties Held for Sale

Properties held for sale represent the completed development properties ready for sale and were unsold at the end of each reporting period.

As at 30 June 2022, the Group had completed properties held for sale of approximately RMB2,215.1 million, representing a decrease of approximately 15.9% from approximately RMB2,633.4 million as at 31 December 2021. The decrease was primarily caused by the sales of completed properties of Jin Ling Jiu Yuan (金陵玖園) and Yi He Shan Zhuang (頤和山莊). The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Project Management for Property Developments

The Group provides various project management services to property projects developed by associates and joint ventures of the Group, including but not limited to engineering, procurement, design, cost control and customer services.

For the six months ended 30 June 2022, revenue generated from the Group's project management services was approximately RMB57.3 million, representing an increase of approximately 137.8% from approximately RMB24.1 million for the same period in 2021. The increase was primarily due to the rise in the number of property projects developed by joint ventures and associates of the Group.

HOTEL OPERATION

The Group operates and manages Hangzhou Zhongdu Qingshan Wonderland Hotel, which is the first ecotypic and commercial resort hotel constructed pursuant to the standard of five-star hotel in the Lin'an District.

For the six months ended 30 June 2022, income generated from the operation of the hotel was approximately RMB17.5 million, representing an increase of approximately 50.9% from approximately RMB11.6 million for the same period in 2021. The increase was primarily attributable to the recovery of hotel business from the COVID-19 crisis.

PROPERTY INVESTMENT

Rental income

The Group's rental income for the six months ended 30 June 2022 was approximately RMB34.3 million, representing an increase of approximately 73.2% from approximately RMB19.8 million for the same period in 2021. Such increase was mainly due to the commencement of leasing of plot C of Peaceful Paradise (君頤東方) as hospital during the present reporting period.

Investment Properties

As at 30 June 2022, the Group had seven investment properties with a total GFA of approximately 335,247 sq.m. The Group had commenced the leasing of four investment properties with a total GFA of approximately 167,639 sq.m..

EXHIBITION OPERATION

The Group provides exhibition management services, including but not limited to the leasing of venue, and the provision of administration and marketing services for exhibitions of various nature.

For the six months ended 30 June 2022, income generated from exhibition operation was approximately RMB0.4 million, representing a decrease of approximately 91.5% from approximately RMB4.7 million for the same period in 2021. The decrease was primarily due to the suspension of exhibition business during the first half of 2022.

LAND BANK

For the six months ended 30 June 2022, the Group continued its expansion in the Yangtze River Delta Megalopolis and focused on developing its land parcels acquired during the past years. There was not any acquisition of new land parcels for the first half of 2022.

PROPERTIES DEVELOPED BY THE GROUP AND ITS JOINT VENTURES AND ASSOCIATES

As at 30 June 2022, the Group had 61 projects located in 10 cities in the PRC, of which 35 projects were developed and owned by the Group and the remaining 26 projects were developed and owned by the Group's joint ventures and associates. As at 30 June 2022, the Group had a land bank with an aggregate estimated GFA of approximately 7,188,101 sq.m., out of which the land bank with interests attributable to the Group amounted to approximately 4,731,891 sq.m.. The following table sets forth the GFA breakdown of the Group's property portfolio as at 30 June 2022 in terms of geographical location:

City	Number of projects	Completed GFA available for sale/leasable GFA ⁽¹⁾ (sq.m.)	GFA under development (sq.m.)	Planned GFA of future development (sq.m.)	Total GFA ⁽²⁾ (sq.m.)	% of land reserve
Property projects developed by subsidiaries of the Group						
Nanjing	13	102,387	511,228	104,742	718,357	10.0%
Wuxi	9	41,412	400,161	26,963	468,536	6.5%
Hefei	1	–	101,796	–	101,796	1.4%
Suzhou	3	938	181,283	–	182,221	2.5%
Hangzhou	3	12,262	1,051,112	52,967	1,116,341	15.6%
Zhenjiang	2	853	243,448	–	244,301	3.4%
Xuzhou	3	2,012	318,295	–	320,307	4.5%
Wenzhou	1	–	51,955	–	51,955	0.7%
Sub-total	35	159,864	2,859,278	184,672	3,203,814	44.6%
Property projects developed by associates and joint ventures of the Group						
Nanjing	10	14,737	919,691	780,940	1,715,368	23.9%
Wuxi	2	–	231,000	–	231,000	3.2%
Hefei	1	149	–	–	149	0.0%
Suzhou	3	503	510,777	–	511,280	7.1%
Hangzhou	4	779	325,113	–	325,892	4.5%
Xuzhou	1	–	113,304	–	113,304	1.6%
Taizhou	2	–	323,691	–	323,691	4.5%
Wenzhou	2	–	632,527	–	632,527	8.8%
Huai'an	1	–	131,076	–	131,076	1.8%
Sub-total	26	16,168	3,187,179	780,940	3,984,287	55.4%
Sub-total attributable to the Group	–	4,978	1,233,426	289,673	1,528,077	–
Total land reserves	61	176,032	6,046,457	965,612	7,188,101	100.0%
Total land reserves attributable to the Group	–	164,842	4,092,704	474,345	4,731,891	–

Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land reserves equals to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development. For properties held by the Group's joint ventures and associates, total GFA attributable to the Group are calculated based on the Group's equity interest in the respective project.

The following table sets forth details of the Group's land bank by project and geographical region as of 30 June 2022:

Land parcel/ No.	Project name	City	Land use/ Planned land use	Site area sq.m.	Actual/Expected completion date	Total land bank sq.m.
A. Projects developed by the Company's subsidiaries						
1	Zhongshan Jingdian Park (鐘山晶典)	Nanjing	Residential/retail	70,436	October 2011	512
2	Long Island Qin Park (長島觀瀾沁園)	Nanjing	Residential/retail	38,271	June 2015	–
3	Blue Stream Town (藍溪郡)	Nanjing	Residential/retail	117,936	December 2017	1,907
4	Peaceful Paradise (君頤東方)	Nanjing	Residential/retail/ hospital/elderly apartments	120,210	October 2020	6
5	Dongyue Mansion (東岳府)	Nanjing	Residential/retail	16,191	October 2019	–
6	Bejoy Villa (鉞悅源墅)	Nanjing	Residential/retail	73,216	December 2020	780
7	Ninghai Road G63 (寧海路 G63)	Nanjing	Residential/office	8,144	May 2024	48,524
8	Huijian Weilai (薈見未來)	Nanjing	Residential/retail/ recreational and sports	272,475	December 2021	166,162
9	Shantui (山推)	Nanjing	Scientific research/ office	30,500	December 2023	104,742
10	Jin Ling Jiu Yuan (金陵玖園)	Nanjing	Residential/retail	38,258	May 2023	113,171
11	Nan Bu Xin Cheng G63 (南部新城G63)	Nanjing	Medical	26,748	June 2024	154,076
12	Lan Hu Jun (藍湖郡)	Nanjing	Residential	21,636	August 2023	46,261
13	Lin Quan Gao Zhi (林泉高致)	Nanjing	Residential	42,677	July 2024	82,216
Sub-total for Nanjing				876,698		718,357

Land parcel/ No.	Project name	City	Land use/ Planned land use	Site area sq.m.	Actual/Expected completion date	Total land bank sq.m.
14	Tianyuan Mansion (天元世家)	Wuxi	Residential/retail	73,696	December 2024	26,963
15	Canal Park (京梁合)	Wuxi	Residential	64,844	December 2024	77,645
16	Sheltered Mansion (東樾府)	Wuxi	Residential/retail/ commercial apartments	52,132	January 2020	5,248
17	Hui Mountain International Community (惠山國際社區)	Wuxi	Residential/retail	114,419	June 2021	34,520
18	Changjiang Fu (長江賦)	Wuxi	Residential/retail	52,399	October 2021	1,644
19	Chun Xiao Guan Tang (春曉觀棠)	Wuxi	Residential	22,125	December 2022	59,822
20	Mei Gui Gong Guan (玫瑰公館)	Wuxi	Residential	30,028	December 2022	89,609
21	Fei Li He Fang (翡麗和風)	Wuxi	Residential	28,845	October 2023	110,943
22	Guan Tang Shou Fu (觀棠首府)	Wuxi	Residential	19,080	November 2023	62,142
Sub-total for Wuxi				457,568		468,536
23	Zhi Lu (知廬)	Hefei	Residential/retail	40,391	November 2022	101,796
Sub-total for Hefei				40,391		101,796
24	Yuan Stream Mansion (原溪)	Suzhou	Residential	19,533	November 2019	668
25	Yun Xi Ting (雲溪庭)	Suzhou	Residential	65,539	December 2024	181,283
26	Shui Pan Hua Ting (水畔華庭)	Suzhou	Residential	29,962	March 2021	270
Sub-total for Suzhou				115,034		182,221
27	Yungu Tianjing Mansion (雲谷天境)	Hangzhou	Residential/retail	20,713	December 2020	379
28	Qingshanhupan (青山湖畔)	Hangzhou	Residential/retail	364,380	December 2023	658,729
29	Yi He Shan Zhuang (頤和山莊)	Hangzhou	Residential/retail	399,016	October 2024	457,233
Sub-total for Hangzhou				784,109		1,116,341

No.	Land parcel/ Project name	City	Land use/ Planned land use	Site area sq.m.	Actual/Expected completion date	Total land bank sq.m.
30	Tang Dynasty Mansion (盛唐府)	Zhenjiang	Residential/retail	123,458	July 2023	123,256
31	Yuefu Mansion (越府)	Zhenjiang	Residential/retail	55,810	November 2023	121,045
Sub-total for Zhenjiang				179,268		244,301
32	Zhixiang Cheng (致享城)	Xuzhou	Residential/retail	54,190	September 2021	2,012
33	Qingyunfu (青雲府)	Xuzhou	Residential/retail	58,563	December 2022	166,398
34	Shang He Ming Yue (上和明月)	Xuzhou	Residential	57,258	December 2024	151,897
Sub-total for Xuzhou				170,011		320,307
35	Jiulongtianzhu (玫瑰天著)	Wenzhou	Residential/retail	21,186	October 2022	51,955
Sub-total for Wenzhou				21,186		51,955
Sub-total of land bank developed by subsidiaries of the Company				2,644,265		3,203,814
B. Projects developed by the Group's joint ventures and associates						
1	Yuelufu (月鷺府)	Nanjing	Residential	62,798	December 2022	210,915
2	Huilingweilai (蒼領未來)	Nanjing	Residential	58,745	October 2021	2,337
3	Shangtang Yihefu (上棠頤和府)	Nanjing	Residential	101,697	September 2022	17,064
4	Yun Wang Fu (雲望府)	Nanjing	Residential	35,057	September 2023	134,487
5	Jun Qi (君啟)	Nanjing	Residential	35,247	December 2023	93,824
6	Jun Hui (君薈)	Nanjing	Residential	57,302	May 2024	194,775
7	Jin Ling Xing Tu (金陵星圖)	Nanjing	Residential	221,841	June 2026	885,753
8	Jiang Chen Fu (江宸府)	Nanjing	Residential	10,742	April 2024	40,672
9	Small land parcel of Dian Sheng (電聲小地塊)	Nanjing	Scientific research	9,239	August 2025	40,539
10	Large land parcel of Dian Sheng (電聲大地塊)	Nanjing	Scientific research	21,760	December 2025	95,002
Sub-total for Nanjing				614,428		1,715,368
Attributable to the Group				221,793		646,909

Land parcel/ No.	Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
11	Yun Jin Dong Fang (雲錦東方)	Wuxi	Residential	53,937	October 2024	160,097
12	Jing Cui (璟萃)	Wuxi	Residential	27,343	December 2023	70,903
Sub-total for Wuxi				81,280		231,000
Attributable to the Group				24,185		66,762
13	Yuexi Mansion (樾溪臺)	Hefei	Residential/retail	54,783	June 2021	149
Sub-total for Hefei				54,783		149
Attributable to the Group				27,391		75
14	Gu Su Yue 66 (姑蘇樾66)	Suzhou	Residential	10,219	October 2020	503
15	Lin Xi Yuan Zhu (林溪源築)	Suzhou	Residential/retail	34,120	November 2022	102,846
16	Dong Wang (東望)	Suzhou	Residential/elderly apartments/ hospital	138,650	August 2024	407,931
Sub-total for Suzhou				182,989		511,280
Attributable to the Group				64,220		184,015
17	Lanshili (瀾仕里)	Hangzhou	Residential	48,848	December 2021	779
18	Guan Hu Zhi Chen (觀湖之宸)	Hangzhou	Residential	43,112	January 2023	126,649
19	Yue Hu Zhi Chen (閱湖之宸)	Hangzhou	Residential	40,391	June 2023	85,084
20	Yun He Yin (雲合印)	Hangzhou	Commercial	24,072	December 2023	113,380
Sub-total for Hangzhou				156,423		325,892
Attributable to the Group				61,858		117,927

Land parcel/ No.	Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
21	Wei Lai Zhi Chen (未來之宸)	Xuzhou	Residential	36,353	August 2023	113,304
Sub-total for Xuzhou				36,353		113,304
Attributable to the Group				14,541		45,322
22	Junlanfu (君蘭府)	Taizhou	Residential/retail	34,120	August 2022	106,640
23	Jinlinfu (金麟府)	Taizhou	Residential/retail	75,476	March 2024	217,051
Sub-total for Taizhou				109,596		323,691
Attributable to the Group				28,743		86,066
24	Wen Hua Fu (文華府)	Wenzhou	Residential	19,852	April 2023	64,779
25	Huan Le Tian Di (歡樂天地)	Wenzhou	Residential/ commercial	145,658	February 2023	567,748
Sub-total for Wenzhou				165,510		632,527
Attributable to the Group				82,227		315,463
26	Yunyuettianzhu (雲樾天著)	Huai'an	Residential	45,369	October 2024	131,076
Sub-total for Huai'an				45,369		131,076
Attributable to the Group				22,685		65,538
Sub-total of land bank developed by the Group's joint ventures and associates				1,446,731		3,984,287
Sub-total of land bank developed by the Group's joint ventures and associates (attributable to the Group)				547,643		1,528,077
Total land bank				4,090,996		7,188,101
Total land bank (attributable to the Group)				3,191,908		4,731,891

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB791.8 million or approximately 20.9% from approximately RMB3,788.6 million for the six months ended 30 June 2021 to approximately RMB4,580.4 million for the six months ended 30 June 2022 primarily as a result of the increase in revenue from sale of properties. Details of the increase in revenue derived from sale of properties are set out under the paragraph headed "Property Development — GFA Delivered and Revenue Recognised from Sale of Properties" in this announcement.

The table below sets forth the Group's revenue for each of the components described above and the percentage of total revenue represented for the periods indicated.

	Six months ended 30 June			
	2022		2021	
	Revenue	Percentage	Revenue	Percentage
	(RMB'000)	of total	(RMB'000)	of total
		revenue		revenue
		(%)		(%)
Sale of properties	4,470,893	97.6	3,728,442	98.4
Project management income	57,286	1.3	24,055	0.7
Hotel operation	17,477	0.4	11,612	0.3
Rental income	34,259	0.7	19,772	0.5
Exhibition operation	443	0.0	4,744	0.1
Total	<u>4,580,358</u>	<u>100.0</u>	<u>3,788,625</u>	<u>100.0</u>

Cost of Sales

The Group's cost of sales mainly comprised cost of property sales which was directly associated with the revenue from the sale of properties, which represented direct construction costs, land acquisition costs and capitalised borrowing costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales increased by approximately RMB130.6 million or approximately 4.2% from approximately RMB3,099.3 million for the six months ended 30 June 2021 to approximately RMB3,229.9 million for the six months ended 30 June 2022, which corresponded with the higher revenue recognised for the six months ended 30 June 2022 as compared to that from the same period in 2021.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by approximately RMB661.2 million or approximately 95.9% from approximately RMB689.3 million for the six months ended 30 June 2021 to approximately RMB1,350.5 million for the six months ended 30 June 2022. The Group's gross profit margin increased from approximately 18.2% for the six months ended 30 June 2021 to approximately 29.5% for the six months ended 30 June 2022, which was primarily due to the recognition of higher gross profit from the Jin Ling Jiu Yuan (金陵玖園) and Yi He Shan Zhuang (頤和山莊) projects during the first half of 2022.

Other Income and Gains

The Group's other income and gains primarily consist of gain on redemption of senior notes, interest income, forfeiture of deposits, government grants, exchange gain, remeasurement gain on investment in a joint venture held before business combination and others.

The Group's other income and gains increased by approximately RMB22.7 million or approximately 36.2% from approximately RMB62.7 million for the six months ended 30 June 2021 to approximately RMB85.4 million for the six months ended 30 June 2022, which was mainly attributable to the redemption of senior notes at discounted prices.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly represented staff cost, advertising and business development expenses, office expenses and others.

The Group's selling and distribution expenses increased by approximately RMB49.1 million or approximately 42.9% from approximately RMB114.4 million for the six months ended 30 June 2021 to approximately RMB163.5 million for the six months ended 30 June 2022, which was mainly due to the incurrence of increased advertising and business development expenses in light of a weak real estate economy in the PRC.

Administrative Expenses

Administrative expenses primarily comprised staff costs, travel and entertainment expenses, professional fees, office expenses, other taxes and surcharges, depreciation and amortisation and others.

The Group's administrative expenses remained relatively stable, which increased by approximately RMB1.8 million or approximately 2.3% from approximately RMB79.5 million for the six months ended 30 June 2021 to approximately RMB81.3 million for the six months ended 30 June 2022.

Other Expenses

The Group's other expenses mainly comprised one-off expenses including financial guarantee, contract expenses, compensation to customers, charitable donation expenses, fair value loss from financial assets at FVTPL and others.

The Group's other expenses increased by approximately RMB22.4 million or approximately 2,800.0% from approximately RMB0.8 million for the six months ended 30 June 2021 to approximately RMB23.2 million for the six months ended 30 June 2022. The increase was mainly attributable to the decrease in fair value of financial assets held by the Group.

Finance Costs

Finance costs primarily consist of interest on bank and other borrowings and senior notes, interest expense arising from revenue contracts and interest on lease liabilities.

The Group's finance costs increased by approximately RMB71.4 million or approximately 91.1% from approximately RMB78.4 million for the six months ended 30 June 2021 to approximately RMB149.8 million for the six months ended 30 June 2022, which was primarily attributable to the decrease in capitalisation ratio.

Share of Profits and Losses of Joint Ventures and Associates

The Group's share of loss on joint ventures increased by approximately RMB26.6 million or approximately 450.8% from a loss of approximately RMB5.9 million for the six months ended 30 June 2021 to a loss of approximately RMB32.5 million for the six months ended 30 June 2022, which was mainly attributable to the fact that properties as developed by joint ventures of the Group were yet to be completed nor delivered.

The Group's share of loss on associates increased by approximately RMB58.8 million or approximately 297.0% from a loss of approximately RMB19.8 million for the six months ended 30 June 2021 to a loss of approximately RMB78.6 million for the six months ended 30 June 2022, which was mainly attributable to the fact that properties as developed by associates of the Group were yet to be completed nor delivered.

Income Tax Expense

Income tax represents PRC corporate income tax and LAT payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses increased by approximately RMB418.2 million or approximately 269.6% from approximately RMB155.1 million for the six months ended 30 June 2021 to approximately RMB573.3 million for the six months ended 30 June 2022, which was mainly attributable to the increase in LAT payable upon delivery of the Jin Ling Jiu Yuan (金陵玖園) and Yi He Shan Zhuang (頤和山莊) projects.

Profit for the Period

The Group's profit for the period increased by approximately RMB35.6 million or approximately 11.9% from approximately RMB298.1 million for the six months ended 30 June 2021 to approximately RMB333.7 million for the six months ended 30 June 2022. The Group's net profit margin decreased from approximately 7.9% for the six months ended 30 June 2021 to approximately 7.3% for the six months ended 30 June 2022, which was mainly attributable to the fact that the abovementioned increase in gross profit was primarily caused by the recognition of higher unit price of sales for some projects during the present reporting period, and during which period, there were also increases in LAT payable, marketing expenses and share of losses of joint ventures and associates of the Group.

Profit attributable to owners of the parent for the six months ended 30 June 2022 was approximately RMB66.6 million, representing a decrease of approximately RMB13.8 million or approximately 17.2% as compared to approximately RMB80.4 million for the same period in 2021. Such decrease was mainly attributable to the Group's low share of profit derived from property projects delivered.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Property development is capital-intensive and the Group expects to continue to incur a high level of capital expenditures for project development in the foreseeable future. The Group funds its business operations both through cash flows generated from its business operations and through external financing, primarily includes bank and other borrowings.

The Group's primary uses of cash are for the payment of acquisition of land use rights, construction costs, staff costs and various operating expenses.

Cash Positions

As at 30 June 2022, the Group had cash and bank balance of approximately RMB1,885.0 million (31 December 2021: approximately RMB2,731.9 million).

Trade Receivables

As at 30 June 2022, the Group had trade receivables of approximately RMB11.6 million, compared with approximately RMB9.1 million as at 31 December 2021. The trade receivables are unsecured and non-interest-bearing same as the position as at 31 December 2021. The trade receivables as at 30 June 2022 were neither past due nor impaired and less than one year based on the invoice day.

Indebtedness

As at 30 June 2022, the Group had total borrowings (including interest-bearing bank loans and other borrowings) of approximately RMB11,707.3 million, compared with approximately RMB13,626.7 million as at 31 December 2021. The Group's borrowings are mainly denominated in Renminbi.

The following table sets forth the Group's total debts as at the dates indicated.

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Interest-bearing bank loans and other borrowings:		
Current		
Bank loans — secured	71,869	65,583
Other loans — secured	857,468	1,259,204
Other loans — unsecured	20,000	17,000
Current portion of long term bank loans — secured	2,572,003	1,593,607
Current portion of long term other loans — secured	103,500	—
Current portion of long term other loans — unsecured	20,000	—
Total current borrowings	<u>3,644,840</u>	<u>2,935,394</u>
Non-current		
Bank loans — secured	6,202,210	7,373,979
Other loans — secured	430,000	1,160,020
Other loans — unsecured	—	356,000
Total non-current borrowings	<u>6,632,210</u>	<u>8,889,999</u>
Sub-total	<u>10,277,050</u>	<u>11,825,393</u>
Senior notes:		
Senior notes — unsecured	<u>1,430,269</u>	<u>1,801,330</u>
Total borrowings	<u>11,707,319</u>	<u>13,626,723</u>

The following table sets forth the repayment schedule of the Group's borrowings as at the dates indicated.

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Interest-bearing bank loans and other borrowings:		
Repayable within one year	3,644,840	2,935,394
Repayable in the second year	2,767,390	4,319,899
Repayable in the third to fifth years	2,225,252	2,882,329
Repayable after five years	1,639,568	1,687,771
	<u>10,277,050</u>	<u>11,825,393</u>
Senior notes:		
Repayable within one year	<u>1,430,269</u>	<u>1,801,330</u>
Total borrowings	<u><u>11,707,319</u></u>	<u><u>13,626,723</u></u>

The following table sets out the range of interest rates for the Group's borrowings as at the dates indicated.

	As at 30 June 2022 Effective interest rate (%)	As at 31 December 2021 Effective interest rate (%)
Interest-bearing bank loans and other borrowings:		
Current		
Bank loans — secured	8.3	8.3
Other loans — secured	4.0–18.0	8.0–18.0
Other loans — unsecured	13.0	13.0
Current portion of long term bank loans — secured	4.4–8.3	4.4–6.7
Current portion of long term other loans — secured	13.3–14.0	–
Current portion of long term other loans — unsecured	12.0	–
Non-current		
Bank loans — secured	4.4–8.3	4.4–6.9
Other loans — secured	11.5–12.0	11.5–14.0
Other loans — unsecured	–	12.0–13.0
Senior notes:		
Senior notes — unsecured	12.5–13.0	11.8–12.5

The Group's certain secured borrowings were secured by the pledges of the asset portfolio which includes investment properties, prepaid land lease payments, properties under development and completed properties held for sale.

Notes Issue, Exchange, Repurchase and Cancellation

In order to improve its financial condition, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management, the Company made an exchange offer on 25 February 2022 whereby it would exchange the outstanding US\$165,000,000 11.8% senior notes due 2022 issued by the Company on 17 March 2021 and listed on the Stock Exchange on 18 March 2021 (the “**Existing Notes due 2022**”) for new notes bearing interest at 13.0% per annum and with a tenor of 364 days to be issued by the Company (the “**Exchanged New Notes**”). On 3 March 2022, US\$95,965,000 in aggregate principal amount of the Existing Notes due 2022 was validly tendered for exchange. Subsequently on 8 March 2022, such amount of Existing Notes due 2022 was cancelled and the Company issued US\$95,965,000 in aggregate principal amount of Exchanged New Notes. For further details, please refer to the announcements of the Company dated 25 February 2022, 4 March 2022 and 9 March 2022.

On 10 March 2022, the Company repurchased in the open market of, and cancelled, an aggregate principal amount of US\$62,435,000 of the Existing Notes due 2022. In addition, the Company also deposited funds of approximately US\$6,987,222 into the designated bank account of the paying agent on the same day, for the redemption on 16 March 2022 of the remaining outstanding principal amount of US\$6,600,000 of Existing Notes due 2022 and the accrued interest thereon. For further details, please refer to the announcement of the Company dated 10 March 2022.

On 8 March 2022, the Company issued US\$95,965,000 13.0% senior notes due 2023. For further details, please refer to the announcement of the Company dated 11 March 2022.

Financial Risks

The Group is exposed to market risks from changes in market rates and prices, such as interest rate, credit, liquidity and foreign exchange risk.

Interest Rate Risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

Credit Risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the six months ended 30 June 2022. The credit risk of its other financial assets, which mainly comprise cash and bank balances, financial assets at FVTPL, equity investments designated at FVOCI, and financial assets included in prepayment, deposits and other receivables.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

Foreign Exchange Risk

The Group mainly operates its business in the PRC. Other than its foreign currency denominated bank deposits, senior notes, financial assets at FVTPL and equity investments designated at FVOCI, the Group did not have any other material direct exposure to foreign exchange fluctuations for the six months ended 30 June 2022. The Directors expect that any such fluctuations in exchange rate would not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Key Financial Ratios

The Group's current ratio remained relatively stable at approximately 1.2 and 1.1 as at 31 December 2021 and 30 June 2022, respectively. The Group's net gearing ratio ^(Note) decreased from approximately 174.4% as at 31 December 2021 to approximately 158.4% as at 30 June 2022, primarily due to the decrease in interest-bearing bank borrowings and other borrowings and the increase in total equity.

Note:

Net gearing ratio is calculated by dividing the net of interest-bearing bank borrowings (excluding annexation loans) minus cash and bank balances by the total equity.

Contingent Liabilities

Mortgage Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's 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 certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a customer defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of its completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under the above arrangement, the related properties were pledged to the banks as collaterals for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

As at 30 June 2022, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were approximately RMB6,914.3 million, compared with approximately RMB7,472.6 million as at 31 December 2021.

The Group did not incur any material losses during the six months ended 30 June 2022 in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Board 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.

The Directors confirm that the Group has not encountered defaults by customers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on the Group's financial condition and results of operations.

The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. As the total guarantee amount of RMB2,268.4 million as at 30 June 2022 (31 December 2021: RMB3,097.3 million) was secured by the pledges, the Board considered no financial guarantee provision was needed in respect of the guarantees.

Legal Contingents

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on its business, financial condition or operating results.

Commitments

As at 30 June 2022, the Group's capital expenditures it had contracted but yet provided for was approximately RMB10,862.0 million, compared with approximately RMB9,639.4 million as at 31 December 2021.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 30 June 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or 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.

Significant Investments Held

Save as disclosed in this announcement, the Group did not hold any significant investments during the six months ended 30 June 2022.

Employees

As at 30 June 2022, the Group had a total of 728 employees. The Group offers employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. It contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

Future Plans for Material Investments

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the Yangtze River Delta Megalopolis in China. No concrete plan for future investment is in place as at the date of this announcement.

Subsequent Events

No material event was undertaken by the Group subsequent to 30 June 2022 and up to the date of this announcement.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this announcement, none of the Company nor any of its subsidiaries had purchased, sold or redeemed any securities of the Company for the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company with reference to the Corporate Governance Code (the “**Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) so as to maintain a high standard of corporate governance of the Company. So far as the Directors are aware, the Company has complied with the Code for the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the six months ended 30 June 2022.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee in compliance with the Code are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of two independent non-executive Directors, Dr. Chen Shimin and Mr. Chan Peng Kuan, and one non-executive Director, Mr. Huang Qingping. Dr. Chen Shimin is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2022, which have been approved by the Board on 26 August 2022 prior to its issuance. The Audit Committee is of the view that the unaudited interim condensed consolidated financial information are in compliance with the applicable accounting standards, the Listing Rules and other legal requirements, and that sufficient disclosure has been made.

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

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.yincheng.hk). Information and discussion herein shall be read in conjunction with the interim condensed consolidated financial information of the Group, including the related notes, set forth in the interim report, which will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Yincheng International Holding Co., Limited
HUANG Qingping
Chairman

Nanjing, China
26 August 2022

As at the date of this announcement, the executive Directors are Mr. Ma Baohua, Mr. Zhu Li, Mr. Wang Zheng and Ms. Shao Lei; the non-executive Directors are Mr. Huang Qingping and Mr. Xie Chenguang; and the independent non-executive Directors are Dr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Yim Hong Cheuk Foster.

Notes: In this announcement, English names of PRC entities marked “*” are translations of their Chinese names for identification purpose only.

Amounts and percentage figures included in this announcement, including information presented in thousands or millions of units, have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items.