Shinsun Holdings (Group) Co., Ltd.
祥生控股（集團）有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 02599)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- Contracted sales attributable to the Group amounted to approximately RMB15,400.0 million, decreased by approximately 69% as compared with the corresponding period in the previous year.
- Total revenue amounted to approximately RMB8,461.7 million, decreased by approximately 46.8% as compared with the corresponding period in the previous year.
- Loss for the period amounted to approximately RMB622.1 million, while profit for the corresponding period in the previous year amounted to approximately RMB973.1 million.
- Loss attributable to owners of the Company amounted to approximately RMB661.6 million, while profit attributable to the owners of the Company for the corresponding period in the previous year amounted to approximately RMB532.3 million, and core net loss[1] attributable to owners of the Company amounted to approximately RMB613.4 million, while core net profit attributable to the owners of the Company for the corresponding period in the previous year amounted to approximately RMB533.9 million.
- Total gross profit amounted to approximately RMB900.4 million, decreased by approximately 68.6% as compared with the corresponding period in the previous year.
- Net gearing ratio increased from 153.0% as of 31 December 2021 to 168.0% as of 30 June 2022.
- The interest-bearing liabilities of the Company amounted to RMB29,008.8 million, decreased by approximately 15.6% as compared with the end of the previous year.
- Cash and bank balances[2] amounted to approximately RMB5,067.4 million, representing a decrease of approximately 40.0% as compared with the end of the previous year.

[1] Core net loss represents the net loss excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes.

[2] Cash and bank balances comprise restricted cash, pledged deposits, proceeds from pre-sale of properties, time deposits and cash and cash equivalents.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shinsun Holdings (Group) Co., Ltd. (the "**Company**" or "**Shinsun Holdings**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, referred to as the "**Group**" or "**We**") for the six months ended 30 June 2022 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2021 as follows:

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

For the six months ended 30 June 2022

	NOTES	**2022** ***RMB'000*** **(Unaudited)**	2021 *RMB'000* (Unaudited)
REVENUE	*3*	**8,461,663**	15,893,961
Cost of sales		**(7,561,285)**	(13,029,005)
GROSS PROFIT		**900,378**	2,864,956
Finance income		**34,360**	77,099
Other income and gains	*3*	**404,493**	76,124
Selling and distribution expenses		**(386,633)**	(616,409)
Administrative expenses		**(324,132)**	(470,373)
Other expenses		**(560,273)**	(121,295)
Fair value gains on investment properties		**–**	14,830
Finance costs	*4*	**(228,656)**	(463,239)
Share of profits and losses of:			
Joint ventures		**(15,880)**	242,996
Associates		**(17,090)**	1,679
(LOSS)/PROFIT BEFORE TAX	*5*	**(193,433)**	1,606,368
Income tax expense	*6*	**(428,697)**	(633,254)
(LOSS)/PROFIT FOR THE PERIOD		**(622,130)**	973,114
Attributable to:			
Owners of the parent		**(661,577)**	532,332
Non-controlling interests		**39,447**	440,782
		(622,130)	973,114
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (loss)/earnings per share	*8*	**RMB(0.22)**	RMB0.17

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2022

	NOTES	**2022** **RMB'000**	2021 RMB'000
(LOSS)/PROFIT FOR THE PERIOD		**(622,130)**	973,114
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:			
Revaluation gains on transfer from property, plant and equipment to investment properties		**–**	–
Income tax effect		**–**	–
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods		**–**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(622,130)**	973,114
Attributable to:			
Owners of the parent		**(661,577)**	532,332
Non-controlling interests		**39,447**	440,782
		(622,130)	973,114

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**84,160**	105,672
Right-of-use assets		**9,565**	58,122
Investment properties		**2,029,480**	2,029,480
Intangible assets		**8,316**	9,917
Investments in joint ventures		**742,346**	1,467,007
Investments in associates		**1,282,991**	1,399,643
Deferred tax assets		**1,975,972**	2,203,424
Total non-current assets		**6,132,830**	7,273,265
CURRENT ASSETS			
Properties under development		**86,131,848**	96,433,665
Completed properties held for sale		**10,016,492**	6,441,718
Trade and bills receivables	*9*	**68,017**	13,281
Contract cost assets		**224,328**	248,320
Due from related parties		**3,598,581**	4,284,362
Prepayments, deposits and other receivables		**16,992,291**	19,103,774
Tax recoverable		**2,786,152**	2,656,552
Financial assets at fair value through profit or loss		**836,317**	840,117
Cash and bank balances		**5,067,423**	8,448,078
Total current assets		**125,721,449**	138,469,867

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*10*	**5,505,968**	6,587,113
Other payables and accruals		**12,231,247**	11,238,515
Contract liabilities		**65,745,944**	70,018,866
Due to related parties		**3,124,682**	4,236,529
Interest-bearing bank and other borrowings		**11,063,944**	14,040,104
Senior notes		**4,588,754**	3,204,513
Corporate bonds		**519,965**	3,267
Tax payable		**1,752,435**	2,044,991
Lease liabilities		**9,652**	32,332
Total current liabilities		**104,542,591**	111,406,230
NET CURRENT ASSETS		**21,178,858**	27,063,637
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,311,688**	34,336,902
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**12,836,175**	15,382,675
Senior notes		–	1,258,377
Corporate bonds		–	497,500
Lease liabilities		**2,383**	35,343
Deferred tax liabilities		**218,962**	210,651
Total non-current liabilities		**13,057,520**	17,384,546
NET ASSETS		**14,254,168**	16,952,356
EQUITY			
Equity attributable to owners of the parent			
Share capital		**199,616**	199,616
Reserves		**6,844,022**	7,518,097
		7,043,638	7,717,713
Non-controlling interests		**7,210,530**	9,234,643
TOTAL EQUITY		**14,254,168**	16,952,356

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted limited liability company incorporated in the Cayman Islands on 13 December 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 November 2020.

The Company is an investment holding company. During the Reporting Period, the subsidiaries now comprising the Group were involved in property development, property leasing, and the provision of property management services.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Shinlight Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

Going concern basis

As at 30 June 2022, the Group's total bank and other borrowings, senior notes and corporate bonds amounted to RMB29,008,838,000, out of which RMB16,172,663,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,472,989,000. During the six months ended 30 June 2022, the Group did not repay a principal of US$219,470,000 (equivalent to RMB1,472,951,000) and an interest of US$22,500,000 (equivalent to RMB151,006,500) for certain senior notes due in January, March and June 2022. As a result, senior notes and interest-bearing bank and other borrowings with an aggregate amount of RMB6,861,754,000 became default or cross-default and were payable on demand.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(i) The Group has appointed a financial adviser to assist it with a restructuring of its senior notes, in order to reach a consensual solution with all the stakeholders as soon as practicable;

(ii) The Group has been actively negotiating with a number of financial institutions for renewal, extension and replacement of bank loans and other borrowings;

(iii) The Group will continue to actively communicate with banks to timely secure relevant project development loans for qualified project development;

(iv) The Group will continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;

(v) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;

(vi) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vii) The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies in order to generate additional cash inflows.

The Directors are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations which will be due within the next twelve months, and the preparation of the condensed consolidated interim financial information with a going concern basis is considered appropriate.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) successfully completing the restructuring of its senior notes;

(ii) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings;

(iii) successfully securing project development loans for qualified project development timely;

(iv) successfully obtaining additional new sources of financing as and when needed;

(v) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;

(vi) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vii) successfully disposing of the Group's equity interest in project development companies when suitable and appropriate.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the current condensed consolidated interim financial information.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments are applied for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 9	*Fees in the '10 per cent' test for derecognition of financial liabilities*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*

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

(a) Amendments to IFRS 3 replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

    The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the Reporting Period.

(b) Amendment to IFRS 9 clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the Reporting Period.

(c) Amendments to IAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

(d) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**8,427,149**	15,858,533
Revenue from other sources		
Property lease income	**34,514**	35,428
	8,461,663	15,893,961

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services:		
Sale of properties	**8,415,736**	15,774,489
Property management services	**8,902**	8,275
Management consulting services	**2,511**	75,769
Total revenue from contracts with customers	**8,427,149**	15,858,533
Timing of revenue recognition:		
Properties transferred at a point in time	**8,415,736**	15,774,489
Services transferred over time	**11,413**	84,044
Total revenue from contracts with customers	**8,427,149**	15,858,533

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Subsidy income	**9,328**	10,717
Gain on disposal of joint ventures	**285,025**	55,914
Deposit forfeiture	**4,058**	2,779
Gain on disposal of subsidiaries	**89,992**	–
Others	**16,090**	6,714
	404,493	76,124

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on loans and borrowings	**1,335,144**	1,592,330
Interest on senior notes	**274,336**	201,685
Interest on corporate bonds	**19,198**	19,198
Interest on lease liabilities	**6,600**	4,523
Interest expense arising from revenue contracts	**98,990**	402,811
Total interest expense on financial liabilities not at fair value through profit or loss	**1,734,268**	2,220,547
Less: Interest capitalised	**(1,505,612)**	(1,757,308)
	228,656	463,239

5. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**7,549,826**	13,012,883
Cost of services provided	**11,460**	16,122
Impairment of financial assets	**874**	11,389
Depreciation of property, plant and equipment	**22,085**	30,071
Depreciation of right-of-use assets	**14,694**	14,215
Amortisation of intangible assets	**1,601**	1,658
Lease payments not included in the measurement of lease liabilities	**1,014**	2,779
Auditor's remuneration	**2,200**	2,200
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**227,900**	352,927
Pension scheme contributions	**40,049**	44,290

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the six months ended 30 June 2022 and 2021.

Subsidiaries of the Group operating in Mainland China were subject to the People's Republic of China ("**PRC**") corporate income tax with a tax rate of 25% (2021: 25%) for the Reporting Period.

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Corporate income tax	**19,628**	707,594
LAT	**173,306**	156,760
Deferred tax	**235,763**	(231,100)
Total tax charge for the Reporting Period	**428,697**	633,254

7. DIVIDENDS

No interim dividends for the six months ended 30 June 2022 have been declared by the Company (six months ended 30 June 2021: nil).

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,043,403,000 (as of 30 June 2021: 3,043,403,000) in issue during the Reporting Period.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Reporting Period.

The calculations of the basic and diluted (loss)/earnings per share amounts are based on:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/Earnings		
(Loss)/Profit attributable to ordinary equity holders of the parent	**(661,577)**	532,332

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the Reporting Period	**3,043,403,000**	3,043,403,000

9. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June	31 December
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**67,106**	12,768
1 to 3 years	**488**	513
Over 3 years	**423**	–
	68,017	13,281

10. TRADE AND BILLS PAYABLES

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

	30 June	31 December
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**5,163,852**	6,284,308
Over 1 year	**342,116**	302,805
	5,505,968	6,587,113

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

The fair values of trade and bills payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

MARKET REVIEW

In the first half of 2022, China's economy gradually rebounded, with a gross domestic product ("**GDP**") of approximately RMB56,264.2 billion, representing a year-on-year increase of 2.5%. With the steady implementation of long-term policies to efficiently coordinate the prevention and control of epidemic and stabilize the property market, the results of economic and social development had begun to emerge gradually.

During the Reporting Period, as affected by the impact of COVID-19 and the combination of various internal and external factors to cool down market demand in the general environment, the growth rate of enterprise investment and development had dropped in the first half of 2022. From January to June, the investment in property development nationwide decreased by 5.4% on a year-on-year basis; newly constructed gross floor area ("**GFA**") and completed GFA decreased by 34.4% and 21.5% on a year-on-year basis, respectively, representing the largest decrease in absolute values on record.

It is noteworthy that since mid-March this year, due to factors such as the delayed construction progress as a result of the epidemic and the tight liquidity in the property sector, our peers and customers have had concerns over the smooth delivery of property projects. The Group has been actively implementing regulatory requirements and responding to changes in regulatory policies and the industry, making timely delivery of projects its priority in the first half of the year and always striving to achieve long-term, healthy and stable sustainable development.

BUSINESS REVIEW

Facing industry challenges and the impact of external uncertainties, the Group adhered to its corporate objective as a "Happy Life Operator" (幸福生活運營商) to seek a balanced development from a holistic perspective. At the macro level, the Group made adjustments to its strategic planning, and at the micro level, it refined its organizational structure, focusing on quality growth and actively raising capital through diversified financing channels to address short-term liquidity risks.

For more than 20 years, the Group has always adhered to the forward-looking strategy of "1+1+X", focusing on its development in Zhejiang Province, deeply penetrating into the Pan-Yangtze River Delta regions and strategically expanding in cities with high potential, and currently has presence in 43 cities in 11 provinces nationwide, with an aggregate attributable land reserve of approximately 16.9 million square meter ("**sq.m.**"). With the continued deepening of its investment strategy, the Group will strengthen its existing layout to facilitate its healthy and sustainable development.

In the first half of 2022, the Group achieved revenue of RMB8,461.7 million. In the first half of 2022, total contracted sales attributable to the Group amounted to approximately RMB15,400.0 million; contracted GFA attributable to the Group amounted to approximately 1,112,623 sq.m.; and the average contracted selling price attributable to the Group was approximately RMB13,841 per sq.m., maintaining a steady trend as compared with the corresponding period.

It was undeniable that against the backdrop of liquidity problems and overall pressure in the industry, the Group was inevitably subject to short-term liquidity risks. Facing the "stress test" which affects the whole industry, the Group actively communicated and always strived to optimize its debt structure and enhance its operational efficiency. In the first half of the year, the Group made proactive changes in various business lines, including investment, products and marketing, to optimize its organizational structure and strengthen its operational control.

In terms of project delivery, the Group actively protected the rights and interests of its customers and is estimated to have implemented over 30 projects and made nearly 40 batches of deliveries during the first half of the year, and strived to improve its customer satisfaction; and in terms of organizational structure adjustment, through "decentralization", a new management model of "7+2" group functional line has been formed to enhance the efficiency of corporate operations.

During the Reporting Period, the Group also responded positively to the national "Double Carbon" policy and continued to strengthen green construction and green operations. It had basically achieved full green building coverage in its projects under construction, with a total of 96 projects obtaining green building certification. Compared with last year, the number of two-star green building projects has increased. Among them, many projects under construction, such as Hefei Beiyanhu Yunjing (合肥北雁湖雲鏡), Hangzhou Yunjing (杭州雲鏡) and Ningbo Chaoqi Yunyue (寧波潮起雲悅), were two-star green building projects, and Hefei Shinsun Luzhou Yunjing (合肥祥生廬州雲境) project has passed the Three-star Green Building Pre-rating.

Building on its long-term steady development and further brand cultivation, the Group was granted a number of awards and honors in the first half of 2022, including being ranked among the TOP 5 in Shaoxing City in the 2022 Excellent Enterprises in Loyalty of Chinese Urban Residents (2022中國城市居民忠誠度優秀企業) by the China Index Academy; being ranked as the TOP3 on the list with an overall operational efficiency score of 9.77 in terms of the sub-dimension of operational efficiency in the 2022 Overall Strength Ranking of Listed Companies in Real Estate (2022年度地產上市公司綜合實力排行榜) jointly launched by Beijing Beta Consulting Centre (北京貝塔諮詢中心) and Securities Market Weekly (證券市場周刊).

Meanwhile, the Group has attached great importance to two-way communication with investors and is committed to enhancing corporate transparency and building long-term relationships with investors. In compliance with the relevant listing rules and legal requirements, the Group has established systematic communication channels through various means to provide stakeholders with regular information on operating results and latest development trends. Financial reports, announcements and press releases are released through online channels such as the website of the Stock Exchange, the Company's official website, emails and WeChat official account to maintain close communication with the market.

As a "Happy Life Operator (幸福生活營運商)", the Group has further strengthened its care for employees by setting up the Sharing Fund (共享基金), targeting to provide one-to-one precise support to the employees who have difficulties in life so as to enhance their sense of security and belonging. In addition to maintaining a sound operation, the Group actively participated in various public welfare undertakings, such as urban construction, poverty alleviation and education, serving the disabled and orphans and disaster relief and charity.

During the Reporting Period, the employees of the Group provided voluntary services to 212 persons in 10 charity projects and donated over RMB15.25 million, continuing to generate a positive effect on various regions. In the future, the Group will continue to improve environmental protection, social responsibility and governance to promote its sustainable development.

OUTLOOK

Due to the challenges brought on by the continuous in-depth adjustment of the real estate industry and the persistent COVID-19 pandemic, several companies in which the Group operates faced financial difficulties, leading to financial distress and significant reduction of liquidity. Having been affected by the property market adjustment and impact of the Covid-19 pandemic and facing tremendous pressure placed on the Group's 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.

With the continuous scientific improvement of the nationwide systemic prevention and control measures of the COVID-19 pandemic and the solid promotion of economic and social development, various positive changes are expected to increase significantly, and the real estate industry is expected to enter a new development mode. The industry will form a market pattern of renting and selling to address both existing customers and new subscribers, reducing the financial attributes of real estate, improving the affordability of housing from the demand perspective and promoting real estate enterprises to carry out businesses logically from the supply perspective.

It is expected that the Group will benefit from favorable policy support from the supply perspective. In terms of policy support and corporate transformation, the Group will seize the opportunity to strengthen measures and quickly complete the adjustment of operation strategy to ensure delivery, accelerate sales and promote repayment, so as to embrace the recovery of the real estate market in a better condition.

In the face of the industry consolidation, the Group will continue to adhere to its positioning as a "Happy Life Operator (幸福生活運營商)", steadily promote its business, continuously optimize its financial structure, continuously enhance its awareness of risk prevention and response capabilities. The Group will provide better products and services to consumers, create greater value for the shareholders of the Company and investors, and make efforts to enhance the happiness of society.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

	Six months ended 30 June 2022	2021	Change in percentage
Contracted sales (Note 1)			
Contracted sales attributable to the Group's interests (RMB'000) (Note 1)	**15,399,961**	49,681,119	-69.0%
Contracted gross floor area ("**GFA**") sold attributable to the Group (sq.m.)	**1,112,623**	3,763,636	-70.4%
Contracted average selling price ("**ASP**") attributable to the Group's interests (RMB/sq.m.)	**13,841**	13,200	4.9%
Selected financial information			
Revenue (RMB'000)	**8,461,663**	15,893,961	-46.8%
Gross profit (RMB'000)	**900,378**	2,864,956	-68.6%
(Loss)/profit for the period (RMB'000)	**(622,130)**	973,114	-163.9%
Core net (loss)/profit (Note 2) (RMB'000)	**(573,914)**	974,713	-158.9%
(Loss)/profit attributable to owners of the Company (RMB'000)	**(661,577)**	532,332	-224.3%
Core net (loss)/profit attributable to owners of the Company (RMB'000)	**(613,359)**	533,931	-214.9%
Gross (loss)/profit margin (%) (Note 3)	**10.6%**	18.0%	
Core net (loss)/profit margin (%) (Note 4)	**-6.8%**	6.1%	
(Loss)/earnings per share (basic and diluted) (RMB cents)	**(22)**	17	
Core (loss)/earnings per share (basic and diluted) (RMB cents)	**(20)**	18	

	30 June 2022	31 December 2021	Change in percentage
Total assets (RMB'000)	**131,854,279**	145,743,132	-9.5%
Cash and bank balances (RMB'000) (Note 5)	**5,067,423**	8,448,078	-40.0%
Total liabilities (RMB'000) (Note 6)	**117,600,111**	128,790,777	-8.7%
Total equity (RMB'000)	**14,254,168**	16,952,356	-15.9%
Equity attributable to owners of the Company (RMB'000)	**7,043,638**	7,717,713	-8.7%
Net gearing ratio (%) (Note 7)	**168.0%**	153.0%	
Weighted average costs of indebtedness (%) (Note 8)	**9.0%**	8.8%	

Notes:

(1) Contracted sales include contracted sales attributable to the Group. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.

(2) Core net (loss)/profit represents the net (loss)/profit excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes.

(3) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the period and multiplied by 100%.

(4) The calculation of core net (loss)/profit margin is based on core net (loss)/profit for the period divided by revenue for the period and multiplied by 100%.

(5) Cash and bank balances comprise restricted cash, pledged deposits, proceeds from pre-sale of properties, time deposits and cash and cash equivalents.

(6) Total liabilities represent current liabilities and non-current liabilities.

(7) The calculation of net gearing ratio is based on total interest-bearing liabilities less cash and bank balances divided by total equity at the end of the year and multiplied by 100%.

(8) Weighted average cost of indebtedness is the weighted average of interest costs of all indebtedness outstanding as at the end of each financial period.

PROPERTY DEVELOPMENT AND SALES

Contracted Sales

During the Reporting Period, the Group achieved contracted sales attributable to the Group of approximately RMB15,400.0 million, decreased by approximately 69% from approximately RMB49,681.1 million for the six months ended 30 June 2021, mainly due to the impact of COVID-19 and decrease in market demand.

During the Reporting Period, the contracted sales in GFA attributable to the Group amounted to approximately 1,112,623 sq.m., representing a decrease of approximately 70% from approximately 3,763,636 sq.m. in 2021. The Group's contracted ASP for the six months ended 30 June 2022 was RMB13,841/sq.m., representing an increase of approximately 5% from approximately RMB13,200/sq.m. for the six months ended 30 June 2021.

Contracted sales attributable to the Group from the Zhejiang Province, Pan-Yangtze River Delta Region and other regions, which represents regions in China other than Zhejiang Province and the Pan-Yangtze River Delta Region, including Hubei Province, Hunan Province, Inner Mongolia Autonomous Region, Fujian Province and Liaoning Province, accounted for approximately 59.5%, 28.5% and 12.0% of total contracted sales attributable to the Group for the six months ended 30 June 2022, respectively.

The following table sets forth the details of contracted sales attributable to the Group for the six months ended 30 June 2022:

	Contracted sales attributable to the Group's interests *(RMB'000)*	Percentage of total contracted sales *(%)*	GFA attributable to the Group's interests *(sq.m.)*	Contracted ASP *(RMB/sq.m.)*
Hangzhou	2,559,182	17%	81,973	31,220
Shaoxing	2,278,164	15%	94,416	24,129
Wenzhou	1,531,314	10%	46,508	32,926
Suqian	838,817	5%	94,106	8,914
Huhhot	836,028	5%	87,656	9,538
Quzhou	537,734	3%	22,891	23,491
Ningbo	467,354	3%	16,976	27,532
Xuancheng	429,466	3%	54,247	7,917
Anqing	424,476	3%	27,235	15,585
Lishui	415,024	3%	31,838	13,036
Fuyang	399,080	3%	41,490	9,619
Zhoushan	390,490	3%	26,520	14,724
Taizhou	381,378	2%	22,915	16,643
Chuzhou	375,625	2%	55,500	6,768
Jining	353,317	2%	52,761	6,697
Others	3,182,511	21%	355,589	8,950
Total	**15,399,961**	**100%**	**1,112,623**	**13,841**

Land Bank

As at 30 June 2022, the total land bank attributable to the Group, taken into account the total land bank of projects developed by its subsidiaries, joint ventures and associates, was approximately 16.9 million sq.m., among which, approximately 3.9 million sq.m. was from completed properties available for sale/for lease and for investment purposes, approximately 10.5 million sq.m. was under development and approximately 2.5 million sq.m. was for future development. During the Reporting Period, the Group had no new land acquisition.

The following table sets out a breakdown of the total land bank developed by the subsidiaries, joint ventures and associates of the Group attributable to the Group by geographical location as at 30 June 2022:

Developed by the Group's subsidiaries

City	Number of Projects	Completed properties available for sale/ for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	Percentage of total land bank attributable to the Group *(%)*
Shanghai	**1**	**–**	**134,997.91**	**151,330.62**	**286,328.53**	**1.7%**
Shanghai	1	–	134,997.91	151,330.62	286,328.53	1.7%
Zhejiang	**101**	**2,010,148.91**	**5,630,566.97**	**778,434.01**	**8,419,149.89**	**49.9%**
Hangzhou	14	192,409.09	1,812,259.76	177,461.90	2,182,130.75	12.9%
Ningbo	4	14,904.61	394,489.90	–	409,394.51	2.4%
Shaoxing	41	621,936.78	2,016,171.89	190,522.00	2,828,630.67	16.8%
Wenzhou	6	–	316,546.36	–	316,546.36	1.9%
Taizhou	10	291,995.78	353,202.43	–	645,198.21	3.8%
Jiaxing	5	69,398.22	–	–	69,398.22	0.4%
Huzhou	6	339,750.86	33,417.98	–	373,168.84	2.2%
Zhoushan	4	157,530.52	167,731.25	–	325,261.77	1.9%
Quzhou	7	260,530.73	256,036.00	–	516,566.73	3.1%
Lishui	4	61,692.32	280,711.40	410,450.11	752,853.83	4.5%
Jiangsu	**18**	**691,651.94**	**749,148.44**	**–**	**1,440,800.38**	**8.5%**
Suzhou	2	10,644.37	–	–	10,644.37	0.1%
Yangzhou	1	74,880.04	94,285.09	–	169,165.13	1.0%
Nantong	3	21,401.73	177,355.00	–	198,756.73	1.2%
Lianyungang	2	98,288.85	–	–	98,288.85	0.6%
Yancheng	1	17,254.53	–	–	17,254.53	0.1%
Suqian	3	24,198.90	477,508.35	–	501,707.25	3.0%
Taizhou	6	444,983.52	–	–	444,983.52	2.6%
Shandong	**2**	**23,557.46**	**567,873.50**	**164,488.29**	**755,919.25**	**4.5%**
Ji'ning	1	–	567,873.50	164,488.29	732,361.79	4.3%
Liaocheng	1	23,557.46	–	–	23,557.46	0.1%

City	Number of Projects	Completed properties available for sale/ for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	Percentage of total land bank attributable to the Group *(%)*
Anhui	**29**	**446,971.36**	**1,298,629.05**	**319,680.35**	**2,065,280.76**	**12.2%**
Hefei	2	–	374,442.49	–	374,442.49	2.2%
Wuhu	1	33,794.59	–	–	33,794.59	0.2%
Xuancheng	10	194,309.21	203,586.70	196,671.15	594,567.06	3.5%
Chuzhou	11	218,867.56	161,109.88	–	379,977.44	2.3%
Anqing	2	–	164,709.33	–	164,709.33	1.0%
Suzhou	2	–	282,799.46	–	282,799.46	1.7%
Fuyang	1	–	111,981.19	123,009.20	234,990.39	1.4%
Jiangxi	**7**	**122,192.27**	**460,667.10**	**142,059.13**	**724,918.50**	**4.3%**
Nanchang	1		130,353.99		130,353.99	0.8%
Jiujiang	2	59,693.11	–	142,059.13	201,752.24	1.2%
Fuzhou	4	62,499.16	330,313.11	–	392,812.27	2.3%
Hubei	**12**	**111,661.32**	**29,321.24**	**222,304.45**	**363,287.01**	**2.2%**
Wuhan	4	8,553.34	–	67,293.00	75,846.34	0.4%
Xiantao	5	84,222.47	29,321.24	155,011.45	268,555.16	1.6%
Jingzhou	3	18,885.51	–	–	18,885.51	0.1%
Hunan	**3**	**108,417.46**	**235,095.36**	**146,798.97**	**490,311.79**	**2.9%**
Hengyang	1	13,667.54	128,296.20	–	141,963.74	0.8%
Yueyang	1	35,435.04	62,093.18	18,217.38	115,745.60	0.7%
Changde	1	59,314.88	44,705.98	128,581.59	232,602.45	1.4%
Inner Mongolia	**6**	**39,004.10**	**875,204.47**	**–**	**914,208.57**	**5.4%**
Hohhot	6	39,004.10	875,204.47	–	914,208.57	5.4%
Fujian	**1**	**59,271.50**	**–**	**192,521.34**	**251,792.84**	**1.5%**
Nanping	1	59,271.50	–	192,521.34	251,792.84	1.5%
Liaoning	**3**	**44,417.65**	**–**	**–**	**44,417.65**	**0.3%**
Anshan	3	44,417.65	–	–	44,417.65	0.3%
Sub-total	**183**	**3,657,294**	**9,981,504**	**2,117,617**	**15,756,415**	**93.4%**
Total	**207**	**3,855,373**	**10,524,000**	**2,486,401**	**16,865,774**	**100.0%**

Developed by the Group's joint ventures and associates

City	Number of Projects	Completed properties available for sale/ for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	Percentage of total land bank attributable to the Group *(%)*
Zhejiang	**14**	**83,716**	**416,776**	**79,977**	**580,468**	**3.4%**
Hangzhou	3	63,251	254,660	–	317,911	1.9%
Ningbo	1	10,641	–	–	10,641	0.1%
Shaoxing	7	9,823	93,385	79,977	183,185	1.1%
Wenzhou	1	–	40,777	–	40,777	0.2%
Jinhua	2	–	27,954	–	27,954	0.2%
Jiangsu	**4**	**20,591**	**52,748**	**–**	**73,338**	**0.4%**
Nanjing	1	14,133	19,158	–	33,291	0.2%
Zhenjiang	1	–	33,590	–	33,590	0.2%
Taizhou	2	6,458	–	–	6,458	0.0%
Shandong	**1**	**–**	**72,973**	**49,424**	**122,397**	**0.7%**
Zibo	1	–	72,973	49,424	122,397	0.7%
Anhui	**3**	**41,887**	**–**	**39,382**	**81,269**	**0.5%**
Chuzhou	2	23,732	–	–	23,732	0.1%
Anqing	1	18,154	–	39,382	57,537	0.3%
Jiangxi	**2**	**51,886**	**–**	**200,000**	**251,886**	**1.5%**
Shangrao	1	51,886	–	–	51,886	0.3%
Fuzhou	1	–	–	200,000	200,000	1.2%
Subtotal	**24**	**198,079**	**542,496**	**368,784**	**1,109,358**	**6.6%**
Total	**207**	**3,855,373**	**10,524,000**	**2,486,401**	**16,865,774**	**100.0%**

	Number of Projects	Completed properties available for sale/ for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	% of total land bank attributable to the Group *(%)*
By regions						
Zhejiang	115	2,093,864	6,047,342	858,411	8,999,618	53.4%
Pan-Yangtze River Delta	67	1,398,737	3,337,036	1,066,365	5,802,137	34.4%
Other regions	25	362,772	1,139,621	561,625	2,064,018	12.2%
Total	**207**	**3,855,373**	**10,524,000**	**2,486,401**	**16,865,774**	**100%**

Completed properties held for sale

Completed properties held for sale represents completed GFA remaining that remained unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties.

As at 30 June 2022, the Group had 125 completed property projects with completed properties held for sale amounted to approximately RMB10,016.5 million, representing an increase of approximately 55.49% from approximately RMB6,441.7 million as at 31 December 2021. The Group's total completed GFA amounted to approximately 3.86 million sq.m., representing a decrease of approximately 22.02% from approximately 4.95 million sq.m as at 31 December 2021.

Projects under development

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

As at 30 June 2022, the Group had 76 property projects under development with properties under development amounted to approximately RMB86,131.8 million, representing a decrease from approximately RMB96,433.7 million as at 31 December 2021. The Group's total GFA under development amounted to approximately 10.52 million sq.m., representing a decrease from approximately 13.10 million sq.m. as at 31 December 2021.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2022 and the corresponding period in 2021, the Group derived its revenue from four business lines, namely (i) property development and sales; (ii) management consulting services; (iii) property leasing; and (iv) property management services. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	Six months ended 30 June		**Change in Percentage**
	2022	2021	
	(RMB'000)	*(RMB'000)*	
	(Unaudited)	(Unaudited)	
Revenue			
Property development and sales	**8,415,736**	15,774,489	-46.6%
Management consulting services	**2,511**	75,769	-96.7%
Property leasing	**34,514**	35,428	-2.6%
Property management services	**8,902**	8,275	7.6%
Total	**8,461,663**	15,893,961	-46.8%

Revenue from property development and sales

The following sets forth the details of revenue and GFA recognised for the years indicated:

	Six months ended 30 June					
	2022			2021		
	Revenue *(RMB'000)* (Unaudited)	**Recognised GFA *(sq.m.)***	**Recognised ASP *(RMB/sq.m.)* (Unaudited)**	Revenue *(RMB'000)* (Unaudited)	Recognised GFA *(sq.m.)*	Recognised ASP *(RMB/sq.m.)* (Unaudited)
Zhejiang	**7,229,727**	**512,119**	**14,117**	10,434,012	665,676	15,674
Pan Yangtze River Delta	**744,914**	**170,878**	**4,359**	4,733,532	635,219	7,452
Other regions	**441,095**	**83,730**	**5,268**	606,945	98,269	6,176
Total	**8,415,736**	**766,727**	**10,976**	15,774,489	1,399,164	11,274

The Group's revenue from property development and sales for the six months ended 30 June 2022 amounted to approximately RMB8,415.8 million, representing a decrease of approximately 46.6%, primarily due to a 45.2% decrease in GFA delivered as compared to the same period in 2021 and a 2.6% decrease in average selling price as compared to the same period in 2021.

Revenue from management consulting services

The Group's revenue from management consulting services for the six months ended 30 June 2022 amounted to approximately RMB2.5 million, representing a decrease of approximately 96.7%, primarily due to the decrease in the content and number of projects for which we provided management consulting services.

Revenue from property leasing

The Group's revenue from property leasing for the six months ended 30 June 2022 amounted to approximately RMB34.5 million, representing a decrease of approximately 2.6% with no significant change compared to the corresponding period in the previous year.

Revenue from property management services

The Group's revenue from property management services for the six months ended 30 June 2022 amounted to approximately RMB8.9 million, representing an increase of approximately 7.6%, primarily due to the increase in business management income from commercial plazas.

Cost of sales

The Group incurred the vast majority of its cost of sales from its property development and sales business. The Group's cost of sales decreased by approximately 42.0% from approximately RMB13,029.0 million for the six months ended 30 June 2021 to approximately RMB7,561.3 million for the same period in 2022. The decrease was mainly attributable to the decrease in the area of projects delivered for the six months ended 30 June 2022.

Gross profit and gross profit margin

The Group's gross profit of the Group for the six months ended 30 June 2022 amounted to approximately RMB900.4 million, representing a decrease of approximately 68.6%.

Gross profit margin for the six months ended 30 June 2022 was approximately 10.6%, representing a decrease of approximately 7.4% as compared to approximately 18.0% for the corresponding period in the previous year, primarily due to the difference in layouts of properties in different regions and the differences in selling prices and gross profit margin levels resulted from the difference in structures of properties sold. Furthermore, as affected by the systemic risk of the real estate sector in the first half of 2022, the Group sold projects located in third-tier and fourth-tier cities at a discount to slowly destock in order to improve its liquidity, resulting in a decrease in the overall gross profit margin in the first half of 2022.

Finance income

Finance income primarily consists of interest income from bank deposits. The Group's finance income decreased by approximately 55.4% from approximately RMB77.1 million for the six months ended 30 June 2021 to approximately RMB34.4 million for the six months ended 30 June 2022, primarily due to the decrease in interest income from bank deposits as a result of the decrease in the average balance of bank deposits from January to June 2022.

Other income and gains

The Group's other income and other gains primarily includes (i) subsidy income; and (ii) gain on disposal of joint ventures.

The Group's other income and gains increased by approximately 431.4% from approximately RMB76.1 million for the six months ended 30 June 2021 to approximately RMB404.5 million for the six months ended 30 June 2022, primarily due to the gain arising from the disposal of the joint ventures (mainly Zhejiang Sunflower Health Industry Development Co., Ltd., Hangzhou Xingyang Enterprise Management Consulting Co., Ltd., Linhai Ziyuan Yintong Real Estate Co., Ltd. and Huzhou Jiaotou Xiangsheng Real Estate Development Co., Ltd.) during the Reporting Period.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately 37.3% from approximately RMB616.4 million for the six months ended 30 June 2021 to approximately RMB386.7 million for the six months ended 30 June 2022, primarily because the Group adjusted its strategy accordingly to reduce its expenses due to the decrease in market demand caused by the property market adjustment and the impact of the COVID-19.

Administrative expenses

The Group's administrative expenses decreased by approximately 31.1% from approximately RMB470.4 million for the six months ended 30 June 2021 to approximately RMB324.1 million for the six months ended 30 June 2022, primarily because the Group implemented cost control measures, which led to the decrease in staff cost accordingly due the decrease in market demand as a result of market downturn and the impact of COVID-19.

Other expenses

The Group's other expenses primarily consist of (i) loss on disposal of subsidiaries; (ii) compensation and liquidated damages; and (iii) exchange losses. For the six months ended 30 June 2022, the Group's other expenses increased by approximately 361.9% from approximately RMB121.3 million to approximately RMB560.3 million as compared with the corresponding period in the previous year, mainly due to an increase in land overdue fines.

Fair value gains on investment properties

The Group's fair value gains on investment properties had no changes for the six months ended 30 June 2022.

Finance costs

Finance costs mainly consist of (i) interest on loans and other borrowings, senior notes, corporate bonds and lease liabilities; and (ii) interest expense arising from revenue contracts (which represents interest expenses recognised for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of underlying properties), less capitalised interests.

The Group's finance costs decreased from RMB463.2 million for the six months ended 30 June 2021 to RMB228.7 million for the six months ended 30 June 2022, primarily due to a decrease of approximately 37.2% in total interest-bearing liabilities from RMB46,211.5 million for the six months ended 30 June 2021 to RMB29,008.8 million for the six months ended 30 June 2022.

Share of profits and losses of joint ventures

The Group recorded share of profit of joint ventures approximately RMB243.0 million for the six months ended 30 June 2021 and share of loss of joint ventures approximately RMB15.9 million for the six months ended 30 June 2022. The Group recorded share of loss of joint ventures in 2022, primarily because the project jointly developed by the Group and the joint venture had not been delivered in the Reporting Period, thus no significant revenue was generated.

Share of profits and losses of associates

The Group recorded shares of profit of associates approximately RMB1.7 million for the six months ended 2021 and share of loss of approximately associates RMB17.1 million in 2022, because most projects that the Group jointly developed with its associates were not delivered during the Reporting Period and therefore did not generate significant revenue.

(Loss)/Profit before tax

As a result of the foregoing, the Group's loss before tax was approximately RMB193.4 million for the six months ended 30 June 2022, compared to its profit before tax of approximately RMB1,606.4 million for the six months ended 30 June 2021.

Income tax expense

The Group's income tax expense decreased from approximately RMB633.3 million for the six months ended 30 June 2021 to approximately RMB428.7 million for the six months ended 30 June 2022, which is consistent with the decrease in profit generated from the Group's projects.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry and property development requires substantial capital investments for land acquisition and property construction. As at the date of this announcement, the Group has funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of property lease income from its investment properties, management consulting service fees, and property management service fees, as well as bank and other borrowings, asset-backed securities, corporate bonds and senior notes. The financing methods of the Group vary from project to project, and are subject to limitations imposed by PRC regulations and monetary policies.

Due to the continuous adjustment of the property market, coupled with the limited source of financing from the capital market, the Group may take longer than expected to realise cash from sales of its properties and/or have cash from external financing to meet its indebtedness.

As at 30 June 2022, the Group did not repay a principal of US$219,470,000 (equivalent to RMB1,472,951,000) and an interest of US$22,500,000 (equivalent to RMB151,006,500) for certain senior notes due in January, March and June 2022. As a result, senior notes and interest-bearing bank and other borrowings with an aggregate amount of RMB6,861,754,000 became default or cross-default and were payable on demand. The Group is actively engaged in dialogue with the note holders and creditors with a view to find ways to address the current liquidity issue, in an effort to reach a consensual solution to best protect the interests of all stakeholders. The Group has also undertaken a number of plans and measures to improve the Group's liquidity and financial position, details of which are set out in note 2.1 to interim condensed consolidated financial statement extracted in this announcement. The Group will closely monitor the liquidity issue and publish further announcement regarding the progress of any capital structure solutions or significant business updates.

Cash position

The Group's cash and bank balances, comprising cash and cash equivalents, restricted cash, proceeds from pre-sale of properties, time deposits and pledged deposits, amounted to approximately RMB5,067.4 million in total as at 30 June 2022 (31 December 2021: approximately RMB8,448.1 million), representing a decrease of approximately 40%, of which approximately RMB5,045.5 million, RMB0.2 million and RMB21.7 million were denominated in Renminbi ("**RMB**"), Hong Kong Dollars ("**HKD**" or "**HK$**") and United States Dollars ("**USD**" or "**US$**"), respectively.

Borrowings

As at 30 June 2022, the Group's total borrowings, comprising interest-bearing bank and other borrowings, corporate bonds and senior notes, amounted to approximately RMB29,008.8 million (31 December 2021: RMB34,386.4 million), representing a decrease of approximately 15.6% as compared with that as at 31 December 2021.

INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Current		
Bank loans – secured	**958,340**	650,000
Other loans – secured	**1,110,400**	3,064,327
Current portion of long term bank loans – secured	**2,957,790**	1,617,230
Current portion of long term other loans – secured	**6,037,414**	8,708,547
	11,063,944	14,040,104
Non-current		
Bank loans – secured	**7,773,175**	10,326,475
Other loans – secured	**5,063,000**	5,056,200
	12,836,175	15,382,675
	23,900,119	29,422,779

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Analysed into:		
Bank loans repayable		
Within one year	**3,916,130**	2,267,230
In the second year	**715,500**	2,718,300
In the third to fifth years, inclusive	**7,057,675**	7,608,175
	11,689,305	12,593,705
Other borrowings repayable		
Within one year	**7,147,814**	11,772,874
In the second year	**4,268,000**	4,160,200
In the third to fifth years, inclusive	**795,000**	896,000
	12,210,814	16,829,074
	23,900,119	29,422,779

SENIOR NOTES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current Portion	**4,588,754**	1,258,377
Non-current Portion	**–**	3,204,513
	4,588,754	4,462,890

CORPORATE BONDS

Name of notes	**1 January 2022 Opening balance** *RMB'000*	**Issued in 2022** *RMB'000*	**Interest expense** *RMB'000*	**Payment** *RMB'000*	**30 June 2022 Closing balance** *RMB'000* **(Unaudited)**
2020 Bonds *(note 1)*	**500,767**	**–**	**19,198**	**–**	**519,965**

Name of notes	1 January 2021 Opening balance *RMB'000*	Issued in 2021 *RMB'000*	Interest expense *RMB'000*	Payment *RMB'000*	31 December 2021 Closing balance *RMB'000* (Audited)
2020 Bonds *(note 1)*	500,664	–	38,605	(38,502)	500,767

At the end of the reporting period, the Group's corporate bonds were repayable as follows:

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Repayable within one year	**519,965**	3,267
Repayable within two to four years	**–**	497,500
	519,965	500,767

Net current assets

As at 30 June 2022, the Group's net current assets amounted to approximately RMB21,178.9 million (as at 31 December 2021: RMB27,063.6 million). Specifically, the Group's total current assets decreased by approximately 9.2% from approximately RMB138,469.9 million as at 31 December 2021 to approximately RMB125,721.4 million as at 30 June 2022. The Group's total current liabilities decreased by approximately 6.2% from approximately RMB111,406.2 million as at 31 December 2021 to approximately RMB104,542.6 million as at 30 June 2022. The decrease in the net current assets of the Group was mainly attributable to (i) a decrease of RMB3,380.7 million in cash and cash equivalents, primarily due to the repayment of borrowings, the payment of construction costs and partial pre-sale funds in the current year transferred to the government account due to regulatory requirements, etc; (ii) a decrease of RMB6,727.0 million in properties under development and completed properties held for sale, primarily due to the decrease in the number of booked projects and newly acquired projects during the year; and (iii) a decrease of RMB4,272.9 million in contract liabilities, primarily due to the impact of the epidemic and the downturn in the market, the actual amount of property sales collected decreased.

Pledge of assets

As at 30 June 2022, the Group's borrowings were secured by the Group's assets of approximately RMB37,693.4 million which include investment properties, properties under development, pledged deposits (as at 31 December 2021: RMB38,012.2 million), primarily due to the decrease in the loan amount of the Group.

Financial risks

The main risks arising from the Group's activities are: interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks.

Interest rate risk

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

Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade and bills receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, repayment history and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade and bills receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group also makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments and other receivables and amounts due from related parties in stage 1 and continuously monitored their credit risk.

The Group expects that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

Foreign currency risk

As at 30 June 2022, the Group had (i) cash and bank balances denominated in United States dollars and Hong Kong dollars of approximately RMB21.7 million and of approximately RMB0.2 million, respectively, (ii) prepayments, deposits and other receivables denominated in United States dollars and Hong Kong dollars of approximately RMB3,309.1 million and of approximately RMB1,227.4 million, and (iii) senior notes denominated in United States dollars of approximately RMB4,588.8 million, which were subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Liquidity risk

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group reviews its liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of its borrowings and the progress of the property projects in order to monitor its liquidity requirements in the short and long terms.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2022, the Group has no plan for any material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of 23.8095% equity interest in Zhejiang Sunflower Health Industry Development Co., Ltd.

On 7 January 2022, Shinsun Hong Kong Limited ("**Shinsun HK**"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhuji Tiancheng Hongwei Property Co., Ltd. ("**Zhuji Tiancheng**"), under which Zhuji Tiancheng agreed to acquire and Shinsun HK agreed to sell, 23.8095% equity interest in Zhejiang Sunflower Health Industry Development Co., Ltd. (a company principally engaged in the business of elderly care services, health and sports related consulting services (excluding diagnosis and treatment services), hospital management, property management, hotel management, park management services) at a consideration of RMB336,990,471.75 (equivalent to approximately HK$410,963,989.939) in cash.

For further details, please refer to the announcement of the Company dated 7 January 2022.

Disposal of 51% equity interest in Hangzhou Bintuo Enterprise Management Co., Ltd.

On 17 January 2022, Hangzhou Binwang Enterprise Management Consulting Co., Ltd. ("**Hangzhou Binwang**"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhelvzhanjing Real Estate Co., Ltd. ("**Zhelvzhanjing Real Estate**"), under which Zhelvzhanjing Real Estate agreed to acquire and Hangzhou Binwang agreed to sell, 51% equity interest in Hangzhou Bintuo Enterprise Management Co., Ltd. (a company principally engaged in the business of enterprise management consulting, marketing planning, and related services) at a consideration of RMB487,036,040.11 in cash.

For further details, please refer to the announcement of the Company dated 17 January 2022.

Acquisition of 7.3258% equity interest in Hangzhou Didang Investment Management Partnership (Limited Partnership)

On 17 January 2022, Hangzhou Dongyu Enterprise Management Co., Ltd. ("**Hangzhou Dongyu**"), an indirect wholly-owned subsidiary of the Company, entered into the share transfer agreement with Zhelvzhanjing Real Estate, under which Hangzhou Dongyu agreed to acquire and Zhelvzhanjing Real Estate agreed to sell, 7.3258% of the interest in Hangzhou Didang Investment Management Partnership (Limited Partnership) (a partnership principally engaged in the business of equity investment) at the consideration of RMB160,000,000 in cash and the debt owed by the Shaoxing Xiangsheng Hongsheng Real Estate Development Co., Ltd. to Zhelvzhanjing Real Estate in the principal amount of RMB398,868,517.15 at the consideration of RMB398,868,517.15.

For further details, please refer to the announcement of the Company dated 17 January 2022.

Disposal of 58.5% equity interest in Linhai Ziyuan Yintong Real Estate Co., Ltd.

On 18 March 2022, Shinsun Property Group Co., Ltd. ("**Shinsun Property**"), a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhuji Guoyue Enterprise Management Consulting Co., Ltd. ("**Zhuji Guoyue**"), under which Zhuji Guoyue agreed to acquire and Shinsun Property agreed to sell, 58.5% equity interest in Linhai Ziyuan Yintong Real Estate Co., Ltd. (a company principally engaged in the business of properties development) at a consideration of RMB272,000,000 in cash.

For further details, please refer to the announcement of the Company dated 18 March 2022.

Disposal of 50% equity interest in and debt assignment to Huzhou Jiaotou Xiangsheng Real Estate Development Co., Ltd.

On 3 June 2022, Shinsun Property, a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhejiang Jiaotou Holding Group Co., Ltd., under which Zhejiang Jiaotou Holding Group Co., Ltd. agreed to acquire and Shinsun Property agreed to sell, 50% equity interests in Huzhou Jiaotou Xiangsheng Real Estate Development Co., Ltd. ("**Huzhou Jiaotou**") at a cash consideration of RMB92,500,000. Simultaneously to entering of the equity transfer agreement, Shinsun Property, Huzhou Wuxing Jiaotou Xiangsheng Real Estate Co., Ltd. and Huzhou Jiaotou entered into a debt assignment agreement, pursuant to which, Shinsun Property assigned its debt of RMB24,750,000 owed to Huzhou Wuxing Jiaotou Xiangsheng Real Estate Co., Ltd. to Huzhou Jiaotou to offset the same amount of debt owed by Huzhou Jiaotou to Shinsun Property.

For further details, please refer to the announcement of the Company dated 5 June 2022.

Save as disclosed in this announcement, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

CONTINGENT LIABILITIES

Mortgage guarantees

In line with market practice in the PRC, the Group has arrangements with various banks for the provision of mortgage financing and where required, provide its customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, the Group is obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser.

The total outstanding mortgage guarantee amounts provided by the Group to banks amounted to approximately RMB17,998.3 million as at 30 June 2022 (31 December 2021: RMB22,250.9 million).

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

Financial guarantees

As at 30 June 2022, the Group guaranteed certain of the bank and other borrowings made to its related companies up to approximately RMB493.4 million (As at 31 December 2021, the Group guaranteed certain of the bank and other borrowings made to its related companies up to approximately RMB913.7 million).

Legal contingents

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

COMMITMENTS

As at 30 June 2022, the Group had capital commitment of RMB23,760.7 million in relation to the signing of a construction contract or land contract that is being or will be performed (31 December 2021: RMB28,227.0 million).

KEY FINANCIAL RATIOS

Current Ratio

As at 30 June 2022, the current ratio of the Group was approximately 1.2 times (31 December 2021: approximately 1.2 times).

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates and multiplied by 100%.

Gearing Ratio

As at 30 June 2022, the gearing ratio of the Group was approximately 89.2% (31 December 2021: approximately 88.4%), mainly due to a decrease in net assets as a result of loss for the Reporting Period. This ratio is calculated as total debts divided by total assets as shown in the consolidated balance sheet.

Net gearing ratio

As at 30 June 2022, the Group's net gearing ratio increased to approximately 168.0% from approximately 153.0% as at 31 December 2021 (which was calculated based on total bank and other borrowings, asset-backed securities, corporate bonds and senior notes less cash and bank balances divided by total equity as of the respective dates), which was primarily due to a decrease in net assets as a result of loss for the Reporting Period.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, the Group has not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. The Group does not have any variable interest in any uncombine entity that provides financing, liquidity, market risk or credit support to the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed (the "**Listing**") on the Main Board of the Stock Exchange on 18 November 2020 (the "**Listing Date**"). The net proceeds from the Listing (including the full exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK$3,514.0 million.

As set out in the Prospectus the Company intended to utilise such proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, as follows: (i) approximately 60%, or approximately HK$2,108.4 million, will be used to finance the development of the Group's property projects; (ii) approximately 30%, or approximately HK$1,054.2 million, will be used to repay a portion of the Group's existing trust loans which are used for its project development purposes; and (iii) approximately 10%, or approximately HK$351.4 million, will be used for general business operations and working capital.

As at 30 June 2022, all of the proceeds had been fully utilised. An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 June 2022 is set out below:

Intended use of net proceeds	**Allocation of net proceeds as stated in the Prospectus** *HK$ million*	**Amount of net proceeds utilized as of 30 June 2022** *HK$ million*
Finance the development of the Group's property projects	2,108.4	2,108.4
Repay a portion of the Group's existing trust loans which are used for its project development purposes	1,054.2	1,054.2
General business operations and working capital	351.4	351.4
Total	**3,514.0**	**3,514.0**

EMPLOYEE, REMUNERATION POLICY AND TRAINING

As at 30 June 2022, the Group employed a total of 1,911 full-time employees (31 December 2021: 2,966). For the six months ended 30 June 2022, the staff cost recognised as expenses of the Group amounted to RMB268 million (six months ended 30 June 2021: RMB397 million).

The remuneration policy of the Group is to provide remuneration packages, including salary, bonus and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory housing funds and social insurance funds.

The Company has also conditionally adopted a share option scheme on 20 October 2020 to recognise and reward the eligible employees for their contributions to the business and development of the Group.

The Group has also incorporated mentorship, assessment, feedback and evaluation processes into its various training programs, which the Group believes will facilitate its employees to better learn and grow. The Group believes that its training programs, combined with on-the-job learning, facilitate advancement of its employees.

The Group has a labor union which represents the interests of its employees and works closely with its management on labor-related issues. As at 30 June 2022, no labour dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the Group's operations.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Disposal of 100% equity interest in Shaoxing Shinsun Hongxing Real Estate Development Co., Ltd.

On 12 July 2022, Hangzhou Yaoyang Enterprise Management Co., Ltd. ("**Hangzhou Yaoyang**"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Hangzhou Yuhang Agile Real Estate Development Co., Ltd. ("**Hangzhou Yuhang Agile Real Estate**"), under which Hangzhou Yuhang Agile Real Estate agreed to acquire and Hangzhou Yaoyang agreed to sell, the sale shares, representing 100% of the registered capital of Shaoxing Shinsun Hongxing Real Estate Development Co., Ltd. ("**Shaoxing Shinsun**") at a cash consideration of RMB339,734,559.85 (equivalent to approximately HK$397,490,000).

Upon completion of the aforementioned disposal, Shaoxing Shinsun will cease to be a subsidiary of the Company. The Group will cease to have any interests in Shaoxing Shinsun and the financial results of Shaoxing Shinsun will cease to be consolidated into the accounts of the Group.

For further details, please refer to the announcement of the Company dated 12 July 2022.

Save as disclosed in this announcement, the Group did not have any other significant event subsequent to the six months ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the "**Shareholders**") of the shares of the Company (the "**Shares**") and to enhance corporate value and accountability.

The Company has adopted and applied the corporate governance code (the "**Corporate Governance Code**") contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

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 the Directors' dealings in the securities of the Company since the Listing. Following specific enquiries to each of the Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Reference is made to the 12.50% senior notes due 23 January 2022 (the "**2022 Notes**") issued by Xiang Sheng Holding Limited (祥生控股有限公司) on 23 January 2020 in an aggregate principal amount of US$300,000,000. The ISIN and Common Code for the 2022 Notes are XS2069303811 and 206930381, respectively.

On 18 January 2022, the Company completed the offer to exchange ("**Exchange Offer**") relating to the 2022 Notes. Upon completion of the Exchange Offer, the 2022 Notes validly tendered for exchange and accepted pursuant to the Exchange Offer have been cancelled. Upon the fulfillment or waiver of the conditions to the Exchange Offer, US$134,472,500 of the Series A New Notes and US$86,200,000 of the Series B New Notes were issued pursuant to the Exchange Offer on 18 January 2022, both of which are unlisted and will mature on 17 January 2023, unless earlier redeemed pursuant to the terms thereof. The new notes will bear interest at 13.0% per annum, payable in arrear on 18 July 2022 and 17 January 2023.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities 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 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) and the Company (www.shinsunholdings.com).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Hung Yuk Miu, Mr. Ding Jiangang and Mr. Ma Hongman, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Hung Yuk Miu, who possesses appropriate professional qualifications.

REVIEW OF UNAUDITED INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the interim results for the six months ended 30 June 2022 with the Company's management and considered that such information have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure before recommending the same to the Board for approval.

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

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

By Order of the Board
Shinsun Holdings (Group) Co., Ltd.
Chen Guoxiang
Chairman

Hong Kong, 31 August 2022

As at the date of this announcement, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Han Bo and Mr. Zhao Leiyi as executive Directors; and Mr. Ding Jiangang, Mr. Ma Hongman and Mr. Hung Yuk Miu as independent non-executive Directors.