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Datang Group Holdings Limited
大唐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2117)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB2.34 billion, decreased by 29.3% compared to the same period of 2021.
- Gross profit and gross profit margin were RMB0.52 billion and 22.1%, respectively.
- Net profit amounted to RMB6.6 million, decreased by 97.0% compared to the same period of 2021.
- Net profit attributable to the owners of the Company was RMB51.0 million, decreased by 79.1% compared to the same period of 2021.
- As of 30 June 2022, the net gearing ratio was 57.6%. The Group had cash on hand of approximately RMB3.59 billion.
- The Group had land bank with the total GFA of 22.31 million sq.m. as at 30 June 2022.
- The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (2021: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Datang Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months period ended 30 June 2022 (the “**Period**”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Revenues	6	2,338,712	3,306,534
Cost of sales	7	<u>(1,821,593)</u>	<u>(2,282,597)</u>
Gross profit		517,119	1,023,937
Selling and marketing costs	7	(143,239)	(197,883)
Administrative expenses	7	(256,237)	(280,302)
Net reversal of impairment losses/(impairment losses) on financial and contract assets		2,339	(5,550)
Other income		13,545	19,568
Other expenses		(6,208)	(4,826)
Other gains – net	8	<u>74,424</u>	<u>29,218</u>
Operating profit		201,743	584,162
Finance income	9	8,762	16,442
Finance costs	9	<u>(137,459)</u>	<u>(44,788)</u>
Finance costs – net	9	(128,697)	(28,346)
Share of results of joint ventures and associates	15	<u>123,486</u>	<u>(41,556)</u>
Profit before income tax		196,532	514,260
Income tax expenses	10	<u>(189,953)</u>	<u>(297,211)</u>
Profit and total comprehensive income for the period		<u>6,579</u>	<u>217,049</u>
Profit attributable to:			
– Owners of the Company		51,027	244,370
– Non-controlling interests		<u>(44,448)</u>	<u>(27,321)</u>
		<u>6,579</u>	<u>217,049</u>
Earnings per share (expressed in RMB per share)			
– Basic	12	<u>0.04</u>	<u>0.18</u>
– Diluted	12	<u>0.04</u>	<u>0.16</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment	13	588,215	727,041
Investment properties	13	1,385,545	1,399,540
Intangible assets		8,206	10,808
Right-of-use assets	13	100,775	148,369
Investments accounted for using the equity method	15	4,508,825	5,664,959
Deferred income tax assets		<u>1,003,549</u>	<u>776,644</u>
		<u>7,595,115</u>	<u>8,727,361</u>
Current assets			
Inventories		377	21,437
Properties under development	16	27,850,628	28,332,047
Completed properties held for sale	17	3,501,911	3,021,622
Contract assets and contract acquisition costs		743,802	851,607
Trade and other receivables	18	13,457,666	14,106,901
Prepaid income taxes		623,171	528,104
Cash and bank deposits	19	<u>3,586,634</u>	<u>5,509,422</u>
		<u>49,764,189</u>	<u>52,371,140</u>
Total assets		<u><u>57,359,304</u></u>	<u><u>61,098,501</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	20	89,164	89,164
Share premium	20	1,645,296	1,645,296
Other reserves		1,370,559	1,364,134
Retained earnings		<u>2,575,195</u>	<u>2,524,168</u>
		5,680,214	5,622,762
Non-controlling interests		<u>4,194,851</u>	<u>4,582,225</u>
Total equity		<u><u>9,875,065</u></u>	<u><u>10,204,987</u></u>

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Borrowings	22	4,517,697	6,962,536
Lease liabilities	14	78,487	120,824
Deferred income tax liabilities		<u>1,434,947</u>	<u>1,300,365</u>
		<u>6,031,131</u>	<u>8,383,725</u>
Current liabilities			
Trade and other payables	21	15,828,560	18,884,058
Contract liabilities		19,363,598	18,421,640
Borrowings	22	4,753,723	3,817,631
Lease liabilities	14	6,717	12,207
Current income tax liabilities		<u>1,500,510</u>	<u>1,374,253</u>
		<u>41,453,108</u>	<u>42,509,789</u>
Total liabilities		<u>47,484,239</u>	<u>50,893,514</u>
Total equity and liabilities		<u>57,359,304</u>	<u>61,098,501</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 14 December 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 consolidated and revised). The address of the Company's registered office and the PRC principal place of business are respectively located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Block 1, Hongqiao Jiahui, lane 928, Shenhong road, Minhang district, Shanghai, China.

The Company is engaged in investment holding. The Group are primarily engaged in property development business in the People's Republic of China (the "PRC"). The ultimate holding company of the Company is Good First Holding Limited ("**Good First BVI**") which is incorporated in the British Virgin Islands ("**BVI**") and controlled by Ms. Wong Hei, the ultimate controlling shareholder (the "**Ultimate Controlling Shareholder**").

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited ("**the Hong Kong Stock Exchange**") since 11 December 2020 (the "**Listing**").

The interim financial information is presented in Renminbi ("**RMB**"), unless otherwise stated, and has been approved for issue by the Board on 31 August 2022. This interim financial information has not been audited.

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

- (a) This interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021 (the "**2021 Financial Statements**"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the HKICPA and disclosure requirements under the Hong Kong Companies Ordinance Cap. 622.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards effective for the financial year beginning on 1 January 2022.

(a) New and amended standard adopted by the group

A number of new or amended standards became applicable for the Period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) New, revised and amendments not yet effective and not being early adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendment to HKFRS 16	COVID-19 related rent concessions beyond 30 June 2021	1 April 2021
HK Interpretation 5	Presentation of financial statements- classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2021 Financial Statements. There have been no significant changes in the risk management policies since year end.

Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, borrowings and funding from shareholders to meet its acquisition and construction commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing, seeking business partners to jointly develop projects etc. The Group will pursue such options based on its assessment of relevant future costs and benefits.

The table below analyses the Group's financial liabilities maturity profile at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheet, as the impact of discount is not expected to be significant.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amounts of liabilities <i>RMB'000</i>
As at 31 December 2021						
(Audited)						
Borrowings	4,531,219	4,556,776	2,405,670	904,351	12,398,016	10,780,167
Trade and other payables excluding accrued payroll and other taxes payable	17,929,060	–	–	–	17,929,060	17,929,060
Lease liabilities	25,544	25,570	82,973	43,825	177,912	133,031
	<u>22,485,823</u>	<u>4,582,346</u>	<u>2,488,643</u>	<u>948,176</u>	<u>30,504,988</u>	<u>28,842,258</u>
Financial guarantees	<u>13,748,053</u>	<u>1,966,653</u>	<u>368,087</u>	<u>479,500</u>	<u>16,562,293</u>	<u>16,562,293</u>
As at 30 June 2022						
(Unaudited)						
Borrowings	5,419,863	3,241,971	986,461	1,077,519	10,725,814	9,271,420
Trade and other payables excluding accrued payroll and other taxes payable	14,653,273	–	–	–	14,653,273	14,653,273
Lease liabilities	15,965	16,416	54,131	27,286	113,798	85,204
	<u>20,089,101</u>	<u>3,258,387</u>	<u>1,040,592</u>	<u>1,104,805</u>	<u>25,492,885</u>	<u>24,009,897</u>
Financial guarantees	<u>13,615,179</u>	<u>804,312</u>	<u>2,160,180</u>	<u>306,000</u>	<u>16,885,671</u>	<u>16,885,671</u>

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker (“CODM”).

The Group is principally engaged in property development business in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions.

All the Group’s revenue is derived in the PRC during the period ended 30 June 2022 and the Group’s non-current assets were all located in the PRC. No geographical information is therefore presented.

6 REVENUE

The following table presents information and analysis regarding the Group’s revenue for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Sales of properties	2,223,280	2,943,641
Provision of construction services	23,426	174,555
Rental income	32,508	56,103
Provision of hotel services	3,698	30,072
Others	55,800	102,163
	<u>2,338,712</u>	<u>3,306,534</u>
Represented by:		
Revenue from contracts with customers		
Sales of properties		
– Recognised at a point in time	<u>2,223,280</u>	<u>2,943,641</u>
Provision of construction, hotel and other services		
– Recognised at a point in time	7,873	23,106
– Recognised over time	<u>75,051</u>	<u>283,684</u>
	<u>82,924</u>	<u>306,790</u>
Revenue from other sources		
– Rental income	<u>32,508</u>	<u>56,103</u>
	<u>2,338,712</u>	<u>3,306,534</u>

There was no revenue derived from a single external customer accounting for 10% or more of the Group’s revenues during the six months ended 30 June 2022 and 2021.

7 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	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold – including construction costs, land and capitalised interest expenses	1,419,782	2,087,670
Cost of construction services	22,310	165,827
Other taxes and other levies	26,269	22,230
Advertising costs	19,305	27,645
Employee benefit expenses	194,875	226,194
Entertainment expenses	10,320	17,774
Office and travelling expenses	11,292	22,919
Depreciation of		
– Property, plant and equipment	29,231	39,042
– Right-of-use assets	5,062	10,847
Amortisation of		
– Costs for obtaining contracts	44,851	46,711
– Intangible assets	2,712	2,909
Write-downs of properties under development and completed properties held for sale	353,230	–
Property management expenses	8,684	28,671
Professional service expenses	6,254	7,526
Short-term lease payments	6,161	3,357
Other expenses	60,731	51,460
	<hr/>	<hr/>
Total cost of sales, selling and marketing costs and administrative expenses	<u>2,221,069</u>	<u>2,760,782</u>

8 OTHER GAINS – NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value (losses)/gains on investment properties	(13,995)	27,834
Gains on disposal of subsidiaries	88,641	1,038
Others	(222)	346
	<hr/>	<hr/>
	<u>74,424</u>	<u>29,218</u>

9 FINANCE COSTS – NET

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income from bank deposits	<u>(8,762)</u>	<u>(16,442)</u>
Finance costs:		
– Interest expenses on borrowings (a)	487,744	619,339
Less:		
– Interests capitalised	<u>(464,908)</u>	<u>(598,347)</u>
	22,836	20,992
– Interest expenses on lease liabilities	3,639	4,848
– Net foreign exchange losses on financing activities	<u>110,984</u>	<u>18,948</u>
	<u>137,459</u>	44,788
Finance costs-net	<u><u>128,697</u></u>	<u><u>28,346</u></u>

(a) Capitalised borrowing costs

The capitalisation rate of borrowings for the six months ended 30 June 2022 was 8.71% per annum (six months ended 30 Jun 2021: 7.97% per annum).

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	103,490	152,477
– PRC land appreciation tax (“LAT”)	<u>200,245</u>	<u>204,282</u>
	303,735	356,759
Deferred income tax		
– PRC corporate income tax	<u>(113,782)</u>	<u>(59,548)</u>
	<u><u>189,953</u></u>	<u><u>297,211</u></u>

(a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profit in Hong Kong for the six months ended 30 June 2022 (2021: Nil).

(b) PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to entities of the Group located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “CIT Law”).

(c) LAT

Income from the sale or transfer of land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

(d) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and, is exempted from Cayman Islands income tax.

(e) PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to a withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treat arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as they do not have a plan to distribute these earnings out of Mainland China in the foreseeable future.

(f) Income tax

Income tax expenses are recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year.

11 DIVIDENDS

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

12 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>51,027</u>	<u>244,370</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,363,544</u>	<u>1,362,711</u>
Earnings per share – Basic (<i>RMB</i>)	<u>0.04</u>	<u>0.18</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Restricted shares granted to employees under the Group's share incentive scheme are considered to be potential ordinary shares. For the restricted shares, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding restricted shares.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>51,027</u>	<u>244,370</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,363,544</u>	<u>1,362,711</u>
Adjustments for restricted shares (<i>'000</i>)	<u>69,194</u>	<u>120,093</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	<u>1,432,738</u>	<u>1,482,804</u>
Diluted earnings per share – (<i>RMB</i>)	<u>0.04</u>	<u>0.16</u>

13 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

	Property, plant and equipment <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>
At 31 December 2021 (Audited)			
Cost	1,083,534	–	184,431
Accumulated depreciation	(356,493)	–	(36,062)
At fair value	<u>–</u>	<u>1,399,540</u>	<u>–</u>
Net book amount	<u><u>727,041</u></u>	<u><u>1,399,540</u></u>	<u><u>148,369</u></u>
Six-month period ended 30 June 2022 (Unaudited)			
Opening net book amount	727,041	1,399,540	148,369
Additions	6,354	–	–
Disposals	(25)	–	–
Fair value change	–	(13,995)	–
Depreciation charge	(29,231)	–	(5,062)
Disposal of subsidiaries	(115,924)	–	(42,532)
Closing net book amount	<u><u>588,215</u></u>	<u><u>1,385,545</u></u>	<u><u>100,775</u></u>
At 30 June 2022 (Unaudited)			
Cost	924,378	–	140,586
Accumulated depreciation	(336,163)	–	(39,811)
At fair value	<u>–</u>	<u>1,385,545</u>	<u>–</u>
Net book amount	<u><u>588,215</u></u>	<u><u>1,385,545</u></u>	<u><u>100,775</u></u>

There were no changes to the valuation techniques during the Period.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. At 30 June 2022 and 31 December 2021, the Group had only level 3 investment properties.

14 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Financial assets at amortised cost:		
Trade and other receivables excluding prepayments	13,055,894	13,309,944
Cash and bank deposits	<u>3,586,634</u>	<u>5,509,422</u>
	<u>16,642,528</u>	<u>18,819,366</u>
Financial liabilities at amortized cost:		
Borrowings	9,271,420	10,780,167
Trade and other payables (excluding accrued payroll and other taxes payable)	14,653,273	17,929,060
Lease liabilities	<u>85,204</u>	<u>133,031</u>
	<u>24,009,897</u>	<u>28,842,258</u>

15 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Investments in joint ventures (a)	915,297	1,356,305
Investments in associates (b)	<u>3,593,528</u>	<u>4,308,654</u>
	<u>4,508,825</u>	<u>5,664,959</u>

There were no significant commitments relating to the Group's interests in the joint ventures and associates.

(a) **Investments in joint ventures**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balance as at 1 January	1,356,305	2,267,721
Additions	–	1,025,775
Transfers to investments in subsidiaries	–	(937,601)
Disposals	(419,441)	–
Share of results	(21,567)	(6,269)
	<hr/>	<hr/>
Closing balance as at 30 June	<u>915,297</u>	<u>2,349,626</u>

(b) **Investments in associates**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balance as at 1 January	4,308,654	2,501,277
Additions	101,772	1,012,970
Disposals	(961,951)	–
Share of results	145,053	(35,287)
	<hr/>	<hr/>
Closing balance as at 30 June	<u>3,593,528</u>	<u>3,478,960</u>

16 PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Properties under development expected to be completed:		
– Within normal operating cycle included under current assets	<u>27,850,628</u>	<u>28,332,047</u>
Properties under development comprise:		
– Land costs	14,370,743	14,496,452
– Construction costs	11,259,202	11,811,281
– Capitalised interests	<u>2,619,114</u>	<u>2,274,207</u>
Less: write-down provision	<u>(398,431)</u>	<u>(249,893)</u>
	<u>27,850,628</u>	<u>28,332,047</u>
Representing		
– At cost	24,204,796	26,377,125
– At net realisable value	<u>3,645,832</u>	<u>1,954,922</u>
	<u>27,850,628</u>	<u>28,332,047</u>

Properties under development of the Group are all located in the PRC. The relevant lands are on leases of 40 to 70 years.

At 30 June 2022, properties under development amounting to RMB11,647,553,000 was expected to be completed and delivered beyond one year (31 December 2021: RMB15,449,425,000).

The capitalisation rate of borrowings was 8.71% per annum for the six months ended 30 June 2022 (six months ended 30 Jun 2021: 7.97% per annum)(Note 9).

Pledges of properties under development for the Group's borrowings is disclosed in Note 22.

17 COMPLETED PROPERTIES HELD FOR SALE

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Completed properties held for sale	3,847,711	3,166,623
Less: write-down provision	<u>(345,800)</u>	<u>(145,001)</u>
	<u>3,501,911</u>	<u>3,021,622</u>
Representing		
– At cost	2,509,096	2,147,033
– At net realisable value	<u>992,815</u>	<u>874,589</u>
	<u>3,501,911</u>	<u>3,021,622</u>

18 TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables (a)		
– Related parties	41,029	54,362
– Third parties	<u>411,009</u>	<u>1,297,902</u>
	452,038	1,352,264
Less: allowance for impairment	<u>(3,506)</u>	<u>(3,168)</u>
	<u>448,532</u>	<u>1,349,096</u>
Other receivables		
– Amounts due from related parties	4,815,093	4,552,838
– Amounts due from non-controlling interests	6,739,212	6,780,682
– Prepayment of land and deposits for land auction	180,663	494,473
– Construction deposits	122,457	135,640
– Amounts due from governments	274,378	277,948
– Others	<u>756,488</u>	<u>317,589</u>
	12,888,291	12,559,170
Less: allowance for impairment	<u>(100,266)</u>	<u>(103,849)</u>
	<u>12,788,025</u>	<u>12,455,321</u>
Prepayments		
– For acquisitions of land	48,178	47,478
– For construction costs and construction materials	91,633	70,866
– For value-added and other taxes	<u>81,298</u>	<u>184,140</u>
	<u>221,109</u>	<u>302,484</u>
Total trade and other receivables	<u><u>13,457,666</u></u>	<u><u>14,106,901</u></u>

- (a) Trade receivables are mainly arisen from sales of properties and provision of construction services. Trade receivables in respect of sale of properties and provision of construction services are settled in accordance with the terms stipulated in the sales contracts.

The aging analysis of trade receivables based on invoice date was as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 90 days	428,811	1,317,642
91 – 180 days	5,807	7,919
181 – 365 days	7,337	19,487
Over 365 days	10,083	7,216
	<u>452,038</u>	<u>1,352,264</u>

- (b) For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. Impairment losses are recognised in profit or loss within losses of impairment on financial and contract assets. Subsequent recoveries of amounts previously written off are credited against the same line item.
- (c) The Group's trade receivables were all denominated in RMB, unsecured, repayable in accordance with terms stipulated in the sales contracts and interest-free.

The Group's other receivables were all denominated in RMB, unsecured, repayable on demand and interest-free.

19 CASH AND BANK DEPOSITS

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Cash and bank deposits (a)	3,586,634	5,509,422
Less: Restricted cash (b)	<u>(738,652)</u>	<u>(1,198,994)</u>
Cash and cash equivalents	<u><u>2,847,982</u></u>	<u><u>4,310,428</u></u>

(a) Cash and bank deposits are dominated in the following currencies:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Denominated		
– RMB	3,516,015	5,503,412
– HKD	1,210	341
– USD	<u>69,409</u>	<u>5,669</u>
	<u><u>3,586,634</u></u>	<u><u>5,509,422</u></u>

(b) Restricted cash

The balance of restricted cash mainly represented RMB-denominated guarantee deposits for construction of pre-sale properties placed in designated accounts which will be released in accordance with certain construction progress milestones. As at 30 June 2022, the balance of guarantee deposits for construction of pre-sale properties included in restricted cash was RMB550,823,000 (31 December 2021: RMB978,387,000) and the balance of that included in cash and cash equivalents was RMB1,202,203,000 (31 December 2021: RMB1,754,710,000).

20 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares of US\$0.01 each	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000
Issued:			
Balance as at 1 January 2021	1,333,400,000	87,216	1,677,903
Issuance of ordinary shares (a)	30,144,000	1,948	117,383
Dividends paid to shareholders	—	—	(149,990)
	<u>1,363,544,000</u>	<u>89,164</u>	<u>1,645,296</u>
Balance as at 31 December 2021 (Audited)			
Balance as at 1 January 2022	<u>1,363,544,000</u>	<u>89,164</u>	<u>1,645,296</u>
Balance as at 30 June 2022 (Unaudited)	<u>1,363,544,000</u>	<u>89,164</u>	<u>1,645,296</u>

- (a) On 6 January 2021, the Company issued 30,144,000 new shares at HK\$4.56 per share for a total cash consideration of HK\$135,384,640 (equivalent to approximately RMB119,331,000) due to exercise of over-allotment option by ICBC International Capital, the international underwriters of the Listing. The corresponding share capital amount was approximately RMB1,948,000 and share premium arising from the issuance was approximately RMB117,383,000.

21 TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables		
– Related parties	172,558	169,681
– Third parties	2,503,239	3,396,678
– Notes payable	<u>300,038</u>	<u>350,397</u>
	<u>2,975,835</u>	<u>3,916,756</u>
Other payables		
Amounts due to related parties	7,054,842	8,345,369
Amounts due to non-controlling interests	3,461,396	4,767,930
Construction guarantee deposits received	172,264	227,378
Accrued payroll	59,233	156,218
Other taxes payables	1,116,054	798,780
Interest payables	11,555	10,581
Others	<u>977,381</u>	<u>661,046</u>
	<u>12,852,725</u>	<u>14,967,302</u>
	<u>15,828,560</u>	<u>18,884,058</u>

(a) The aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 90 days	935,878	2,895,806
91 – 180 days	318,141	262,363
181 – 365 days	1,440,451	122,247
Over 365 days	<u>281,365</u>	<u>636,340</u>
	<u><u>2,975,835</u></u>	<u><u>3,916,756</u></u>

(b) Amounts due to non-controlling interests and third parties are unsecured, repayable on demand and denominated in RMB. As at 30 June 2022, RMB100,000,000 of amounts due to third parties were interest-bearing at rates of 8.0% per annum, while the remaining amounts due to non-controlling interests and third parties were interest-free.

22 BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current		
Bank borrowings – secured/guaranteed	5,360,897	6,162,561
Other borrowings – secured/guaranteed (b)	<u>2,004,880</u>	<u>2,701,700</u>
	7,365,777	8,864,261
Less: current portion of non-current borrowings	<u>(2,848,080)</u>	<u>(1,901,725)</u>
	<u>4,517,697</u>	<u>6,962,536</u>
Current		
Bank borrowings – secured/guaranteed		
Senior notes (a)	1,905,643	1,915,906
Other borrowings – secured/guaranteed (b)		
Current portion of non-current borrowings	<u>2,848,080</u>	<u>1,901,725</u>
	<u>4,753,723</u>	<u>3,817,631</u>
Total borrowings	<u><u>9,271,420</u></u>	<u><u>10,780,167</u></u>

- (a) On 7 June 2021, the Group issued US\$300,000,000 12.5% senior notes which were listed on the Hong Kong Stock Exchange. The notes were unsecured, matured in June 2022 and were repayable at its nominal value.

On 1 June 2022, the Group exchanged the US\$283,950,000 12.5% senior notes due 2022 to the US\$283,950,000 12.5% senior notes due 2023. The new notes are unsecured, will mature in May 2023 and are repayable at its nominal value. The senior notes are guaranteed by certain wholly-owned subsidiaries of the Company. The Group may redeem all or a portion of the note at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. The senior notes are repayable within 12 months and classified as current liability.

- (b) Certain subsidiaries in the PRC have entered into funding arrangements with trust companies, securities companies and assets management companies, pursuant to which these financial institutions raised funds and provided the proceeds, directly or through entrusted banks, to the Group. Certain equity interests of subsidiaries were held in the name of the financial institutions as collateral for which the Group is obligated to repurchase at predetermined prices. These borrowings bear fixed or floating interest rates and have fixed repayment terms.

- (c) Borrowings were secured by the following assets with book values of:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Land use right included in properties under development and completed properties held for sale	14,282,754	14,491,858
Investment properties	682,698	682,698
Property, plant and equipment	204,537	213,105
Right-of-use assets	14,685	15,204
	<u>15,184,674</u>	<u>15,402,865</u>

- (d) As at 30 June 2022, the Group's bank borrowings of RMB1,695,378,000, were guaranteed by Fuxin Group Co., Ltd. ("**Fuxin Group**"), or Mr. Wu Di, a director and shareholder of the Company, or jointly guaranteed by Fuxin Group and Mr. Wu Di (2021: RMB1,851,378,000); and the Group's borrowings of RMB120,000,000, were jointly guaranteed by Fuxin Group and Mr. Hao Shengchun, the executive Director of the Company (2021: RMB120,000,000).

(e) The Group's borrowings were repayable as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	4,753,723	3,817,631
Between 1 and 2 years	3,091,600	4,228,710
Between 2 and 5 years	829,500	2,243,448
Over 5 years	596,597	490,378
	<u>9,271,420</u>	<u>10,780,167</u>

(f) The weighted average effective interest rates were 8.71% per annum (2021: 9.30% per annum).

(g) The fair value of borrowings approximate their carrying amount, as the impact of discounting is not significant.

(h) The senior notes of the Group denominated in US dollar ("USD/US\$"), apart from this, the Group's borrowings are denominated in RMB.

23 FINANCIAL GUARANTEES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Guarantees:		
– In respect of mortgage facilities for purchasers (<i>Note (a)(b)</i>)	12,365,596	12,817,112
– Provided for the borrowings of joint ventures (<i>Note (b)</i>)	1,274,050	1,262,411
– Provided for the borrowings of associates (<i>Note (b)</i>)	1,946,025	2,482,770
– Provided for entities controlled by the Ultimate Controlling Shareholder (<i>Note (b)(c)</i>)	1,300,000	–
	<u>16,885,671</u>	<u>16,562,293</u>

- (a) The Group has arranged bank financing for certain purchasers of the Group’s property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers.
- (b) The Directors of the Company have assessed that the fair values of guarantees provide to purchasers, joint ventures, associates and other related parties as at initial recognition were insignificant. The financial guarantees are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.
- (c) The Company as guarantor entered into the Guarantee Agreements with China Minsheng Bank Corp., Ltd.(the “**Bank**”), pursuant to which the Company agreed to provide guarantee in favour of the Bank to secure the repayment obligations of entities controlled by the Ultimate Controlling Shareholder in total of RMB1,300,000,000.

24 RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties

	Six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
(i) Entities controlled by the Ultimate Controlling Shareholder		
Rental income	212	2,088
Purchase of materials and property management services	24,857	30,057
	<u><u>25,069</u></u>	<u><u>32,145</u></u>
(ii) Joint ventures		
Sales of materials	–	2,594
Provision of project management services	2,911	28,643
	<u><u>2,911</u></u>	<u><u>31,237</u></u>
(iii) Associates		
Provision of project management services	31,438	60,793
	<u><u>31,438</u></u>	<u><u>60,793</u></u>

The pricing for the above transactions were determined in accordance with the terms of the underlying agreements.

(b) Significant balances with related parties

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Unaudited)
(i) Entities controlled by the Ultimate Controlling Shareholder, included in:		
Trade receivables	11	22
Trade payables	42,746	50,979
Amounts due from related parties	20,048	802
Amounts due to related parties	<u>254,953</u>	<u>136,000</u>
(ii) Joint ventures, included in:		
Trade receivables	2,577	18,266
Other receivables - amounts due from related parties	2,569,906	1,764,627
Other payables - amounts due to related parties	<u>1,732,396</u>	<u>2,204,839</u>
(iii) Associates, included in:		
Trade receivables	38,441	36,074
Trade payables	129,812	118,702
Other receivables - amounts due from related parties	2,225,139	2,787,409
Other payables - amounts due to related parties	<u>5,067,493</u>	<u>6,004,530</u>

Amounts due from/to related parties are unsecured, repayable on demand, denominated in RMB and interest-free.

(c) Key management compensation

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages and salaries	3,036	4,653
Social insurance expenses, housing benefits and other employee benefits	266	260
Share-based compensation expenses	<u>14,801</u>	<u>16,354</u>
	<u>18,103</u>	<u>21,267</u>

I. REVIEW FOR THE FIRST HALF OF 2022

In 2022, the international situation was volatile and turbulent, and China's economy continued to face tests and challenges. Under the complex situation, real estate developers in China have experienced the most difficult year in the industry's development in the past years. The sales of the top 100 real estate companies in the first half of 2022 declined significantly year-on-year. However, the real estate industry's status as one of the primary economic pillars of China was unchanged. In the first half of 2022, national and local governments frequently launched policies to boost the real estate market, "Guaranteed Delivery" has become the top priority of the industry and enterprises; private real estate companies shifted from expansion to contraction, reduced debt and shrank balance sheets to cope with the difficulties. Under the continuous stimulation of a series of policies, the Group expects that the real estate market in China will gradually recover in the second half of 2022. Under the new situation and new challenges, we can only adhere to the original intention, return to the essence of the enterprise, continuously improve the quality of operation and product quality, and create value by putting customers as the center.

The Group proposed the "Precision Work 2.0" system, there are 9 major types of tasks, 12 phases, 8 coordination, 56 high standard management processes, a total of more than 3,000 quality checkpoints, covering the full-cycle construction process of our projects. Before delivery, the Group regularly carried out a series of activities, including construction site open day, model houses for physical delivery, "one visit and two listening", and "house inspection with leader", so as to truly understand customer needs and allow customers to check the quality of the house in advance, which improved the delivery experience. In the first half of 2022, the Group has completed the delivery of various projects on schedule, fulfilled our promise of happiness with quality and escorted a better life with good services.

In addition, the Group continued to strengthen the collection of sales payments and the management of operating cash flow, improve the coordination capability of domestic and overseas funds, and enhance the efficiency of capital utilization, make full use of domestic and overseas diversified financing channels, and optimize the liability structure and risk management.

1. Real Estate Business

In the first half of 2022, the Group followed the geographical layout of 3+X, continued to focus on existing areas, and established a relatively stable scale advantage in the two urban agglomerations of the Haixi and Beibu Gulf, the PRC.

For the six months ended 30 June 2022, the Group's contracted sales (including the contributions from projects of joint ventures and associates) amounted to approximately RMB12,050 million. The average price of contracted sales was approximately RMB9,878 per square metre ("sq.m.").

2. Land Bank

As of 30 June 2022, the total gross floor area (the “GFA”) of the Group’s land bank was approximately 22.31 million sq.m., among which, the GFA of completed but undelivered properties was approximately 0.75 million sq.m., the rentable GFA for investment was approximately 0.16 million sq.m., and the GFA of properties under development was approximately 21.40 million sq.m..

City where the project is located	Project name	Completion year	Floor area (sq.m.)	Primary Intended Use	Completed but undelivered GFA (sq.m.)	Rentable GFA held for property investment (sq.m.)	Total GFA under development (sq.m.)	Total GFA (sq.m.)	Percentage of interest owned by the Group
Changzhou	Shangyue Graden	2022	53,338	Residential	-	-	140,126	140,126	51%
Changzhou	Yuhu Shangguan Garden	2022	58,093	Residential	-	-	138,699	138,699	40%
Chengdu	Bo Yue Royalty	2023	37,395	Residential	-	-	106,336	106,336	34%
Chengdu	Chong Zhou Jin Xiu Royalty	2024	39,772	Residential	-	-	129,257	129,257	50%
Chengdu	Qionglai Jiuyue Lanwan Project	2025	68,901	Residential	-	-	234,354	234,354	40%
Chengdu	Tianyue Royalty	2023	58,066	Residential	-	-	192,265	192,265	26%
Chengdu	Yu Lan Royalty	2025	40,812	Residential	-	-	118,801	118,801	34%
Fuzhou	CDC Dynasty Yang Yun	2023	26,027	Residential	-	-	88,689	88,689	40%
Fuzhou	Longjiang Jiujin Pavilion	2023	113,059	Residential	-	-	373,011	373,011	33%
Fuzhou	Pukou Dynasty Royalty	2022	15,954	Residential	-	-	53,597	53,597	80%
Fuzhou	Yu Rong Impression	2023	25,835	Residential	-	-	86,317	86,317	60%
Fuyang	Yunjing	2024	79,519	Residential	-	-	241,734	241,734	33%
Guangzhou	Tianyu Datang Project	2025	497,200	Residential	-	-	2,154,000	2,154,000	20%
Guigang	Guigang Chenguang	2024	32,760	Residential	-	-	168,722	168,722	34%
Guigang	Guigang Dynasty Royalty	2022	42,054	Residential	-	-	191,686	191,686	98%
Guigang	Guigang Yating	2024	45,229	Residential	-	-	178,009	178,009	26%
Kuiming	Dynasty Meiquan Royalty	2024	43,271	Residential	-	-	183,015	183,015	61%
Liuzhou	Dynasty Biyuan East Garden	2024	45,246	Residential	-	-	165,141	165,141	100%
Liuzhou	Dynasty Biyuan West Garden	2023	56,797	Residential	-	-	195,781	195,781	98%
Liuzhou	Liuzhou Dynasty Mansion	2024	74,989	Residential	-	-	282,772	282,772	51%
Longyan	Royalty Wangyue Garden	2023	27,903	Residential	-	-	101,398	101,398	18%
Longyan	Royalty Wenyan	2022	26,197	Residential	-	-	79,864	79,864	33%
Longyan	Zhiyuan FeiCui Jun	2023	17,873	Residential	-	-	52,909	52,909	30%
Nanchang	Shan Hu Yin	2024	41,849	Residential	-	-	136,907	136,907	62%
Nanjing	Mingwangfu	2023	15,324	Residential	-	-	52,544	52,544	33%
Nanning	Anji Dynasty Royalty	2022	27,962	Residential	-	-	147,171	147,171	55%
Nanning	Binjiang Jinwan	2023	36,039	Residential	-	-	178,165	178,165	100%
Nanning	Chengyangshijia	2025	20,942	Residential	-	-	95,273	95,273	100%
Nanning	Dynasty Shengshi Phase III	2022	87,047	Parking	41,616	-	-	41,616	100%
Nanning	Dynasty Shengshi Xuhui Mansion	2023	25,405	Residential	-	-	110,686	110,686	51%
Nanning	Dynasty Tiancheng Phase III	2022	19,141	Residential	-	-	181,094	181,094	100%
Nanning	Dynasty Tiancheng Phase I & II	2019	25,027	Commercial	8,029	67,846	-	75,874	100%
Nanning	Dynasty Tianyue	2022	28,320	Residential	-	-	132,977	132,977	56%
Nanning	Dynasty Zhenguan	2022	45,582	Residential	-	-	214,678	214,678	85%
Nanning	Dynasty Zhongnan Ziyun Impression	2025	50,128	Residential	-	-	278,071	278,071	25%
Nanning	Goug Yuan Yue	2024	57,875	Residential	-	-	283,165	283,165	100%
Nanning	Jinju Royalty	2022	68,401	Residential	1,815	-	100,642	102,457	25%
Nanning	Nanning Jinxiu Royalty	2023	23,565	Residential	-	-	98,189	98,189	56%

City where the project is located	Project name	Completion year	Floor area (sq.m.)	Primary Intended Use	Completed but undelivered GFA (sq.m.)	Rentable GFA held for property investment (sq.m.)	Total GFA under development (sq.m.)	Total GFA (sq.m.)	Percentage of interest owned by the Group
Nanning	Shenghu Yuejing	2022	90,929	Residential	-	-	342,918	342,918	26%
Nanning	Shengshi Chunjiang	2025	52,774	Residential	-	-	223,043	223,043	17%
Nanning	Shengshi Jinyue	2022	25,266	Residential	-	-	103,582	103,582	24%
Nanning	Tanfu Impression	2022	137,811	Residential	23,384	-	129,558	152,942	30%
Nanning	Wuxiang BMA Center	2025	62,745	Commercial	-	-	282,409	282,409	10%
Nanning	Wuxiang Dynasty Royalty	2023	29,137	Residential	-	-	133,140	133,140	85%
Nanning	Wuxiang Huguang Institution	2024	65,007	Residential	-	-	328,390	328,390	20%
Nanning	Wuxiang Lanting Mansion	2023	159,991	Residential	-	-	903,879	903,879	33%
Nanning	Xi'an Royalty	2023	29,499	Residential	-	-	139,707	139,707	17%
Nanning	Xingning Dynasty Impression	2021	95,750	Residential	92,564	-	-	92,564	40%
Nanning	Yango Dynasty Royalty	2023	37,047	Residential	-	-	204,193	204,193	49%
Nanning	Yango Dynasty Tanjing	2024	177,954	Residential	-	-	866,660	866,660	41%
Nanning	Impression Discovery Bay	2022	111,138	Residential	-	-	614,237	614,237	17%
Nanning	Yunxitai	2022	20,014	Residential	-	-	69,155	69,155	23%
Nanning	Zhenyuan	2026	91,849	Residential	-	-	487,748	487,748	39%
Nantong	Langyuan	2024	42,430	Residential	-	-	99,838	99,838	20%
Nantong	Yuehuyuan	2022	60,240	Residential	-	-	97,778	97,778	55%
Nantong	Yunchenxinyuan	2023	73,942	Residential	-	-	185,434	185,434	20%
Ningbo	Feili Heming	2024	74,965	Residential	-	-	220,815	220,815	40%
Ningbo	Feng Lan Di	2022	24,387	Residential	-	-	61,884	61,884	35%
Ningbo	Jiuyuci County	2023	49,511	Residential	-	-	120,238	120,238	40%
Ningbo	Jiuyun Mansion	2023	37,177	Residential	-	-	87,203	87,203	40%
Ningbo	Qi Yue Li	2023	20,388	Residential	-	-	42,706	42,706	100%
Ningde	Ningde Dynasty Royalty	2025	19,409	Residential	-	-	55,532	55,532	65%
Ningde	Xinghai Shidai	2024	45,135	Residential	-	-	144,617	144,617	30%
Putian	Hu Xin Mansion	2023	32,851	Residential	-	-	109,499	109,499	100%
Putian	Xiuyu Dynasty Royalty	2023	83,198	Residential	-	-	253,915	253,915	35%
Putian	Yuhu Impression	2024	41,859	Residential	-	-	149,728	149,728	100%
Putian	Yuexiu Royalty	2023	53,647	Residential	-	-	151,840	151,840	40%
Quangzhou	Hui'an Julong Guofeng	2024	102,427	Residential	-	-	282,817	282,817	10%
Quangzhou	Jinjiang Dynasty Mansion	2023	66,781	Residential	-	-	217,632	217,632	60%
Quangzhou	Shimao Yuncheng	2024	89,544	Residential	-	-	346,255	346,255	15%
Sanming	Shaxian Yunzhu	2023	53,688	Residential	-	-	123,361	123,361	40%
Xiamen	Dynasty Hotel	2022	16,850	Commercial	-	-	64,320	64,320	100%
Xiamen	Tong'an Shuiyunjian	2021	15,000	Parking	18,171	-	-	18,171	100%
Suining	Zhongliang No. 1 Yard	2023	48,282	Residential	-	-	97,983	97,983	39%
Taizhou	Nanguan Impression	2023	16,048	Residential	-	-	43,298	43,298	100%
Taicang	Huayu Jing An Yayuan	2024	41,329	Residential	-	-	115,384	115,384	20%
Tianjin	Tangsheng Yayuan	2022	198,873	Residential	-	-	341,140	341,140	100%
Tianjin	Tangxi Yayuan	2022	35,627	Residential	-	-	134,849	134,849	100%
Tianjin	Vision Commercial Square	2023	74,081	Commercial	3,121	-	117,117	120,238	30%
Tianjin	Tangyun Yayuan	2024	97,911	Residential	-	-	321,638	321,638	100%
Wenzhou	Cuican Tianrui	2024	42,634	Residential	-	-	121,356	121,356	40%
Wenzhou	Xingyue Mingzhu	2023	26,686	Residential	-	-	83,925	83,925	35%
Yinbin	Jinke Town	2026	184,590	Residential	-	-	622,310	622,310	40%
Yueyang	Dynasty Royalty Phases IV & V	2025	124,892	Residential	-	-	405,227	405,227	100%
Yueyang	Dynasty Royalty Phases I, II & III	2023	122,085	Residential	15,417	-	324,216	339,633	100%

City where the project is located	Project name	Completion year	Floor area (sq.m.)	Primary Intended Use	Completed but undelivered GFA (sq.m.)	Rentable GFA held for property investment (sq.m.)	Total GFA under development (sq.m.)	Total GFA (sq.m.)	Percentage of interest owned by the Group
Zhangjiagang	Dongtangchunxiao Garden	2024	44,599	Residential	-	-	130,974	130,974	35%
Zhangzhou	Dynasty JinXiu Royalty	2021	48,278	Parking	22,929	-	-	22,929	70%
Zhangzhou	Dynasty Sanmu Impression West Lake	2023	17,659	Residential	-	-	69,115	69,115	49%
Zhangzhou	Tianlai Town Phase I	2024	73,607	Residential	-	-	91,444	91,444	70%
Zhangzhou	Yango Dynasty Feili Impression	2024	83,810	Residential	-	-	261,324	261,324	50%
Changsha	Dynasty Impression • Yuxi	2022	81,362	Residential	-	-	189,855	189,855	100%
Changsha	Hantang Royalty	2023	240,004	Residential	-	-	610,257	610,257	49%
Changsha	Hanlin Mansion	2024	143,193	Residential	-	-	438,254	438,254	35%
Chongqing	Boyun Mansion	2022	63,610	Residential	-	-	140,638	140,638	30%
Chongqing	Feng Ling Wan Xiang	2026	67,121	Residential	-	-	146,168	146,168	49%
Chongqing	Hanlin Tianchen	2022	90,075	Residential	-	-	184,867	184,867	30%
Chongqing	Jiuzhu Tianchen	2022	136,328	Residential	208,824	-	-	208,824	33%
Chongqing	Lin Xi Fu	2026	127,843	Residential	-	-	444,677	444,677	20%
Chongqing	Xichen Yijing	2022	42,170	Residential	-	-	87,144	87,144	31%
Chongqing	Xiao Feng Jiang Nan (141)	2025	94,061	Residential	-	-	252,921	252,921	8%
Chongqing	Xiao Feng Jiang Nan (71)	2023	47,039	Residential	-	-	95,227	95,227	8%
	Others				315,095	88,639	218,962	622,697	
Total					<u>750,964</u>	<u>156,485</u>	<u>21,400,345</u>	<u>22,307,795</u>	

3. Investment and Operation of Commercial Properties

During the Period, the Group achieved rental income of approximately RMB32.5 million, representing a decrease of 42.1% compared to the same period of last year. The decrease was mainly attributable to the decrease in business activities of the cities where the Group are located affected by the COVID-19 pandemic. The Group's commercial properties projects mainly located in Xiamen, Fujian and Nanning, Guangxi, the PRC respectively.

4. Hotel Operation

During the Period, the Group achieved sales revenue from hotel operation business of approximately RMB3.7 million, representing a decrease of 87.7% compared to the same period of last year. The decrease was mainly attributable to the impact of the COVID-19 pandemic.

II. FINANCIAL REVIEW

1. Revenue

During the Period, the Group's revenue amounted to approximately RMB2,338.7 million, representing a decrease of 29.3% from approximately RMB3,306.5 million for the corresponding period last year. The revenue mainly included income generated from property sales, investment and operation of commercial properties and hotel operation. The decrease in revenue for the Period is primarily due to the decrease in delivery of projects during the Period. In particular, revenue from (i) property sales amounted to approximately RMB2,223.3 million, representing a decrease of 24.5% as compared with the corresponding period last year, and contributed 95.1% of the total revenue recognised; (ii) provision of construction services amounted to approximately RMB23.4 million, representing a decrease of 86.6% as compared with the corresponding period last year as a result of the reduction of construction services performed; (iii) investment and operation of commercial properties amounted to approximately RMB32.5 million, representing a decrease of 42.1% as compared with the corresponding period last year; and (iv) hotel operation amounted to approximately RMB3.7 million, representing a decrease of 87.7% as compared with the corresponding period last year.

2. Cost of Sales

During the Period, the Group's cost of sales amounted to approximately RMB1,821.6 million, representing a decrease of 20.2% from approximately RMB2,282.6 million for the corresponding period last year. The decrease was mainly due to the decreased number of projects delivered during the Period.

3. Gross Profit and Gross Profit Margin

During the Period, the Group's gross profit was approximately RMB517.1 million, representing a decrease of 49.5% from approximately RMB1,023.9 million for the corresponding period last year. Such decrease was primarily attributable to the decreased number of projects delivered during the Period. During the Period, the gross profit margin was 22.1%, while the gross profit margin was 31.0% for the corresponding period of 2021, representing a decrease of 8.9%, mainly attributable to the lower gross profit of the projects delivered compared to the corresponding period last year.

4. Selling and Marketing Costs

During the Period, the Group's selling and marketing costs amounted to approximately RMB143.2 million, representing a decrease of 27.6% from approximately RMB197.9 million for the corresponding period last year. Such decrease was due to the narrowing of sales and marketing activities of the Group in 2022.

5. Administrative Expenses

During the Period, the Group's administrative expenses amounted to approximately RMB256.2 million, representing a decrease of 8.6% from approximately RMB280.3 million for the corresponding period last year. Such decrease was mainly due to the enhanced management and control of administrative expenses of the Group.

6. Share of Results of Joint Ventures and Associates

During the Period, the Group's share of profits of joint ventures and associates amounted to approximately RMB123.5 million, representing an increase of RMB165.1 million from the share of losses of joint ventures and associates of approximately RMB41.6 million for the corresponding period last year. Such increase was primarily attributable to the carry-forward of profits from several cooperation projects during the Period.

7. Finance Costs – Net

During the Period, the Group's net finance costs amounted to approximately RMB128.7 million, representing an increase of RMB100.4 million from approximately RMB28.3 million for the corresponding period last year. Such increase was attributable to the exchange losses from senior notes denominated in USD.

8. Income Tax Expenses

During the Period, the Group's income tax expenses amounted to approximately RMB190.0 million, representing a decrease of 36.1% from approximately RMB297.2 million for the corresponding period last year. The Group's income tax expenses included the provision for the corporate income tax and land appreciation tax during the Period. The decrease in income tax expenses during the Period was mainly due to the decrease in the taxable income of the Group. The increase in the effective tax rate during the Period was mainly due to the reduction in the deductible expenses of land value-added tax due to the cost savings of some of the Group's real estate projects, and the corresponding increase in land value-added tax.

9. Profit for the Period

As a result of the aforementioned factors, the Group's profit decreased by 97.0% to approximately RMB6.6 million for the Period from approximately RMB217.0 million for the corresponding period last year.

The net profit attributable to owners of the Company decreased by 79.1% to approximately RMB51.0 million for the Period from approximately RMB244.4 million for the corresponding period last year. It is primarily attributable to the combined effect of the decrease in sales revenue and decline in gross profit margin for the first half of the year, the increase in amount of provision for the impairment on inventories and foreign exchange losses as a result of the challenging conditions in the real estate industry last year.

10. Foreign Currency Risk

The Group primarily operates in the PRC and the majority of the Group's transactions were denominated and settled in RMB. Except for certain assets denominated and settled in USD and HKD held by the Group, and senior notes denominated in USD, the Group has no other significant risks related to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign currency risk. The Company does not engage in any hedging activities in relation to the foreign currency risk.

III. LIQUIDITY, FINANCE AND CAPITAL

1. Cash Position

As at 30 June 2022, the Group's cash and bank deposit balances were approximately RMB3,585.6 million (31 December 2021: approximately RMB5,509.4 million), of which, restricted cash balances amounted to approximately RMB738.7 million (31 December 2021: approximately RMB1,199.0 million).

2. Borrowings and Pledged Assets

Indebtedness

As at 30 June 2022, the Group's total indebtedness, including interest-bearing borrowings and lease liabilities, amounted to approximately RMB9,356.6 million (31 December 2021: approximately RMB10,913.2 million).

Pledge of assets

As at 30 June 2022, certain of the Group's bank and other borrowings are secured by the pledges of the Group's assets with carrying value of approximately RMB15,184.7 million (31 December 2021: approximately RMB15,402.9 million) which include (i) property, plant and equipment; (ii) right-of-use assets; (iii) investment properties; (iv) properties under development; and (v) completed properties held for sale, etc..

3. Gearing Ratio

As at 30 June 2022, the Group's net gearing ratio (total indebtedness less cash and bank balances divided by total equity) was approximately 57.6%, as compared to approximately 51.7% as at 31 December 2021. As at 30 June 2022, the Group's gearing ratio (total debts divided by total assets) was approximately 82.8%, as compared to approximately 83.3% as at 31 December 2021. As at 30 June 2022, the Group's debt-to-asset ratio excluding advances from customers (total debt excluding contract liabilities divided by total assets excluding contract liabilities) was approximately 74.0%, as compared to approximately 76.1% on 31 December 2021. As at 30 June 2022, the Group's current ratio (current assets divided by current liabilities) was approximately 1.20 times, as compared to approximately 1.23 times as at 31 December 2021.

4. Contingent Liabilities

Pursuant to the mortgage contracts, the banks require the Group to provide guarantees to the purchasers in respect of their mortgage loans. Such mortgage guarantees provided to the purchasers are usually released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally take place after the delivery of relevant properties to the purchasers. If the purchasers are in default on their mortgage loans, the Group shall be liable to the repayment of the outstanding mortgage principal amount together with the accrued interest and penalties owed by the defaulting purchasers to the banks and the Group shall be entitled to take over the legal title and possession of the related properties.

As at 30 June 2022, the Group provided guarantees of approximately RMB12,365.6 million to certain banks in respect of the mortgage loans granted to certain purchasers of the Group's properties (as at 31 December 2021: approximately RMB12,817.1 million).

As at 30 June 2022, the Group provided guarantees of RMB1,300 million (as at 31 December 2021: nil) to two related companies controlled by the Ultimate Controlling Shareholder. For details, please refer to the announcement of the Company dated 24 December 2021 and the circular of the Company dated 26 January 2022. Save as disclosed in this announcement, the Group had no other significant contingency liabilities for the Period.

As at 30 June 2022, the Group provided guarantees of approximately RMB3,220.1 million to related companies (as at 31 December 2021: approximately RMB3,745.2 million). These related companies are not controlled by the Ultimate Controlling Shareholder as defined in the notes to the condensed consolidated financial statements.

OUTLOOK FOR 2022

In the second half of 2022, with the gradual downward adjustment of mortgage interest rates, the orderly loosening of real estate financial supervision, and the improvement of the overall credit environment, the Group expects that policies conducive to the healthy development of the real estate industry will continue to be introduced in the future, which may have a certain positive impact on home-buyer sentiment.

Looking forward for 2022, the Group will closely follow on the “14th Five-Year Plan” development strategy of China, and continue to firmly implement the strategy of “making the layout of urban agglomeration, taking root in metropolitan area”. Meanwhile, the Group will maintain good corporate governance, continuously improve comprehensive management capabilities, and enhance the construction of self-owned sales channels, to ensure the achievement of annual sales target. Moreover, the Group will continue to actively seek to promote the Company to achieve steady development through introduction of strategic investors and platform resources, in order to build the Company into a high-quality listed company with sustainable growth capabilities.

OTHER INFORMATION

Employees and Remuneration Policy

As at 30 June 2022, the Group had a total of 2,023 employees (31 December 2021: 2,709 employees). For the six months ended 30 June 2022, the staff cost recognised as expenses of the Group amounted to approximately RMB194.9 million. The remuneration of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialised training schemes.

Purchase, Sale or Redemption of Listed Securities

On 1 June 2022, the Company has issued US\$283,950,000 of principal amount of new notes (the “**New Notes**”) pursuant to the exchange offer memorandum dated 23 May 2022. The New Notes (ISIN: XS2483266115, COMMON CODE: 248326611) will mature on 31 May 2023, and bear interest at the rate of 12.50% per annum from and including 1 June 2022, payable in arrears on 1 December 2022 and 31 May 2023. The New Notes are listed on the SGX-ST on 6 June 2022. For details, please refer to the announcements of the Company dated 8 June 2022, 1 June 2022, 31 May 2022 and 23 May 2022.

Save as disclosed, during the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE WITH THE CG CODE

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Hong Kong Stock Exchange as the code of corporate governance. To the knowledge of the Directors, the Company has complied with all code provisions set out in the CG Code for the Period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its code for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, all Directors have confirmed their compliance with the required standard set out in the Model Code for the Period.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events occurred after the Period.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, risk management and financial reporting matters including a review of the unaudited interim financial information of the Group for the six months ended 30 June 2022.

PUBLICATION OF INTERIM RESULTS

The interim results announcement for the Period has been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dyna888.com>), respectively. The Company’s 2022 interim report will be despatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company on or before 30 September 2022, respectively.

On behalf of the Board
Datang Group Holdings Limited
WU Di
Chairman

Hong Kong, 31 August 2022

As at the date of this announcement, the executive Directors are Mr. WU Di, Mr. HAO Shengchun, Mr. TANG Guozhong, Ms. ZHANG Jianhua and Ms. CHAN Tan Yee, the non-executive Director is Ms. CHEN Xiaoyun, and the independent non-executive Directors are Mr. QU Wenzhou, Ms. XIN Zhu and Mr. TAM Chi Choi.

In case of any inconsistency, the Chinese version of this announcement shall prevail over the English version.