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## **Ronshine China Holdings Limited**

**融信中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3301)**

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

#### **FINANCIAL HIGHLIGHTS**

- Contracted sales amounted to RMB38,797.41 million, decreased by 53.33% as compared with the six months ended 30 June 2021.
- Total revenue amounted to RMB14,251.65 million, decreased by 34.44% as compared with the six months ended 30 June 2021.
- Gross profit amounted to RMB203.11 million, decreased by 90.66% as compared with the six months ended 30 June 2021.
- Loss for the Period amounted to RMB4,570.47 million, as compared with a profit for the period of RMB1,040.40 million for the six months ended 30 June 2021.
- Loss for the Period attributable to owners of the Company amounted to RMB4,429.23 million, as compared with a profit for the period attributable to owners of the Company of RMB684.51 million for the six months ended 30 June 2021.
- Gearing ratio increased by 6.00% from 0.66 as at 31 December 2021 to 0.70 as at 30 June 2022.

#### **INTERIM RESULTS**

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

## Condensed Consolidated Income Statement

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	6	14,251,647	21,739,463
Cost of sales		(14,048,541)	(19,564,058)
<b>Gross profit</b>		<b>203,106</b>	2,175,405
Selling and marketing costs		(732,905)	(640,535)
Administrative expenses		(751,476)	(631,675)
Fair value losses on investment properties		(1,429,882)	(37,757)
Other income		198,283	256,712
Other gains or losses		(1,019,217)	160,969
<b>Operating (loss)/profit</b>		<b>(3,532,091)</b>	1,283,119
Finance income		172,031	374,578
Finance costs		(1,233,188)	(98,487)
Finance (costs)/income – net	7	(1,061,157)	276,091
Share of net profit of investments accounted for using the equity method		382,320	69,547
<b>(Loss)/profit before income tax</b>		<b>(4,210,928)</b>	1,628,757
Income tax expenses	8	(359,537)	(588,354)
<b>(Loss)/profit for the period</b>		<b>(4,570,465)</b>	1,040,403
<b>(Loss)/profit for the period attributable to:</b>			
– Owners of the Company		(4,429,232)	684,511
– Non-controlling interests		(141,233)	355,892
		<b>(4,570,465)</b>	1,040,403
<b>(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic	9	(2.63)	0.41
– Diluted	9	(2.63)	0.41

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>(Loss)/profit for the period</b>	<b>(4,570,465)</b>	1,040,403
Other comprehensive income	—	—
<b>Total comprehensive (expense)/income for the period</b>	<b><u>(4,570,465)</u></b>	<b><u>1,040,403</u></b>
<b>Total comprehensive (expense)/income for the period attributable to:</b>		
– Owners of the Company	<b>(4,429,232)</b>	684,511
– Non-controlling interests	<b><u>(141,233)</u></b>	<b><u>355,892</u></b>
	<b><u>(4,570,465)</u></b>	<b><u>1,040,403</u></b>

## Condensed Consolidated Balance Sheet

	<b>30 June</b>	31 December
	<b>2022</b>	2021
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,172,417	1,189,219
Investment properties	11,597,258	12,718,617
Right-of-use assets	425,842	436,949
Intangible assets	2,507	3,154
Investments accounted for using the equity method	11,305,319	11,855,096
Financial assets at fair value through profit or loss	721,644	689,668
Deferred tax assets	680,951	679,527
	<u>25,905,938</u>	<u>27,572,230</u>
<b>Total non-current assets</b>		
<b>Current assets</b>		
Properties under development	117,746,227	127,448,610
Completed properties held for sale	16,177,198	18,887,113
Contract assets	676,668	1,227,244
Trade and other receivables and prepayments	23,943,194	32,650,953
Amounts due from related parties	13,540,104	11,285,065
Prepaid taxation	3,964,939	3,864,324
Financial assets at fair value through profit or loss	521,913	448,854
Term deposits	3,065,000	3,852,874
Restricted cash	4,954,935	6,482,827
Cash and cash equivalents	8,145,708	11,719,745
	<u>192,735,886</u>	<u>217,867,609</u>
<b>Total current assets</b>		
	<u>218,641,824</u>	<u>245,439,839</u>
<b>Total assets</b>		
<b>EQUITY</b>		
Share capital	15	15
Share premium	3,082,681	3,082,681
Other reserves	10,677,575	15,221,902
	<u>13,760,271</u>	<u>18,304,598</u>
<b>Equity attributable to owners of the Company</b>		
Non-controlling interests	27,930,742	33,976,352
	<u>41,691,013</u>	<u>52,280,950</u>
<b>Total equity</b>		

## Condensed Consolidated Balance Sheet

	<b>30 June</b>	31 December
	<b>2022</b>	2021
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	<b>30,240,355</b>	34,044,222
Lease liabilities	<b>12,477</b>	20,643
Deferred tax liabilities	<b>1,524,640</b>	1,813,146
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<b>Total non-current liabilities</b>	<b>31,777,472</b>	<b>35,878,011</b>
<b>Current liabilities</b>		
Borrowings	<b>15,004,367</b>	22,733,669
Lease liabilities	<b>18,742</b>	13,175
Contract liabilities	<b>83,772,320</b>	90,094,226
Trade and other payables	<b>30,845,019</b>	29,594,152
Amounts due to related parties	<b>9,855,174</b>	9,087,530
Current tax liabilities	<b>5,677,717</b>	5,758,096
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<b>Total current liabilities</b>	<b>145,173,339</b>	<b>157,280,878</b>
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<b>Total liabilities</b>	<b>176,950,811</b>	<b>193,158,889</b>
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<b>Total equity and liabilities</b>	<b>218,641,824</b>	<b>245,439,839</b>
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Ronshine China Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together the “**Group**”) are principally engaged in property development business in the People’s Republic of China (the “**PRC**”).

The ultimate holding company of the Company is TMF (Cayman) Limited as trustee of the Ou Family Trust and the ultimate controlling shareholder of the Company is Mr. Ou Zonghong (“**Mr. Ou**”).

The Company’s shares were listed on the Main Board of The Stock Exchange Hong Kong Limited (the “**Stock Exchange**”) on 13 January 2016.

These condensed consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

## 2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### Going concern basis

As of 30 June 2022, the Group recorded net current assets of RMB47,563 million, and the Group’s current portion of borrowings amounted to RMB15,004 million, while its cash and bank balances (excluding restricted cash and term deposits) amounted to RMB8,146 million.

Since the second half of 2021, the business environment of China’s real estate industry has undergone major changes, with increased difficulties in financing confronted by real estate companies. Under such circumstances, a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry’s business environment. At the same time, the recent outbreak of the COVID-19 epidemic in Shanghai and other cities has brought enormous pressure on the Group’s operations. As a result of the impact brought by the above factors, the Group takes longer time than expected to realise cash from its properties and/or have the cash from external financing to meet its loan repayment obligations.

As stipulated in the announcement dated 10 July 2022, interest in the amount of US\$12,798,000 (equivalent to approximately RMB85,892,000) under the 8.1% senior notes due June 2023 (the “**June 2023 Notes**”) and interest in the amount of US\$15,067,500 (equivalent to approximately RMB101,124,000) under the 7.35% senior notes due December 2023 (the “**December 2023 Notes**”) were due on 9 June 2022 and 15 June 2022, respectively. The Company has a 30-day grace period to pay such interests.

Although the Company has tried its best to mitigate the impact of various unfavourable factors on its operations, due to the prolonged duration of this situation, the Group’s operation and cash position have been significantly affected, and its ability to perform future obligations is subject to uncertainty. As of the date of approval of these condensed consolidated financial statements, the Company has not made the above interest payments.

If the Company fails to perform the obligations of repaying the debts due and cannot agree on a consensual solution to the corresponding indebtedness with creditors in a timely manner, it may cause the relevant creditors to demand accelerated repayment of the obligations of the relevant debts or take enforcement actions.

The Company failed to pay the above interest upon expiry of the grace period and such non-payment continued, holders of at least 25% of the aggregate principal amount of the relevant outstanding senior notes at that time may, by written notice to the Company or the trustee, require the Company to pay the principal and accrued interest of the relevant outstanding senior notes immediately. As of the date of approval of these condensed consolidated financial statements, the Company has not received any notice regarding accelerated repayment from the holders of the June 2023 Notes or the December 2023 Notes.

In view of the aforesaid, the Directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The above events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) the Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings. Subsequent to 30 June 2022, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing;
- (ii) the Group will continue 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 will continue to take active measures to control administrative costs and maintain containment of capital expenditures; and
- (iv) the Group intends to engage external advisors to explore various feasible solutions with overseas creditors so as to seek a holistic solution to the relevant debts.

The Directors have reviewed the Group's cash flow projections prepared by the management, which cover a period of not less than twelve months from 30 June 2022. They 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 twelve months from 30 June 2022. Accordingly, the directors are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

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 Company 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 these condensed consolidated financial statements.

### 3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, derivative financial instruments and investment properties, which are measured at fair value.

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the Group's condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021.



## 5 SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive Directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

As at 30 June 2022, except for parts of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (31 December 2021: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

## 6 REVENUE

Revenue of the Group for the six months ended 30 June 2022 is as follow:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from contracts with customers:		
Revenue from sales of properties		
– Recognised at a point in time	<b>13,102,795</b>	20,858,476
Revenue from construction services, hotel operations and others:		
– Recognised at a point in time	<b>513,548</b>	252,421
– Recognised over time	<b>552,119</b>	553,110
Revenue from other sources – rental income	<b>83,185</b>	75,456
	<b><u>14,251,647</u></b>	<b><u>21,739,463</u></b>

**7 FINANCE (COSTS)/INCOME – NET**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Finance income		
– Net foreign exchange gains	–	217,172
– Interest income from bank deposits	<u>172,031</u>	<u>157,406</u>
	<u>172,031</u>	<u>374,578</u>
Finance costs		
– Net foreign exchange losses	(725,682)	–
– Interest expenses of borrowings	(2,268,737)	(2,726,761)
– Less: capitalised interest	<u>1,761,231</u>	<u>2,628,274</u>
	<u>(1,233,188)</u>	<u>(98,487)</u>
Finance (costs)/income – net	<u><b>(1,061,157)</b></u>	<u><b>276,091</b></u>

**8 INCOME TAX EXPENSES**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current income tax:		
PRC corporate income tax	699,009	637,586
Land appreciation tax (“LAT”)	<u>108,933</u>	<u>67,921</u>
	<u>807,942</u>	<u>705,507</u>
Deferred income tax		
PRC corporate income tax	<u>(448,405)</u>	<u>(117,153)</u>
	<u><b>359,537</b></u>	<u><b>588,354</b></u>

### **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 six months ended 30 June 2022 and 2021, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “**CIT Law**”) effective on 1 January 2008.

### **PRC LAT**

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, 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.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

### **PRC dividend withholding income tax**

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

### **Hong Kong profits tax**

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2022 (six months ended 30 June 2021: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

### **Overseas income tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands and is exempted from Cayman Islands income tax. The Company’s direct subsidiary in the British Virgin Islands (the “**BVI**”) was incorporated under the Business Companies Act of the BVI and is exempted from BVI income tax.

## 9 (LOSS)/EARNINGS PER SHARE

### 9.1 Basic (loss)/earnings per share

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company ( <i>RMB'000</i> )	(4,429,232)	684,511
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	<u>1,683,431</u>	<u>1,683,522</u>
Basic (loss)/earnings per share ( <i>RMB per share</i> )	<u>(2.63)</u>	<u>0.41</u>

### 9.2 Diluted (loss)/earnings per share

Diluted (loss)/earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share option. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company for the period) based on the monetary value of the subscription rights attached to outstanding share options.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company ( <i>RMB'000</i> )	(4,429,232)	684,511
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	<u>1,683,431</u>	<u>1,683,522</u>
Adjustments – share options and awarded shares ( <i>in thousand</i> )	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>in thousand</i> )	<u>1,683,431</u>	<u>1,683,522</u>
Diluted (loss)/earnings per share ( <i>RMB per share</i> )	<u>(2.63)</u>	<u>0.41</u>

For the six months ended 30 June 2022, the computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher than the average market price of the Company's share during the six months ended 30 June 2022.

For the six months ended 30 June 2021, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher than the average market price of the Company's share during the six months ended 30 June 2021.

The Company did not repurchase and cancel any of its own ordinary shares during the six months ended 30 June 2022 (six months ended 30 June 2021: repurchased and cancelled 1,830,000 of its own ordinary shares).

## 10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Trade receivables (note (a))</b>	<b>1,129,313</b>	798,941
<b>Other receivables</b>		
– Amounts due from minority interests	<b>11,790,460</b>	8,594,504
– Deposits for acquisition of land use rights and property development projects	<b>860,426</b>	8,832,887
– Other amounts due from third parties	<b>2,887,402</b>	2,496,070
– Deposits for construction contracts	<b>642,562</b>	436,842
– Others	<b>428,666</b>	44,692
Less: loss allowance	<b>(30,399)</b>	(25,279)
	<b>16,579,117</b>	20,379,716
<b>Prepayments</b>		
– Prepayments for acquisition of land use rights	<b>2,953,027</b>	6,897,082
– Prepaid value added tax and other taxes	<b>2,952,793</b>	4,440,430
– Others	<b>328,944</b>	134,784
	<b>6,234,764</b>	11,472,296
<b>Total</b>	<b>23,943,194</b>	32,650,953

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements.

Aging analysis of the trade receivables is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within one year	<b>1,129,313</b>	798,941

These trade receivables relate to a number of independent customers for whom there is no significant financial difficulty. Management does not expect any credit loss for these receivables.

## 11 TRADE AND OTHER PAYABLES

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Trade payables</b> ( <i>Note (a)</i> )	<b>8,603,767</b>	12,983,551
<b>Note payables</b>	<b>710,108</b>	491,684
<b>Other payables</b>		
– Amounts due to non-controlling interests	<b>9,556,542</b>	5,425,108
– Other taxes payable	<b>8,847,284</b>	8,519,442
– Interests payable	<b>873,489</b>	632,857
– Deposits received for sales of properties	<b>860,055</b>	204,726
– Dividend payable	<b>4,944</b>	4,724
– Deposits from contractors and suppliers	<b>849,554</b>	916,770
– Accrued payroll	<b>130,591</b>	175,986
– Others	<b>408,685</b>	239,304
	<b><u>30,845,019</u></b>	<b><u>29,594,152</u></b>

(a) The ageing analysis of the trade payables is as follows:

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>5,134,502</b>	9,873,830
Over one year	<b>3,469,265</b>	3,109,721
	<b><u>8,603,767</u></b>	<b><u>12,983,551</u></b>

(b) Other payables of approximately RMB176,800,000 (31 December 2021: RMB116,500,000) are interest bearing and repayable within one year from 30 June 2022.

## 12 DIVIDEND

The 2020 final dividend of HK\$0.50 per ordinary share, totaling approximately HK\$841,716,000 (equivalent to RMB695,173,000) according to the numbers of shares of the Company registered on 16 June 2021, was approved by the shareholders at the annual general meeting held on 4 June 2021.

The directors of the Company do not recommend payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## OVERVIEW AND OUTLOOK

### Market Review

In the first half of 2022, China suffered a relapse of the COVID-19 pandemic. After steady growth in the first quarter, the economic activities slowed down in the second quarter due to the impact of the pandemic, resulting in increased downward pressure on the economy. The central government vigorously implemented a series of policies to stabilize the economy. With the pandemic under control and the resumption of work and production, the economic data in June showed signs of stabilization and recovery. In the first half of the year, the gross domestic product (“GDP”) increased by 2.5% year-on-year, demonstrating an overall steady recovery.

During the Period, in order to stimulate the demand in the real estate market, local governments actively implemented city-specific measures and frequently introduced policies to ease real estate regulation, such as lowering the down payment ratio and mortgage interest rates, as well as canceling housing purchase restrictions. According to the data from the National Bureau of Statistics, from January to June 2022, the sales of commercial housing was RMB6,607.2 billion, representing a year-on-year decrease of 28.9%; the sales area of commercial housing was 689.23 million sq.m., representing a year-on-year decrease of 22.2%. Meanwhile, the sales of commercial housing continued to rebound from May to June, narrowing the year-on-year decline.

### Business Review

Under the circumstances that Shanghai and other cities were affected by the pandemic and the real estate market has been going down, the Group remained focused on the Yangtze River Delta and the Western Coast of the Straits, ensured project development and delivery, and strengthened its business advantages in strategic areas. During the Period, the Group recorded contracted sales of RMB38.7 billion, representing a year-on-year decrease of 53%; contracted gross floor area of approximately 1.73 million sq.m. and average contracted sales price of RMB22,353 per sq.m.. During the Period, the Group launched a number of new projects, which received positive response from the market due to innovative product and excellent quality. In particular, the Group was ranked the fourth in sales both in Hangzhou and Fuzhou, which reflected that the quality projects of the Group were highly recognized by the market.

In respect of land reserves, the Group adhered to the principle of making progress while ensuring stability, focusing on the first- and second-tier cities such as Shanghai and Hangzhou, so as to strengthen its resilience in the downturn of the real estate market. As at 30 June 2022, the Group had a total of 242 projects nationwide with total land reserves of approximately 25.27 million sq.m.. Among them, the Yangtze River Delta region and the first- and second-tier cities accounted for 44% and 83%, respectively. The Group will continue to deepen the cultivation of high-quality projects in existing core cities, optimize resource allocation, improve operational efficiency and project profitability and make use of the synergies of regional business advantages to improve its brand influence.

As the risks in the industry continued to increase this year, the Group continued to adhere to a prudent development strategy, reduce its financial leverage in an orderly manner and conduct proper cash flow management. As at 30 June 2022, the balance of interest-bearing liabilities of the Group was RMB45.2 billion, the net gearing ratio was 70%, and the debt-to-asset ratio after deducting contracted liability was 69%. The Group is committed to optimizing its debt structure and actively repaying its debts. During the Period, the Group repurchased senior notes in the secondary market and made repayment on time of a number of maturing public bonds, including US\$200 million and US\$500 million senior notes due in February and March 2022, as well as RMB1,225 million and RMB1,050 million asset-backed securities (“ABS”) due in March and April 2022. At the same time, the Group focused on transparency management and actively maintained communication with the market through voluntary announcements, investor relations activities, etc. In addition, the Group adopted a number of measures to ensure stable operations and enhance liquidity, including but not limited to strengthening sales and cash collection, expanding diversified financing channels, reasonably reducing operating costs, negotiating for extensions of some existing debts, and disposal of certain assets. Since the second half of 2021, the Group has cumulatively made a net repayment of nearly RMB30 billion on public bonds, various types of interest-bearing debts and interest thereon, fully demonstrating the Group’s strong willingness and unremitting efforts to repay its debts.

In spite of all the challenges, the Group continued to improve its operation capability as well as product and service quality. It received widespread attention and recognition from the industry and the market, winning a number of awards during the first half of the year. In March, the Group was awarded the “Top 21 Real Estate Development Enterprises of 2022 in Comprehensive Capability” and “No. 3 China Real Estate Development Enterprises of 2022 in Comprehensive Development”. In July, it was honored as the “21st Century Excellent Golden-Brick Cases of Real Estate Competitiveness in 2022”. In addition, with respect to comprehensive product design, the Group strived to meet the needs of different customer groups. Earlier this year, Shanghai Four Seasons (上海海月四季) won the “2021 IDA Design Award of the U.S.”; Hangzhou Rivers Mansion (杭州江河盛會) won the “Platinum Award of the 2022 TITAN Property Award” in April, making it internationally renowned for its creative design and Ronshine quality.

While adhering to the strategy of deep cultivation in key cities and enhancing comprehensive capability, the Group has always focused on the sustainable development of the enterprise and the city, and actively practiced corporate social responsibility in environmental, social and governance aspects. During the pandemic, the Ronshine Public Welfare Foundation provided the affected areas with household goods, anti-epidemic materials and other support, and launched public welfare haircut and public welfare farming actions. The Group also upheld its commitment to delivery. On one hand, it simplified the delivery process through the one-stop window and arranged inspector throughout the inspection and acceptance process to enhance customers experience. On the other hand, it increased the delivery efforts and cumulatively completed more than 15,000 deliveries in the first half of the year. During the Period, the Group was awarded the “Best ESG Award” by Zhitong Caijing and [www.10jqka.com.cn](http://www.10jqka.com.cn), demonstrating the Group’s far-reaching impact on the society.



## **Prospects**

In light of the sluggish market environment initiated by the compression of commercial property market sentiments and the slowdown of the overall economic growth amid the COVID-19 pandemic in 2022, several companies in which the Group operates faced liquidity problems. Having been affected by the property market downturn together with the impact of the Covid-19 pandemic, and tremendous pressure faced by the Group on its cashflow and liquidity, the Group is actively exploring feasible solutions and implementing the appropriate measures to ease the current liquidity issues, including engaging in negotiations with the relevant creditors, with a view to reaching an agreement on the renewal or extension of its borrowings or other alternative arrangements with its creditors. The Group also stays cautiously optimistic in regard to the outlook of property development business in China.

In the first half of 2022, although the sales of the real estate market declined compared with the same period of last year, such decline narrowed since May and June. The market expects that the central government will implement more policies to stabilize the real estate market, with the goal of “guaranteeing the delivery of properties” to enhance the confidence of house buyers, and increase credit supply to real estate companies. The Group will endeavor to ensure the smooth progress of every project and fulfill its commitment to the property owners.

Going forward, the Group will continue to deeply cultivate Yangtze River Delta and other regions, strengthen its advantages in in-depth layout, and actively respond to market opportunities and challenges with its persistence in enhancing the quality of products and services. The Group will aim for long-term and stable development, realize the vision of “becoming a leading, high-quality property developer and service provider offering an ideal lifestyle”, and create more value to thank all shareholders for their continuous support and trust in the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of operating results

	For the six months ended 30 June		Change in percentage
	2022	2021	
<b>Contracted sales</b>			
Contracted sales amount ( <i>RMB'000</i> ) <sup>(1)</sup>	<b>38,737,406</b>	82,966,121	-53.31%
Contracted gross floor area ( <i>sq.m.</i> )	<b>1,733,013</b>	4,034,465	-57.04%
Average unit price of contracted sales ( <i>RMB/sq.m.</i> )	<b>22,353</b>	20,564	8.70%
<b>Property delivered</b>			
Revenue from delivery of properties ( <i>RMB'000</i> )	<b>13,102,795</b>	20,858,476	-37.18%
Delivered gross floor area ( <i>sq.m.</i> )	<b>908,040</b>	1,593,536	-43.02%
Recognised average selling price of properties delivered ( <i>RMB/sq.m.</i> )	<b>14,430</b>	13,089	10.25%
<b>Revenue</b> ( <i>RMB'000</i> )	<b>14,251,647</b>	21,739,463	-34.44%
<b>Cost of Sales</b> ( <i>RMB'000</i> )	<b>(14,048,541)</b>	(19,564,058)	-28.19%
<b>Gross profit</b> ( <i>RMB'000</i> )	<b>203,106</b>	2,175,405	-90.66%
<b>Other income and other gain or losses</b> ( <i>RMB'000</i> )	<b>(820,934)</b>	417,681	-296.55%
<b>(Loss)/Profit before income tax</b> ( <i>RMB'000</i> )	<b>(4,210,928)</b>	1,628,757	-358.54%
<b>(Loss)/Profit for the period</b> ( <i>RMB'000</i> )	<b>(4,570,465)</b>	1,040,403	-539.30%
– attributable to owners of the Company ( <i>RMB'000</i> )	<b>(4,429,232)</b>	684,511	-747.07%
– attributable to non-controlling interests ( <i>RMB'000</i> )	<b>(141,233)</b>	355,892	-139.68%
Gross profit margin <sup>(2)</sup>	<b>1.43%</b>	10.01%	-85.71%
Net profit margin <sup>(3)</sup>	<b>-32.07%</b>	4.79%	-769.52%
Total assets ( <i>RMB'000</i> )	<b>218,641,824</b>	246,609,711	-11.34%
Total liabilities ( <i>RMB'000</i> )	<b>176,950,811</b>	193,920,557	-8.75%
Total equity ( <i>RMB'000</i> )	<b>41,691,013</b>	52,689,154	-20.87%
Capital and reserve attributable to owners of the Company ( <i>RMB'000</i> )	<b>13,760,271</b>	17,694,060	-22.23%
Current ratio <sup>(4)</sup>	<b>1.33 times</b>	1.50 times	-11.47%
Gearing ratio <sup>(5)</sup>	<b>0.70</b>	0.75	-6.67%

*Notes:*

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (3) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.
- (5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

## **Property Development**

### *Contracted Sales*

For the six months ended 30 June 2022, the Group and its joint ventures and associates achieved contracted sales of RMB38,737.41 million, representing a decline of approximately 53.31% compared with RMB82,966.12 million for the six months ended 30 June 2021. This decrease was mainly attributable to the decrease in the total gross floor area of the Group's contracted sales by approximately 57.04% from 4,034,465 sq.m. for the six months ended 30 June 2021 to 1,733,013 sq.m. for the six months ended 30 June 2022.

The following table sets forth details of the contracted sales of the Group (including its joint ventures and associates) for the six months ended 30 June 2022:

	<b>Amount</b> <i>RMB million</i>	<b>Percentage</b> <i>%</i>	<b>Total gross floor area ("GFA")</b> <i>sq.m.</i>	<b>Percentage</b> <i>%</i>	<b>Average Selling price</b> <i>RMB/sq.m.</i>
Shanghai	9,845.52	25.42	112,895.71	6.51	87,208.94
Hangzhou	8,019.61	20.70	213,924.39	12.34	37,488.04
Fuzhou	5,099.62	13.16	277,119.22	15.99	18,402.26
Nanjing	1,455.26	3.76	70,102.41	4.05	20,758.99
Qingdao	1,407.03	3.63	85,850.54	4.95	16,389.29
Suzhou	1,285.01	3.32	60,517.97	3.49	21,233.59
Chongqing	1,104.70	2.85	87,851.56	5.07	12,574.68
Chengdu	1,087.93	2.81	65,597.87	3.79	16,584.78
Fuyang	931.27	2.40	89,930.00	5.19	10,355.54
Others	8,501.46	21.95	669,223.35	38.62	12,703.47
<b>Total</b>	<b>38,737.41</b>	<b>100.00</b>	<b>1,733,013.00</b>	<b>100.00</b>	<b>22,352.63</b>

## Projects completed

For the six months ended 30 June 2022, the Group (including its joint ventures and associates) completed a total of 15 projects or phases of projects, with total GFA of 1,995,995.70 sq.m. (1,254,426.95 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

## Projects under construction

As at 30 June 2022, the Group (including its joint ventures and associates) had a total of 106 projects or phases of projects under construction, with total planned GFA of 18,612,545.69 sq.m. (9,949,249.59 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

## Land reserve

As at 30 June 2022, the total GFA of the Group's land reserve (including its joint ventures and associates) was 25.27 million sq.m., among which, 11.18 million sq.m. were completed properties held for sale, 13.19 million sq.m. were under construction and 0.9 million sq.m. were held for future development.

As at 30 June 2022, the cost per sq.m. of the Group's land reserve (including its joint ventures and associates) was RMB8,087.13. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its stable sales performance and cash flow in the future.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2022:

City	Project Name	Total land value of reserve RMB million	Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Fuzhou	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	2,484	30	6,065
Fuzhou	Fuzhou Ronghui Hot Spring City (福州融匯溫泉城)	3,030	64	1,610
Fuzhou	Fuzhou Nice Villa (福州有墅)	300	5	486
Xiamen	Xiamen Boyue Bay (廈門鉅悅灣)	1,546	4	23,207
Shanghai	Shanghai Platinum (上海鉅爵)	175	2	15,409
Shanghai	Shanghai Zhongxing Road (上海中興路)	2,621	6	100,091
Nanjing	Nanjing Boan Center (南京鉅岸中心)	2,388	30	2,515

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve RMB million</b>	<b>Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.</b>	<b>Average cost per sq.m. RMB/sq.m.</b>
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	431	5	13,576
Zhangzhou	Zhangzhou No. 1(漳州壹號府)	162	2	10,897
Nanjing	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	328	6	12,842
Tianjin	Tianjin West Coast (天津西海岸)	637	16	8,238
Tianjin	Tianjin Jinnan (天津津南府)	659	12	12,959
Putian	Putian Ronshine (莆田融信府)	110	3	10,032
Guangzhou	Guangzhou Tianyue (廣州天樾府)	353	4	14,999
Xiamen	Xiamen Century (廈門世紀)	58	1	5,101
Chongqing	Chongqing Lan Bay (重慶瀾灣)	182	31	2,577
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	117	9	30,816
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	810	25	912
Hangzhou	Hangzhou Century (杭州世紀)	1,138	4	12,130
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	1,161	3	9,464
Nanjing	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	363	1	8,467
Nanjing	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	221	14	40,542
Hangzhou	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	2,158	4	24,704
Hangzhou	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	516	4	7,340
Fuzhou	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	256	34	470
Zhengzhou	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城－蘇派－1)	1,931	2	21,973

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve</b> <i>RMB million</i>	<b>Remaining GFA of reserve (excluding self-owned)</b> <i>10,000 sq.m.</i>	<b>Average cost per sq.m.</b> <i>RMB/sq.m.</i>
Fuzhou	Fuzhou Lan Sky (福州瀾天)	158	6	4,324
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	416	3	16,005
Hangzhou	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	293	3	714
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	55	3	1,984
Fuyang	Xingfu Li • East County (幸福里 • 東郡)	112	5	2,235
Xi'an	Chang'an XiYue(長安熙悅)	82	2	446
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	112	3	4,837
Hangzhou	Hangzhou Liwang NEO1 (杭州厘望NEO1)	305	4	31,551
Jiaxing	Haining Lanting (海寧瀾庭)	155	3	7,200
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	265	5	5,599
Hangzhou	Hangzhou Xianghu Yuezhang (杭州湘湖悅章)	848	9	17,134
Huzhou	Anji Yuejiang (安吉悅江府)	435	11	2,986
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城—中喬—1)	1,309	46	722
Chengdu	Chengdu Lan Sky (成都瀾天)	98	2	4,200
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	27	1	2,102
Zhengzhou	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城—蘇派—2)	1,124	33	550
Qingdao	The Ocean Costal (青島海月星灣)	728	18	3,504
Fuzhou	Fuzhou Park Left Bank Project (福州公園左岸)	88	1	21,731
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	150	3	25,397

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve RMB million</b>	<b>Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.</b>	<b>Average cost per sq.m. RMB/sq.m.</b>
Shanghai	Shanghai Yangpu Lot (上海楊浦平涼地塊)	365	0	7,687
Xi'an	Hailiang • Yuchen (海亮 • 御宸)	94	3	4,821
Zhengzhou	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城－德藍－1)	2,262	58	520
Zhengzhou	Zhengzhou Olympic Century-1 (鄭州奧體世紀－1)	426	23	2,264
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	260	2	19,235
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	237	2	21,211
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	183	3	8,216
Fuzhou	Changle Lanshan (長樂瀾山)	461	8	5,005
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	523	10	11,149
Jiangmen	Jiangmen Guoyue House (江門國樾府)	54	3	5,847
Hangzhou	Hangzhou Tianlang House (杭州天瑯府)	438	5	19,433
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	453	9	6,095
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	32	1	8,500
Huzhou	Huzhou Rongjing Garden (湖州融璟園)	139	4	5,457
Jinhua	Tianyang River Mansion (天陽雲棲江境)	70	1	10,562
Tianjin	Tianjin Lanyue 3 (天津瀾悅3號)	203	1	13,001
Tianjin	Tianjin Lanyue 4 (天津瀾悅4號)	312	4	11,742
Changzhou	Changzhou Lanyue (常州瀾悅)	327	6	9,313
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	189	8	1,127

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve RMB million</b>	<b>Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.</b>	<b>Average cost per sq.m. RMB/sq.m.</b>
Hangzhou	Baolong Lin'an Project (寶龍臨安項目)	252	7	6,128
Fuzhou	Pingtian Lanchen (平潭瀾宸)	777	19	5,549
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	403	9	5,167
Fuyang	Fuyang Linqun Project (阜陽臨泉項目)	82	1	2,115
Hangzhou	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	250	5	5,546
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	176	1	3,492
Zhengzhou	Zhengzhou City of Times (鄭州時光之城)	1,490	40	3,167
Jiangmen	Jiangmen Mansion (江門學院府)	349	8	4,800
Wenzhou	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	285	3	13,004
Suzhou	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	212	4	6,843
Chengdu	Shui Nian River (水碾河)	108	0	13,500
Chengdu	Chengdu Ruilian (成都瑞聯)	270	2	14,300
Chongqing	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	270	6	9,600
Chongqing	Tan Zi Kou (灘子口)	42	1	9,255
Nantong	Nantong Lan Chen (南通瀾宸)	922	5	8,537
Fuzhou	Fuzhou CBD49 Lot (福州 CBD49地塊)	104	1	14,497
Suzhou	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	1,362	9	7,943
Shaoxing	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	572	4	8,510
Wenzhou	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	332	5	2,386



<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve RMB million</b>	<b>Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.</b>	<b>Average cost per sq.m. RMB/sq.m.</b>
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	240	1	14,200
Chengdu	Chengdu Jinniu 16 mu (成都金牛16畝)	126	6	16,628
Nanjing	Nanjing 2019G87 (南京2019G87)	651	10	19,019
Nanjing	Nanjing 2019G94 (南京2019G94)	945	4	5,582
Suzhou	Kunshan Bacheng Lot (昆山巴城地塊)	168	4	14,578
Hangzhou	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	241	26	3,134
Zhengzhou	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	1,252	44	1,355
Taiyuan	Taiyuan City of Times-1 (太原時光之城-1)	1,755	3	790
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城-中喬-2)	83	3	751
Zhengzhou	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	109	31	717
Zhengzhou	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	1,203	10	25,116
Hangzhou	Hangzhou Zhanwang (杭州展望)	1,537	5	5,383
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	194	18	3,901
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	529	5	7,203
Wenzhou	Wenzhou Rongwang (溫州榮望)	322	18	2,961
Fuyang	Fuyang Yingzhou Project (阜陽潁州項目)	562	15	3,999
Lianyungang	Lianyungang Mansion (連雲港學院府)	558	9	14,197
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	972	38	1,222
Taiyuan	Taiyuan City of Times-2 (太原時光之城-2)	1,288	13	17,388

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve RMB million</b>	<b>Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.</b>	<b>Average cost per sq.m. RMB/sq.m.</b>
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	885	2	8,634
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	155	6	16,088
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	413	10	23,558
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	892	6	7,932
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	349	38	13,521
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	3,220	4	3,578
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	242	6	17,439
Nanjing	Nanjing Qinglan (南京青瀾)	660	5	12,263
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	307	5	3,979
Baoding	Baoding Jinyue City (保定金悅城)	144	8	16,811
Suzhou	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	535	6	54,814
Shanghai	Shanghai Century One Mile (上海世紀古美)	525	4	22,578
Shanghai	Shanghai Four Seasons (上海海月四季)	247	8	2,855
Chongqing	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	192	18	38,763
Shanghai	Shanghai Parallel Impression (上海海納印象)	1,885	10	897
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	207	7	2,592
Fuyang	Linquan Junyue Mansion (臨泉君樾府)	164	3	2,811
Fuzhou	Fuzhou Yongtai Project (福州永泰項目)	71	2	13,169
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	136	4	1,662

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve</b> <i>RMB million</i>	<b>Remaining GFA of reserve (excluding self-owned)</b> <i>10,000 sq.m.</i>	<b>Average cost per sq.m.</b> <i>RMB/sq.m.</i>
Mengcheng	Mengcheng Junyue Mansion (蒙城君樾府)	81	13	5,121
Fuzhou	Fuzhou Heshang Project (福州鶴上項目)	513	2	8,281
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	133	5	3,903
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	92	4	3,650
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	110	2	14,075
Hangzhou	Yunhe Commercial 43 Lot (運河商業43號地塊)	287	2	12,859
Hangzhou	Yunhe Commercial 44 Lot (運河商業44號地塊)	154	4	72,000
Shanghai	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,317	4	3,343
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	143	3	716
Zhengzhou	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城－蘇派－4)	94	1	751
Zhengzhou	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城－德藍－3)	51	33	1,294
Taiyuan	Taiyuan City of Times-3 (太原時光之城－3)	1,250	6	6,662
Suzhou	Changshu Project (常熟項目)	189	1	25,962
Chengdu	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	228	8	5,718
Chengdu	Chengdu Qingbaijiang Project (成都青白江項目)	58	8	2,048
Mianyang	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	222	12	2,932
Putian	Xianyou Construction and Development Cooperation Project (仙游建發合作項目)	43	2	2,784
Hangzhou	Yue Zhen Mansion (樾臻府)	75	2	4,375
Zhengzhou	Zhengzhou City of Times – 2 (鄭州時光之城－2)	825	15	2,501

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve RMB million</b>	<b>Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.</b>	<b>Average cost per sq.m. RMB/sq.m.</b>
Zhengzhou	Zhengzhou Olympic Century – 3 (鄭州奧體世紀–3)	814	16	3,485
Suzhou	Suzhou Huangqiao Project (蘇州黃橋項目)	698	7	14,784
Huzhou	Huzhou Xifengyang Project (湖州西鳳漾項目)	1,035	16	5,794
Huzhou	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	780	14	6,475
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	615	10	8,856
Lianyungang	Lianyungang Urban Park West District (連雲港海納春江西區)	763	12	6,518
Hangzhou	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	2,072	17	19,474
Hangzhou	Hangzhou Aoshi Mansion (杭州傲世邸)	964	7	27,253
Hangzhou	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	140	1	44,364
Hangzhou	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	196	3	13,890
Hangzhou	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	260	2	12,278
Fuzhou	Fuzhou Lan Bay (福州瀾灣)	324	6	8,955
Fuzhou	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	161	3	7,087
Fuzhou	Fuzhou Residence (福州國公館)	1,849	21	9,921
Xi'an	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	514	7	7,397
Xi'an	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	441	6	7,653
Wenzhou	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	730	13	7,607
Putian	Putian Ronshine Yuezhu (莆田融信悅著)	123	3	4,796
Chengdu	Chengdu Qingyang 23 mu (成都青羊23畝)	454	5	10,498

<b>City</b>	<b>Project Name</b>	<b>Total land value of reserve RMB million</b>	<b>Remaining GFA of reserve (excluding self-owned) 10,000 sq.m.</b>	<b>Average cost per sq.m. RMB/sq.m.</b>
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	270	3	18,699
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	72	14	3,360
Suzhou	Suzhou Science City Project (蘇州科技城項目)	333	4	15,647
Shanghai	Shanghai Meiluo Residential Community 0110-02 Lot of Unit 01 (上海市寶山區美羅家園大型居住 社區01單元0110-02地塊)	344	4	22,340
Nantong	Nantong Chongchuan Park Road Lot (南通崇川園林路地塊)	506	7	13,340
Lanzhou	Lanzhou Yuelan Time's Trace (蘭州樂瀾·時光印)	279	8	709
Weinan	Weinan Wenquetai (渭南文闕台)	88	6	2,393
Mengcheng	Mengcheng 2021-23 Lot (蒙城2021-23地塊)	155	6	1,752
<b>Total</b>		<b>90,985</b>	<b>1,519</b>	<b>8,087</b>

*Note:*

- (1) This represents the original land costs of these projects only, and did not reflect the fair value decrease that had been recognised upon acquisitions or consolidations by the Group during the six months ended 30 June 2022.

## Financial review

### Revenue

For the six months ended 30 June 2022, the Group derived its revenue from (i) sales of properties in the PRC; (ii) construction services provided to local PRC governments with respect to the construction of resettlement housing; and (iii) rental income and others. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the six months ended 30 June		Change in percentage
	2022	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	
<b>Revenue</b>			
Sales of properties	<b>13,102,795</b>	20,858,476	-37.18%
Construction services	<b>552,119</b>	446,445	23.67%
Rental income and others	<b>596,733</b>	434,542	37.32%
<b>Total</b>	<b>14,251,647</b>	21,739,463	-34.44%

The revenue of the Group decreased by approximately 34.44% from RMB21,739.46 million for the six months ended 30 June 2021 to RMB14,251.65 million for the six months ended 30 June 2022. This decrease was mainly attributable to:

- (i) the decrease in the total GFA of properties delivered by the Group by 43.02% from 1,593,536 sq.m. for the six months ended 30 June 2021 to 908,040 sq.m. for the six months ended 30 June 2022;
- (ii) the increase in revenue from construction services by 23.67% from RMB446.45 million for the six months ended 30 June 2021 to RMB552.12 million for the six months ended 30 June 2022;
- (iii) the rental income increased by 10.24% from RMB75.46 million for the six months ended 30 June 2021 to RMB83.19 million for the six months ended 30 June 2022. The others comprise mainly of revenue in consulting services, sales commissions and hotel operations. During the six months ended 30 June 2022, revenue from consulting services amounted to RMB166.02 million, the sales commission was RMB166.75 million, and revenue from hotel operations of the Group was RMB53.21 million.

Revenue generated from the sales of properties amounted to RMB13,102.80 million for the six months ended 30 June 2022. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the six months ended 30 June 2022:

	<b>For the six months ended 30 June</b>					
	<b>2022</b>			<b>2021</b>		
	<b>Revenue</b>	<b>GFA</b>	<b>Average</b>	<b>Revenue</b>	<b>GFA</b>	<b>Average</b>
	<b>RMB</b>	<b>delivered</b>	<b>selling</b>	<b>RMB</b>	<b>delivered</b>	<b>selling</b>
	<b>million</b>	<b>by the</b>	<b>price</b>	<b>million</b>	<b>by the</b>	<b>price</b>
		<b>Group</b>	<b>RMB/</b>		<b>Group</b>	<b>RMB/</b>
		<b>sq.m.</b>	<b>sq.m.</b>		<b>sq.m.</b>	<b>sq.m.</b>
Fuzhou	3,304	175,083	18,872	2,165	101,634	21,302
Suzhou	2,649	126,506	20,939	1,439	66,043	21,789
Zhangzhou	1,916	187,921	10,196	178	40,800	4,373
Putian	1,354	93,996	14,408	–	–	–
Jiaxing	1,183	104,442	11,323	1,341	130,795	10,255
Others	2,697	220,092	12,253	15,735	1,254,264	12,545
<b>Total</b>	<b>13,103</b>	<b>908,040</b>	<b>14,430</b>	<b>20,858</b>	<b>1,593,536</b>	<b>13,089</b>

#### *Cost of sales*

The Group's cost of sales decreased by 28.19% from RMB19,564.06 million for the six months ended 30 June 2021 to RMB14,048.54 million for the six months ended 30 June 2022. This decrease mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

#### *Gross profit and gross profit margin*

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by 90.66% from RMB2,175.41 million for the six months ended 30 June 2021 to RMB203.11 million for the six months ended 30 June 2022.

The Group's gross profit margin decreased from 10.01% for the six months ended 30 June 2021 to 1.43% for the six months ended 30 June 2022, primarily due to the significant decrease in the average gross profit margin of projects delivered by the Group.

### *Other income*

The Group's other income primarily includes (i) interest income from loans to non-controlling interests and related parties; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income decreased by 22.76% from RMB256.71 million for the six months ended 30 June 2021 to RMB198.28 million for the six months ended 30 June 2022.

### *Other gains or losses – net*

The Group's other gains or losses primarily include (i) gains or losses from financial assets at fair value through profit or loss; (ii) gains or losses from bond repurchase; (iii) gains or losses from disposal of subsidiaries; and (iv) gains or losses from disposal associates and joint ventures. The Group incurred other losses of RMB1,019.22 million for the six months ended 30 June 2022 as compared to other gains of RMB160.97 million for the six months ended 30 June 2021. Such change was primarily attributable to losses from disposal of subsidiaries.

### *Selling and marketing costs*

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) marketing, advertising and commission costs; (iii) property management fees; and (iv) other costs including rental expenses and other miscellaneous fees and expenses.

The Group's selling and marketing costs increased by 14.42% from RMB640.54 million for the six months ended 30 June 2021 to RMB732.91 million for the six months ended 30 June 2022, primarily due to the increase in sales commission.

### *Administrative expenses*

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) other taxes; (iii) office and travel expenses; (iv) entertainment expenses; (v) consultation fees; (vi) office lease expenses; and (vii) others.

The Group's administrative expenses increased by 18.96% from RMB631.68 million for the six months ended 30 June 2021 to RMB751.47 million for the six months ended 30 June 2022, primarily due to the increase in payment to employees for loss of employment.

### *Fair value losses on investment properties*

The Group recorded fair value losses of RMB37.76 million for the six months ended 30 June 2021 and fair value losses of RMB1,429.88 million for the six months ended 30 June 2022, primarily due to no actual gains or losses were generated by the time of evaluation since certain projects completed in the Period were preparing for leasing.



### *Finance income – net*

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded a net finance income of RMB276.09 million for the six months ended 30 June 2021 and a net finance loss of RMB1,061.16 million for the six months ended 30 June 2022. This fluctuation was primarily due to exchange losses as a result of the appreciation of the exchange rate of US\$ against RMB.

### *Share of net profit of investments accounted for using the equity method*

The Group's share of net profit of investments accounted for using the equity method increased by 449.73% from RMB69.55 million for the six months ended 30 June 2021 to RMB382.32 million for the six months ended 30 June 2022, primarily due to the increase in properties delivered by joint ventures.

### *Profit or Loss before income tax*

As a result of the aforementioned changes in the Group's financials, the Group recorded a loss before income tax of RMB4,210.93 million for the six months ended 30 June 2022 as compared to a profit before income tax of RMB1,628.76 million for the six months ended 30 June 2021.

### *Income tax expenses*

The Group's income tax expenses comprise provisions made for CIT (including deferred income tax) and LAT in the PRC.

The Group's income tax expenses decreased by 38.89% from RMB588.35 million for the six months ended 30 June 2021 to RMB359.54 million for the six months ended 30 June 2022. Specifically, CIT (including deferred income tax) decreased by 51.85% from RMB520.43 million for the six months ended 30 June 2021 to RMB25.60 million for the six months ended 30 June 2022, and LAT increased by 60.38% from RMB67.92 million for the six months ended 30 June 2021 to RMB108.93 million for the six months ended 30 June 2022.

### *Profit or Loss for the Period attributable to owners of the Company*

As a result of the aforementioned changes in the Group's financials, the Group recorded a loss for the period of RMB4,429.23 million for the six months ended 30 June 2022 as compared to a profit for the period of RMB684.51 million for the six months ended 30 June 2021.

### *Profit or Loss for the Period attributable to non-controlling interests*

The Group recorded a loss for the period attributable to non-controlling interests of RMB141.23 million for the six months ended 30 June 2022 as compared to a profit for the period attributable to non-controlling interests of RMB355.89 million for the six months ended 30 June 2021. The deterioration was primarily due to the decrease in gain recognized from disposal of properties under each projects (developed jointly with non-controlling interests) for the six months ended 30 June 2022.

## Financing activities

### *Cancellation of outstanding 10.5% senior notes due 2022*

As at 24 February 2022, cancellation of the outstanding 10.5% senior notes due 2022 (the “Notes”) repurchased by the Company in an aggregate principal amount of US\$193,900,000 was completed, representing approximately 38.78% of the aggregate principal amount of the Notes issued. The Notes matured on 1 March 2022 and was fully repaid by the Company.

On 25 February 2022, the Company announced that it has arranged all necessary funds to be remitted from its onshore bank accounts in the People’s Republic of China to its offshore repayment account, to repay the outstanding Notes due to mature on 1 March 2022 (ISIN: XS1957481440) in the principal amount of US\$262,590,000 with accrued and unpaid interest of US\$23,965,725, amounting to US\$286,555,725.

On 27 April 2022, the Company announced that it has arranged funds of RMB726,878,000 to be remitted into a designated depository account to repay relevant asset-backed security of the Company known as “中山證券－融信集團3期資產支持專項計劃” due to mature on 29 April 2022 in the senior principal amount of RMB716,835,000, senior interest amount of RMB9,385,520.66 and the relevant taxes and fees.

For more details, please refer to the announcements of the Company dated 20 February 2022, 22 February 2022, 24 February 2022, 25 February 2022 and 27 April 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group’s net current assets amounted to RMB47,562.55 million (31 December 2021: RMB60,586.73 million). Specifically, the Group’s total current assets decreased by 11.54% from RMB217,867.61 million as at 31 December 2021 to RMB192,735.89 million as at 30 June 2022. The Group’s total current liabilities decreased by 7.70% from RMB157,280.88 million as at 31 December 2021 to RMB145,173.34 million as at 30 June 2022. The decrease in the Group’s total current assets was primarily attributable to the decrease in properties under development by 7.61% from RMB127,448.61 million as at 31 December 2021 to RMB117,746.23 million as at 30 June 2022.

As at 30 June 2022, the Group had cash and bank balances of RMB16,165.64 million (31 December 2021: RMB22,055.45 million), total borrowings of RMB45,244.72 million (31 December 2021: RMB56,777.92 million) and weighted average effective interest rate for outstanding borrowings of 6.51% (including bank borrowings, trust and other borrowings, the domestic corporate bonds, senior notes and the ABS) (31 December 2021: 6.36%).

As at 30 June 2022, the aggregated issued amount of the domestic corporate bonds was RMB8,599.33 million, representing 19.01% of the total borrowings of the Group.

Since the second half of 2021, the business environment of China's real estate industry has undergone major changes, with increased difficulties in financing confronted by real estate companies. Under such circumstances, a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry's business environment. At the same time, the recent outbreak of the COVID-19 pandemic in Shanghai and other cities has brought enormous pressure on the Group's operations. As a result of the impact brought by the above factors, the Group takes longer time than expected to realise cash from its properties and/or have the cash from external financing to meet its loan repayment obligations.

As set out in the announcement dated 10 July 2022, interest in the amount of US\$12,798,000 (equivalent to approximately RMB85,892,000) under the 8.1% senior notes due June 2023 (the "**June 2023 Notes**") and interest in the amount of US\$15,067,500 (equivalent to approximately RMB101,124,000) under the 7.35% senior notes due December 2023 (the "**December 2023 Notes**") were due on 9 June 2022 and 15 June 2022, respectively. The Company has a 30-day grace period to pay such interests. As of the date of this announcement, the Company has not made the above interest payments and has not received any notice regarding accelerated repayment from the holders of the June 2023 Notes or the December 2023 Notes.

Although the Company has tried its best to mitigate the impact of various unfavourable factors on its operations, due to the prolonged duration of this situation, the Group's operation and cash position have been significantly affected, and its ability to perform future obligations is subject to uncertainty.

In light of the current liquidity position, the Group has undertaken a number of plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group, details of which are set out in note 2 to interim condensed consolidated financial statement extracted in this announcement. The Group will closely monitor its liquidity position and issue further announcement regarding the progress of any capital structure solutions or significant business updates.

## **PLEDGE OF ASSETS**

As at 30 June 2022, the Group's borrowings were secured by the Group's assets of RMB39,931.51 million (31 December 2021: RMB43,774.57 million) which includes (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash; and (vi) investment property. Certain borrowings from financial institutions were also secured by the equity interests of certain subsidiaries.

## FINANCING ARRANGEMENTS INVOLVING PROVISION OF FINANCIAL ASSISTANCE TO THIRD PARTY INTERMEDIARIES

### Overview

During the year ended 31 December 2021, the Group entered into the financing arrangements described below with certain third parties for the purpose of obtaining additional liquidity by the Group. In this connection, the Group pledged its bank deposits in the total principal amount of RMB2,100 million as security to enable third parties to obtain bank financing, and the net proceeds therefrom were ultimately received by the Group. The pledging of bank deposits by the Group constituted provision of financial assistance by the Group to third parties under Rule 14.04(1)(e) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). As at 30 June 2022, bank deposits of the Group in the total principal amount of RMB1,800 million remained pledged in connection with the above financing arrangements.

### Parties involved

#### (1) *Relevant Subsidiaries*

Shanghai Rongzong Enterprise Management Consultancy Co. Ltd.\* (上海融綜企業管理諮詢有限公司) (“**Subsidiary A**”), a company incorporated under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company.

Shanghai Pukun Enterprise Management Consultancy Co. Ltd.\* (上海莆堃企業管理諮詢有限公司) (“**Subsidiary B**”), a company incorporated under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company.

Subsidiary A and Subsidiary B are collectively referred to as the “**Relevant Subsidiaries**”.

#### (2) *The Bank*

Ping An Bank Co., Ltd.\* (平安銀行股份有限公司) (the “**Bank**”), a joint stock commercial bank established in the PRC.

#### (3) *The Borrower Intermediaries*

Jiayou (Shanghai) Trading Co., Ltd.\* (佳宥(上海)貿易有限公司) (“**Intermediary A**”), a company incorporated under the laws of the PRC with limited liability.

Xiamen Xi Er Suo La Trading Co., Ltd.\* (廈門希爾索拉貿易有限公司) (“**Intermediary B**”), a company incorporated under the laws of the PRC with limited liability.

Jiyuan City Tuowei Commerce & Trading Co., Ltd.\* (濟源市拓維商貿有限公司) (“**Intermediary C**”), a company incorporated under the laws of the PRC with limited liability.

Tianjin City Hongxing Trading Co., Ltd.\* (天津市洪興貿易有限公司) (“**Intermediary D**”), a company incorporated under the laws of the PRC with limited liability.

Zhejiang Linjian Trading Co., Ltd.\* (浙江霖建貿易有限公司) (“**Intermediary E**”), a company incorporated under the laws of the PRC with limited liability.

Hangzhou Hengxin Enterprise Co., Ltd.\* (杭州恒忻實業有限公司) (“**Intermediary F**”), a company incorporated under the laws of the PRC with limited liability.

Intermediary A, Intermediary B, Intermediary C, Intermediary D, Intermediary E and Intermediary F are collectively referred to as the “**Borrower Intermediaries**”.

(4) *The Lender Intermediaries*

Wenzhou City Maijie Trading Co., Ltd.\* (溫州市麥捷貿易有限公司) (“**Intermediary G**”), a company incorporated under the laws of the PRC with limited liability.

Wenzhou City Yaozhi Environmental Protection Technology Co., Ltd.\* (溫州要知環保科技有限公司) (“**Intermediary H**”), a company incorporated under the laws of the PRC with limited liability.

Intermediary F, Intermediary G and Intermediary H are collectively referred to as the “**Lender Intermediaries**”.

(5) *The Guarantors*

Ms. Wu Xiaojin (吳曉晉), a PRC individual (“**Ms. Wu**”).

Ms. Zhang Mengting (張夢婷), a PRC individual (“**Ms. Zhang**”).

Ms. Wu and Ms. Zhang are collectively referred to as the “**Guarantors**” and each a “**Guarantor**”.

To the best of the Company’s knowledge, information and belief, having made all reasonable enquiries, (i) each of the Borrower Intermediaries is independent of and not connected with each other and the Lender Intermediaries; (ii) each of the Lender Intermediaries (other than Intermediary F) is ultimately controlled by Ms. Wu; (iii) Intermediary F is ultimately owned by Ms. Zhang; (iv) each of Ms. Wu and Ms. Zhang is independent of and not connected with each other; and (v) each of the Borrower Intermediaries and Lender Intermediaries, their respective ultimate beneficial owner(s), and each of the Guarantors is an independent third party which/who is not connected with the Company or its connected persons (as defined in the Listing Rules).

\* *for identification purpose only*

## Subject matter

During the year ended 31 December 2021, the Group entered into the following arrangements with the Bank, the Borrower Intermediaries, the Lender Intermediaries and/or the Guarantors for the purpose of obtaining additional liquidity: (i) the Relevant Subsidiaries pledged their bank deposits in the total principal amount of RMB2,100 million (the “**Bank Deposits**”) as security for the grant of financial accommodation by the Bank in the form of electronic bank’s acceptance bills (the “**Bank Financing**”) to the Borrower Intermediaries (the “**Pledging of Bank Deposits**”); (ii) the Borrower Intermediaries settled their trade debts with the Lender Intermediaries with the Bank Financing; (iii) the proceeds from drawdowns of the Bank Financing were placed into designated bank accounts that were under the joint control of the Relevant Subsidiaries and Lender Intermediaries, and the funds standing to the credit of such designated bank accounts were disbursed to the Relevant Subsidiaries; (iv) the Lender Intermediaries pledged the accounts receivable arising from (iii) above in favour of the Relevant Subsidiaries as counter-security for the Pledging of Bank Deposits, and the accounts receivable pledges were registered with the Credit Reference Center of the People’s Bank of China (中國人民銀行徵信中心) where appropriate; and (v) the relevant Guarantor provided personal guarantee in favour of the Relevant Subsidiaries as counter-security for the Pledging of Bank Deposits. In light of the risk control measures adopted by the Group under (iii), (iv) and (v) above, the Company considers that the major risk arising from the Pledging of Bank Deposits is low.

The table below sets forth a summary of such financing arrangements:

	Date of financing arrangement	Relevant Subsidiary	Amount of Bank Deposit pledged (RMB)	Amount of Bank Financing (RMB)	Borrower Intermediary	Lender Intermediary	Guarantor	Maturity date
1.	17 November 2021	Subsidiary A	200 million	200 million	Intermediary A	Intermediary G	Ms. Wu	17 November 2022
2.	2 December 2021	Subsidiary A	100 million	100 million	Intermediary B	Intermediary H	Ms. Wu	2 December 2022
3.	3 December 2021	Subsidiary A	100 million	100 million	Intermediary B	Intermediary H	Ms. Wu	3 December 2022
4.	6 December 2021	Subsidiary A	200 million	200 million	Intermediary B	Intermediary H	Ms. Wu	6 December 2022
5.	7 December 2021	Subsidiary A	400 million	400 million	Intermediary C	Intermediary G	Ms. Wu	7 December 2022
6.	8 December 2021	Subsidiary A	400 million	400 million	Intermediary D	Intermediary G	Ms. Wu	8 December 2022
7.	9 December 2021	Subsidiary A	400 million	400 million	Intermediary E	Intermediary H	Ms. Wu	9 December 2022
		Sub-total of (1) to (7):	1,800 million	1,800 million				
8.	13 December 2021	Subsidiary B	160 million	156.8 million	Intermediary F	Intermediary F	Ms. Zhang	13 March 2022
9.	15 December 2021	Subsidiary B	140 million	137.2 million	Intermediary F	Intermediary F	Ms. Zhang	15 March 2022
		Sub-total of (8) to (9):	300 million	294 million				
		Total:	2,100 million	2,094 million				

As at 31 December 2021 and 30 June 2022, the total outstanding principal amount of Bank Financing amounted to RMB2,094 million and RMB1,800 million, which were secured by the Bank Deposits of RMB2,100 million and RMB1,800 million, respectively.

The Company believes that, by entering into the above financing arrangements, the Group could better utilize its cash resources to support the business operations of the Group.



The Directors (including the independent non-executive Directors) consider that the above financing arrangements (including the Pledging of Bank Deposits) were entered into in the usual and ordinary course of business of the Group, conducted on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

### **Listing Rules implications**

The Pledging of Bank Deposits constituted provision of financial assistance by the Group to third parties under Rule 14.04(1)(e) of the Listing Rules. As the financing arrangements numbered 1 to 7 in the table under “Subject Matter” above involved Intermediary G and Intermediary H which are ultimately controlled by Ms. Wu and Ms. Wu provided personal guarantee in respect of such arrangements, the Pledging of Bank Deposits in the total principal amount of RMB1,800 million under such arrangements are aggregated under Rule 14.22 of the Listing Rules, and on an aggregated basis, constituted a major transaction for the Company under Chapter 14 of the Listing Rules. As the financing arrangements numbered 8 to 9 in the table under “Subject Matter” above involved Intermediary F which is ultimately owned by Ms. Zhang and Ms. Zhang provided personal guarantee in respect of such arrangements, the Pledging of Bank Deposits in the total principal amount of RMB300 million under such arrangements are aggregated under Rule 14.22 of the Listing Rules, and on an aggregated basis, constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Company has obtained the written approval of Dingxin Company Limited, a company holding more than 50% of the issued Shares as at the date of entering into the Pledging of Bank Deposits and the date of this announcement, for approving and ratifying the Pledging of Bank Deposits. To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, none of the shareholders of the Company (the “Shareholders”, each a “Shareholder”) has any material interest in the Pledging of Bank Deposits and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for approval of the Pledging of Bank Deposits.

As the material terms of the Pledging of Bank Deposits have been disclosed in this announcement and the relevant financial information of the Group as at 31 December 2021 and 30 June 2022 has been disclosed in the 2021 annual report of the Company and this announcement, respectively, and the Pledging of Bank Deposits has been approved and ratified by way of the written approval provided by Dingxin Company Limited, the Company will not prepare and dispatch a circular to the Shareholders in relation to the Pledging of Bank Deposits that would otherwise be required under Chapter 14 of the Listing Rules.

### **Remedial measures**

The Company acknowledges that the notification and announcement in respect of the above financing arrangements have been delayed as the Company believed that the Pledging of Bank Deposits, which were for the ultimate purpose of obtaining additional cash resources to improve the Group’s liquidity, would not constitute notifiable transactions of the Company for the purpose of Chapter 14 of the Listing Rules, and omitted to comply with the Listing Rules with respect to the intermediate step of the Pledging of Bank Deposits.

Going forward, to ensure a timely disclosure in compliance with the Listing Rules, the Company has taken the following remedial measures:

- (i) the Company has issued guidance letters to employees of its financing department reminding and explaining to them the relevant requirements under the Listing Rules and the reporting procedures for notifiable transactions under the Listing Rules, and the importance of identifying such transactions prior to execution of any financing arrangements involving the provision of financial assistance by the Group to any third party;
- (ii) the legal department of the Company shall continue to oversee and monitor the Company's on-going compliance with the Listing Rules; and
- (iii) the Group will arrange training sessions on compliance requirements and computation of ratio tests for notifiable transactions so as to improve the standard of corporate governance and strengthen internal control procedures of the Company.

The Directors are of the view that the above measures could effectively prevent the occurrence of similar incidents in the future.

## **CONTINGENT LIABILITIES**

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically 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 takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB25,688.46 million as at 30 June 2022 (31 December 2021: RMB28,956.42 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

### **Current ratio**

As at 30 June 2022, the current ratio of the Group was 1.33 times (31 December 2021: 1.39 times). The decrease of the Group's current ratio was mainly attributable to the decrease of properties under development and completed properties held for sale.



## Gearing ratio

As at 30 June 2022, the gearing ratio of the Group was 0.70 (31 December 2021: 0.66), mainly due to the decrease of total equity and cash and bank balances. This ratio is calculated as net borrowings divided by total equity as shown in the interim condensed consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the interim condensed consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

## FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in first-tier cities in the PRC. There is no concrete plan for future investments in place as at the date of this announcement.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2022, the Company did not repurchase its shares, but had made partial repurchases of its senior notes in the open market as follows:

USD bonds being repurchased during 2022:

*unit: USD*

Senior notes	ISIN	Principal amount of senior notes being repurchased during the year	Cumulative principal amount of senior notes being repurchased	Aggregate principal amount of senior notes originally issued	Cumulative repurchased notes as a percentage of the senior notes originally issued
10.5% senior notes due 2022	XS1957481440	200,273,000	243,783,000	500,000,000	48.76%
8.95% senior notes due 2023	XS2031469732	2,000,000	7,000,000	420,000,000	1.67%
7.1% senior notes due 2025	XS2290308845	5,600,000	55,100,000	300,000,000	18.37%
<b>Total</b>		<b>207,873,000</b>	<b>305,883,000</b>	<b>1,220,000,000</b>	

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 30 June 2022, the Group's financial assets and liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB14,973.10 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

## SIGNIFICANT INVESTMENTS HELD

For the six months ended 30 June 2022, the Group did not hold any significant investments.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### Disposal of Subsidiaries

On 18 February 2022, Shanghai Kaiyin Enterprise Company Limited\* (上海愷胤實業有限公司) (“**Shanghai Kaiyin**”), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhejiang Beize Group Company Limited\* (浙江貝澤集團有限公司) (“**Zhejiang Beize**”), pursuant to which Shanghai Kaiyin has agreed to dispose of, and Zhejiang Beize has agreed to purchase, 55% of the equity interest of Ningbo Hailiang Property Investment Company Limited\* (寧波海亮房地產投資有限公司) (the “**Target Company**”, together with its subsidiaries and its invested entity, the “**Target Group**”) for a consideration of RMB421,239,530.34 (the “**Disposal**”).

The Disposal was completed on 18 February 2022. Upon completion of the Disposal, the Group no longer holds any interest in the Target Company and the Target Company and other members of the Target Group have ceased to be accounted as subsidiaries of the Group.

## IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

On 22 July 2022, Mr. Qu Wenzhou (“**Mr. Qu**”) resigned as an independent non-executive Director of the Company as he wished to devote more time to his other commitments. With effect from his resignation, Mr. Qu also ceased to be the chairman of the audit committee (the “**Audit Committee**”) and a member of the remuneration committee (the “**Remuneration Committee**”) and nomination committee (the “**Nomination Committee**”) of the Company.

Following the resignation of Mr. Qu, the Company failed to meet the following requirements: (i) the requirement that the Board shall comprise a minimum of three independent non-executive Directors, at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise (the “**Relevant Qualification**”), and independent non-executive Directors shall represent at least one-third of the Board under Rule 3.10(1), 3.10(2) and 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”); (ii) the requirement under Rule 3.21 of the Listing Rules and the terms of reference of the Audit Committee that the Audit Committee must comprise a minimum of three members, at least one of whom is an independent non-executive Director with the Relevant Qualification as required under Rule 3.10(2) of the Listing Rules and shall have a chairman; (iii) the requirement that the Remuneration Committee shall comprise a minimum of three members, and a majority of whom must be independent non-executive Directors under Rule 3.25 of the Listing Rules and the terms of reference of the Remuneration Committee; and (iv) the requirement that the Nomination Committee shall comprise a majority of independent non-executive Directors under Rule 3.27A of the Listing Rules and shall comprise a minimum of three members under the terms of reference of the Nomination Committee.

As at the date of this announcement, the Company has complied with the aforementioned Listing Rules by the appointment of Mr. He Jiarong as independent non-executive Director, chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee with effect from 15 August 2022.

For further details, please refer to the announcements of the Company dated 22 July 2022 and 15 August 2022.

Saved as disclosed in this announcement, the Group had no other material events after the balance sheet date and as of the date of this announcement.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2022, the Group employed a total of 1,786 full-time employees (30 June 2021: 3,160 full-time employees). For the six months ended 30 June 2022, the staff cost recognised as expenses of the Group amounted to RMB602.51 million.

The remuneration policy of the Group is to provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee’s qualification, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary raise, bonus and promotion. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group’s PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiatives and responsibilities. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the six months ended 30 June 2022, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

## **CORPORATE GOVERNANCE**

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Part 2 of Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2022, save and except for the deviation from code provision C.2.1 of the Corporate Governance Code as disclosed below.

Code provision C.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong (“**Mr. Ou**”), an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou continues to act as the chairman and chief executive officer of the Group following the date upon which the Shares have been listed on the Main Board of the Stock Exchange, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Director and independent non-executive Directors.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for Directors' dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2022.

## **INTERIM DIVIDEND**

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

## **AUDIT COMMITTEE**

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rongxingroup.com](http://www.rongxingroup.com)).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. He Jiarong, Mr. Ren Yunan and Mr. Ruan Weifeng, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. He Jiarong who possesses appropriate professional qualifications. The Audit Committee has reviewed the interim results for the six months ended 30 June 2022.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.rongxingroup.com](http://www.rongxingroup.com). The Company’s interim report for the six months ended 30 June 2022 will be dispatched to Shareholders and published on the aforementioned websites in due course.

By Order of the Board  
**Ronshine China Holdings Limited**  
**Ou Zonghong**  
*Chairman*

Hong Kong, 31 August 2022

*As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyan, Mr. Zhang Lixin and Mr. Wu Jianxing are the executive Directors; Ms. Chen Shucui is the non-executive Director; Mr. Ren Yunan, Mr. Ruan Weifeng and Mr. He Jiarong are the independent non-executive Directors.*

\* *For identification purposes only*