

鑫苑物業服務集團有限公司

Xinyuan Property Management Service (Cayman) Ltd.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1895)

2022

INTERIM REPORT





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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. FENG Bo (*appointed on 29 August 2022*)

Ms. WANG Yanbo (*Chief Executive Officer*)
(*resigned on 29 August 2022*)

Mr. HUANG Bo (*Chief Financial Officer*)
(*resigned on 15 February 2022*)

NON-EXECUTIVE DIRECTORS

Mr. ZHANG Yong (*Chairman of the Board*)
(*resigned on 29 August 2022*)

Ms. YANG Yuyan (*resigned on 29 August 2022*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LUO Ji

Mr. LI Yifan

Mr. FU Shaojun (*resigned on 13 April 2022*)

Mr. SHEN Yuan-Ching (*appointed on 13 April 2022*
and appointed as Vice-chairman of the Board
on 29 August 2022)

AUDIT COMMITTEE

Mr. LI Yifan (*Chairman*)

Mr. LUO Ji

Mr. FU Shaojun (*resigned on 13 April 2022*)

Mr. SHEN Yuan-Ching (*appointed on 13 April 2022*)

REMUNERATION COMMITTEE

Mr. LI Yifan (*Chairman*)

Mr. ZHANG Yong (*resigned on 29 August 2022*)

Mr. LUO Ji

Mr. SHEN Yuan-Ching
(*appointed on 29 August 2022*)

NOMINATION COMMITTEE

Mr. SHEN Yuan-Ching (*Chairman*)
(*appointed on 29 August 2022*)

Mr. ZHANG Yong (*Chairman*)
(*resigned on 29 August 2022*)

Mr. LI Yifan

Mr. LUO Ji

COMPANY SECRETARY

Mr. TSO Ping Cheong Brian
FCCA, FCCA, FCG, HKFCG

AUTHORIZED REPRESENTATIVES

Mr. SHEN Yuan-Ching
(*appointed on 29 August 2022*)

Mr. ZHANG Yong (*ceased on 29 August 2022*)

Mr. TSO Ping Cheong Brian
FCCA, FCCA, FCG, HKFCG

AUDITOR

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F., United Centre
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CORPORATE HEADQUARTER

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18 Xiuyuan Road
Jinshui District
Zhengzhou City
Henan Province, PRC

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
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Grand Cayman, KY1-1103
Cayman Islands



CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Everbright Bank
(Zhengzhou Dongfeng Branch)
58 Jingsan Road, Jinshui District
Zhengzhou City
Henan Province, PRC

Bank of China
(Zhengzhou Mianfang East Road Branch)
1/F., Xinyuan International City Garden
66 Mianfang East Road, Erqi District
Zhengzhou City
Henan Province, PRC

China Everbright Bank
(Zhengbian Road Zhengzhou Branch)
Zheng Bian Road and Ying Xie Road Junction
Zhengzhou City
Henan Province, PRC

Bank of Zhengzhou
(Zhengzhou Weier Road Branch)
8-3 Weier Road, Jinshui District
Zhengzhou City
Henan Province, PRC

Huaxia Bank (Zhengzhou Branch)
29 Shangwu Waihuan Road, Zhengzhou City
Henan Province, PRC

Huaxia Bank (Zhengzhou Nongye Road Branch)
Nongye Road and Dongming Road Intersection
Zhengzhou City
Henan Province, PRC

OVERSEAS BANKER

Industrial and Commercial Bank of China
(Asia) Limited (Queen's Road Central Branch)
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LEGAL ADVISER

As to Hong Kong law:
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STOCK CODE

1895

COMPANY WEBSITE ADDRESS

www.xyphm.hk



MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL PERFORMANCE

Total revenue for the six months ended 30 June 2022 increased by 5.6% from approximately RMB337.5 million for the six months ended 30 June 2021 to approximately RMB356.3 million.

Net profit for the six months ended 30 June 2022 was approximately RMB65.3 million representing an increase of 1.4%, as compared to approximately RMB64.4 million for the six months ended 30 June 2021.

OVERVIEW

The Group strives to be a leading intelligent operator of pan-property industry. In the first half of 2022, capability upgrading was the core orientation of the Group's development. We focused on the three dimensions of strategic upgrading, service upgrading and organizational upgrading and based on the three directions: Xin-property, Xin-industry and Xin-technology, to continue to optimize the three-wheel drive model of property + industry + technology.

On the basis of the Xin-service's 4.0 service system upgrade, Xin-property focused on ensuring the development quality of core operations and building a strong foundation for business development; it achieved breakthroughs in scale expansion, in terms of both business types and regional coverage by centering its business around the expansion pattern of "1+4+N", expanding from residential operation type to non-residential operation type.

Xin-property focused on carrying out in-depth business layout in areas such as the full life cycle of property owners, comprehensive living scenarios in the community, the renewal of stock asset projects, and the up and downstream property industrial chain. Combining internal and external resources, and capabilities strengths, it further concentrated on its industrial layout, by focusing on home living services, housekeeping services, door to door professional services, house maintenance services and stock assets renewal projects.

On the basis of internal business empowerment, Xin-technology continued to develop external output capacity and industrial service capacity. Xinzhi Xiang Technology Co., Ltd.* (鑫智享科技有限公司) was formed, realizing its breakthrough to external services and the gradual industrialization of technological services.

In the first half of 2022, the Group continued to enhance its brand influence and operation capabilities. In terms of brand influence, we were listed by China Index Academy as one of the Top 15 enterprises among the Top 100 Property Management Companies in China in the first half of 2022. We were also recognized by Shanghai E-House China R&D Institute and CRIC Property Management as one of the 2022 Top 100 Property Service Companies, 2022 Top 10 Companies with High-End Property Services, and 2022 Service Benchmarking Projects.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of business growth, as at 30 June 2022, the Group provided property management services to 53 cities in the PRC, with contracted gross floor area (“**GFA**”) amounting to 64.2 million sq.m., and GFA under management amounting to 38.8 million sq.m. Our business covers three major spaces: residential, non-residential, and urban, and includes various types of properties such as residential properties, integrated properties, commercial and office buildings, business parks, industrial parks, schools and urban services etc.

While we continued to upgrade our business development, we also continued to carry out organizational upgrading work, concentrating on the core principles of specialized headquarters, stronger regions, and practical industry, with the core focus of establishing two sharing systems, namely job function sharing center and business sharing center, to improve the operational and management efficiency of our internal organization. In the first half of the year, the per capita management efficiency of the Group recorded a year-on-year increase of 10%.

In the first half of 2022, our employees across China actively participated in pandemic control and prevention work. During the joint efforts of pandemic prevention and treatment with the community, arrangements for daily nucleic acid tests, and the safeguarding of property owners’ livelihoods during the lockdown, the leadership roles of CCP organizations and pioneers at all levels were given full play. A lot of heroic deeds and people emerged from the pandemic, such as the “11 warriors” and “8 golden flowers” rising from the pandemic control work in Kunshan, which have won extensive commendation from the society and governments at all levels, and have fully demonstrated the social responsibilities and social values of enterprises.

BUSINESS REVIEW

In the first half of 2022, the Group fully implemented its strategic upgrade, organizational upgrade and service upgrade around its core orientation of capability upgrading and the three development dimensions of Xin-property, Xin-industry and Xin-technology. We overcame the double pressure arising from the strict pandemic restrictions and the downward development of the property industry, took the initiative to make changes, and carried out in-depth business expansions so as to ensure its stable development.

Xin-property focused on the regional development layout of “1+4+N” (focusing on Central China + in-depth development of four major regions + growth opportunities for a “N” number of cities) and realized continuous expansion in terms of both business types and regional coverage.

In terms of business type expansion, we entered into 17 contracted comprehensive engagement projects in the first half of the year, with the contract GFA recording a year-on-year increase of 84%. Non-residential spaces, such as schools, banks, offices and industrial parks have been added to our business scope, thereby further optimizing our business structure.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of regional expansion, we achieved breakthroughs in comprehensive engagement in Hubei, Yunnan, Anhui and other locations, further strengthen the regional layout of "1+4+N", and continued to make efforts to deepen regional cultivation.

Xin-industry continued to transform from resource-based to capability-based, continued to develop from incrementing to stocking assets, and continued to seek out new paths for business development. In terms of owners' living services, we commenced the door and window renovation property 4S business, created a new community front warehouse operation model, carried out group buying activities for daily necessities, which resulted in a 46% year-on-year increase of community value-added income for the owners. In terms of stock renewal, we developed a stock integration business model. With elevator retrofitting business in old neighborhoods as its core, we built a front-to-back integration business model, a profit model consisting of construction revenue + derivative revenue and an implementation plan. In the first half of the year, we completed 16 stock assets renewal projects and elevator retrofitting projects.

In the first half of 2022, Xin-technology continued to enhance the construction of an Internet-of-Things (IoT) platform, the establishment of a five-in-one enterprise WeChat ecology, the continued expansion of business-finance integration and other focuses. IoT platform has completed the construction of 7 digital platforms including smart parking and smart meter. The business-finance integration system has completed the upgrading of 10 income and expenditure systems etc., continuously empowering internal management, reducing costs and increase efficiency. We have accomplished systematic planning, encapsulation of standardized business operation systems and other informatization construction, realizing our standardization capabilities throughout the business process from planning, design and promotion. Through the implementation of digitalization, intelligence and other quality control means, the inspection cost was reduced by 66.7%; with the implementation of intelligent access system, the personnel input was reduced by 28.7%, and the parking revenue after renovation was increased by 13.7% period-on-period; by the implementation of energy saving and consumption reduction measures such as smart meter renovation, the unit energy consumption was reduced by 7% period-on-period; by means of the implementation of sharing center supported by digitalization, the middle-level personnel control range was increased by 20% period-on-period; with the overall construction of digital system, property service per square meter revenue increased by 15.8% and customer information processing efficiency increased by 17.8%. During the first half of the year, Xinzhixiang Technology completed the accreditation process for technology enterprises and was awarded 14 soft patent rights, realizing the export of information services, and gradually developing and upgrading its technology business from the inside out.

The Group's existing four major business lines consist of property management services, value-added services, pre-delivery and consulting services, and property engineering services.



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MANAGEMENT SERVICES

We focused on the market expansion pattern of “1+4+N”, cultivated regional presence in depth, expanded our business scope to realize a continued steady growth of scale. In the first half of 2022, we continued to optimize our business structure. Based on the continued expansion of our residential property spaces, we also made more efforts to expand the operations of non-residential spaces. During the first half of the year, we realized the expansion of projects relating to schools, public infrastructure and banks, including the campus management service of Henan Vocational Institute of Arts, banking service of New Oriental Country Bank of Kaifeng and the Industrial Bank Co., Ltd. (Xinyang branch), Xinyang City Bookstore services. Non-residential spaces accounted for 27% of the contracted GFA.

In the first half of 2022, in terms of property management services, the Group carried out organizational and service upgrade works and established the three major spaces: residential, non-residential and urban. Under the Xin-service 4.0 system, our services covered eight major areas, namely: property sales venue services, livable residences, high-end residences, commercial offices, public infrastructure, industrial parks, urban services and rural services, which allowed us to enhance the quality of core services and customer experience. We also carried out organizational upgrading work on the basis of technological empowerment, established a job function sharing center and a business sharing center to comprehensively improve the efficiency of core services. In the first half of the year, our per capita efficiency recorded a year-on-year increase of 10%.

As of 30 June 2022, we provided property management service and value-added service in 53 cities in the PRC. Contracted GFA was approximately 64.2 million sq.m., of which, third party contracted GFA represented 66.1%, from a total of 280 contracted properties, representing a year-on-year growth of 12.7% and 10.2% respectively. GFA under management amounted to approximately 38.8 million sq.m., of which, third party GFA under management represented 63.1%, from a total of 207 properties under management, representing a year-on-year growth of 7.1% and 10.7% respectively.

The following table sets out our contracted GFA, GFA under management and number of properties as at the dates indicated:

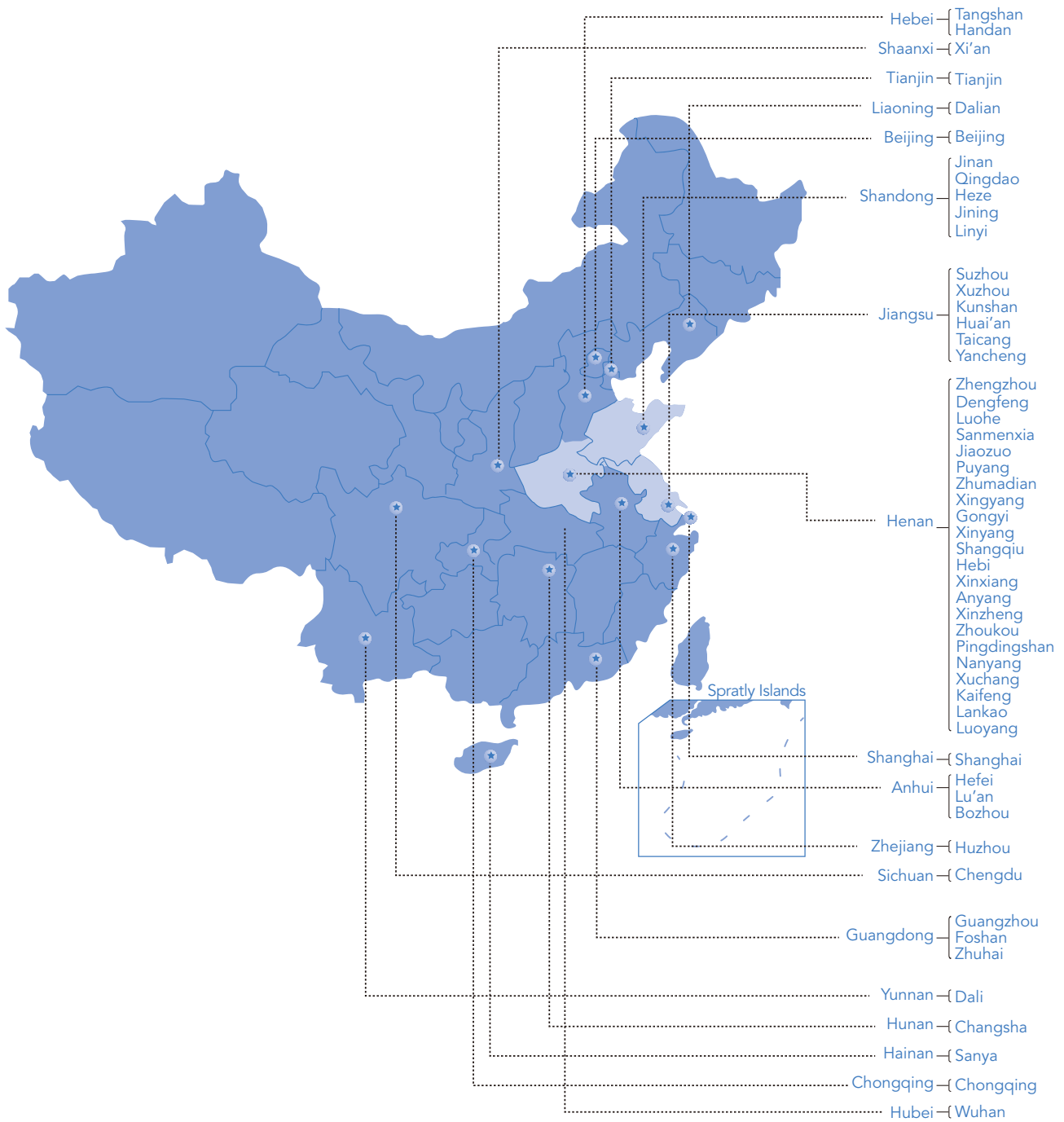
	As at 30 June	
	2022	2021
GFA under contract (sq.m.'000)	64,220	56,961
No. of contracted properties	280	254
GFA under management (sq.m.'000)	38,795	36,227
No. of properties under management	207	187



MANAGEMENT DISCUSSION AND ANALYSIS

Our geographical coverage:

Since the establishment of the Group, as at 30 June 2022, our geographical coverage has expanded from Zhengzhou to a total of 53 cities across the PRC.





MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown of the respective GFA and the number of properties under management by geographic location as at the dates indicated:

	As at 30 June			
	2022		2021	
	GFA (sq.m.'000)	No. of properties under management	GFA (sq.m.'000)	No. of properties under management
Central China ⁽¹⁾	18,079	121	15,946	106
Eastern China ⁽²⁾	6,843	39	6,267	35
Western China ⁽³⁾	11,978	33	12,153	33
Northern China ⁽⁴⁾	1,638	11	1,638	11
Southern China ⁽⁵⁾	257	3	223	2
Total	38,795	207	36,227	187

Notes:

- (1) Includes cities located in Henan and Hunan provinces.
- (2) Includes cities located in Jiangsu, Anhui, Shandong and Zhejiang provinces and Shanghai municipality.
- (3) Includes cities located in Sichuan, Yunnan and Shaanxi provinces and Chongqing municipality.
- (4) Includes cities located in Liaoning and Hebei provinces, Beijing and Tianjin municipalities.
- (5) Includes cities located in Hainan and Guangdong provinces.

Diversified property management portfolio

We manage both residential and non-residential properties. Currently, our non-residential properties under management spans offices, commercial complexes, industrial parks, business parks, schools, and public buildings. While revenue from residential properties accounted for and will continue to account for a large portion of our revenue, we strive to diversify our services to cover properties of different types.



MANAGEMENT DISCUSSION AND ANALYSIS

A breakdown of our revenue generated from property management services of developed properties by property type as of 30 June 2022 is as follows:

	For the six months ended 30 June/As at 30 June									
	2022					2021				
	Revenue (RMB'000)	%	GFA under management (sq.m.'000)	%	No. of properties under management	Revenue (RMB'000)	%	GFA under management (sq.m.'000)	%	No. of properties under management
Residential properties	203,922	79.5	25,093	64.7	151	167,135	80.8	23,489	64.8	139
Non-residential properties	52,464	20.5	13,702	35.3	56	39,637	19.2	12,738	35.2	48
Total	256,386	100.0	38,795	100.0	207	206,772	100.0	36,227	100.0	187

Business expansion strategy

While undertaking the real estate development business of Xinyuan Real Estate Co., Ltd. and its subsidiaries (collectively, "**Xinyuan Real Estate Group**"), the Group is also actively expanding towards the independent third parties market. We continue to implement our "1+4+N" market development map to broaden our business coverage.

For our expansion strategy, we will establish a multi-pronged approach to expansion based on comprehensive engagement, merger and acquisition of quality targets as main strategies, joint venture and cooperation, state-owned enterprise reform, stock asset conversion as auxiliary strategies. With efforts in certain aspects by headquarters + region company, we will develop expansion channels and innovate expansion models, in order to ensure a steady and rapid growth of business scale.

As for the selection of business types for expansion, the Group will build on its strength of delivering "high cost-performance ratio, high satisfaction, high service experience" and solid residential portfolio to actively expand into businesses including office buildings, business parks, industrial parks, schools and public buildings in order to optimise business type structure.

As at 30 June 2022, the Group's GFA under management for properties developed by third parties increased by 10.5% as compared to 30 June 2021, and number of third party properties increased by approximately 14.4% as compared to the previous period.



MANAGEMENT DISCUSSION AND ANALYSIS

As of June 30, 2022, the breakdown of GFA under management and property management service revenue by property developer category is as follows:

	For the six months ended 30 June/As at 30 June									
	2022					2021				
	Revenue (RMB'000)	%	GFA under management (sq.m.'000)	%	No. of properties under management	Revenue (RMB'000)	%	GFA under management (sq.m.'000)	%	No. of properties under management
Xinyuan Real Estate Group ⁽¹⁾	182,318	71.1	14,336	37.0	80	143,318	69.3	14,101	38.9	76
Independent third parties ⁽²⁾	74,068	28.9	24,459	63.0	127	63,454	30.7	22,126	61.1	111
Total	256,386	100.0	38,795	100.0	207	206,772	100.0	36,227	100.0	187

Notes:

- (1) Xinyuan Real Estate Co., Ltd. (ultimate holding company) and its subsidiaries are collectively known as Xinyuan Real Estate Group. Includes properties solely developed by Xinyuan Real Estate Group.
- (2) Refers to properties developed by independent third parties independent of Xinyuan Real Estate Group.

Value-added services

In the first half of 2022, the Group established a community value-added services department. We focused on our strengths in internal and external resources and capabilities and conducted in-depth integration of resources. Despite the impact of factors such as the pandemic, the Group achieved robust growth in our value-added services segment in the first half of the year.

In terms of value-added services for property owners, we have developed a 4S home services business model based on home renewal, home maintenance and home value-adding, innovated a neighbourhood pre-warehouse operating model, commenced group-buy activities for daily necessities. Based on the actual needs of property owners living in their communities, we introduced innovative measures in offering interior furnishing, delivery and charging services to conduct in-depth layout. During the first half of 2022, revenue from consumption of property owners increased by 46% as compared to the previous period.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of household services, we rely on Xinyi Better Life Professional Company* (鑫怡美好生活專業公司). We combined online and offline and integrated internal and external professional service resources to focus on two major aspects of household living services and professional maintenance services. Through organising seasonal activities and themed events, household services have increasingly gained a high level of recognition from property owners. Revenue from household services increased by 18.1% as compared to the previous period.

Value-added services	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Third party services revenue	13,481	25.3	12,087	23.7
Space resources management	21,796	40.8	26,536	52.0
Domestic living services	18,090	33.9	12,388	24.3
Total	53,367	100.0	51,011	100.0

Pre-delivery and consulting services

Pre-delivery services include providing sales assistance services, for instance (i) property sales venue management services; and (ii) property sales venue warm-up services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale. Consulting services include (i) advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance its functionality, comfort and convenience; and (ii) intermediary and management services provided to property developers for unsold properties.

Under the impact of the overall real estate development trend, in 2022 the Group has been prudent in commencing any pre-delivery and consulting services process, the segment's overall revenue has declined 30% as compared to the previous period.



MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown by property developer type of revenue from pre-delivery and consulting services for the periods indicated:

	For the six months ended 30 June			
	2022		2021	
	Revenue RMB'000	%	Revenue RMB'000	%
Xinyuan Real Estate Group	31,589	87.0	44,808	86.3
Third party property developers	4,730	13.0	7,107	13.7
Total	36,319	100.0	51,915	100.0

Property engineering services

Property engineering services include the provision of firefighting, intelligent engineering, landscaping engineering and preliminary smart neighbourhood planning engineering and construction services, as well as additional installation of elevators, remaking facade and other renewal and remaking engineering services for stock properties. At the same time, the Group also participates in government old district rebuilding projects.

In terms of provision of engineering services to developers, the Group has established an "EPC + CDI" smart neighbourhood construction model and has developed our own services capability to offer a comprehensive process covering design planning to engineering organisation as well as post-construction operation management.

In terms of renewal and remaking of stock properties, the Group focuses on flaws and weak points around the installation of elevators and the renovation of public facilities in old projects. We have innovated an integrated business model for stock properties, developed a preliminary and post project integrated business model, engineering revenue + derivative revenue profit model and implementation plan, and completed 16 public area remaking and renewal and additional elevator installation projects.



MANAGEMENT DISCUSSION AND ANALYSIS

While the Group has expanded new business in renewal and remaking of stock properties, under the impact of the overall real estate development trend, the Group's overall revenue from the property engineering business in the first half of 2022 has been significantly affected as revenue declined 63% over the previous period.

	For the six months ended 30 June			
	2022		2021	
	Revenue RMB'000	%	Revenue RMB'000	%
Xinyuan Real Estate Group	9,586	94.1	19,472	70.1
Other partners	601	5.9	8,313	29.9
Total	10,187	100.0	27,785	100.0

PROSPECTS

Based on our position as a leading intelligent operator of pan-property industry, the Group will focus on three major development directions of "Xin-property", "Xin-industry" and "Xin-technology" as set out in our strategy plan to create an innovative business model layout and continue to optimise our property + industry + technology triple engine model.

Xin-property

On the basis of focusing on services and consolidating the foundation with the aim to ensure service quality and business development quality, we brought forth new ideas in diversified cooperation model, continuously expanding from increment to stock, innovating development path while ensuring expansion quality, and further optimizing business structure.

In terms of basic services, we will focus on improving quality and enhancing efficiency:

On improving quality, the implementation of Xin Service 4.0 is our starting point. We will improve service quality, enhance customer perception and experience by exploring the real needs of customers, focusing on the actual issues of business, stimulating the motivation of employees, giving full play to the real effectiveness of data and building the capability of the team, and continuously enriching the connotation and extension of services. We will focus on strengthening the implementation and benchmarking of standards, establish a differentiated brand matrix, strengthen refined management and the ability of precise service and consolidate the foundation of property services.



MANAGEMENT DISCUSSION AND ANALYSIS

On enhancing efficiency, we will focus on enhancing operating efficiency. By implementing measures such as organisation upgrade and technology empowerment, we will enhance the management scope, management efficiency and work efficiency of our staff across different levels. We will continue to optimise and streamline our cost control model, and through wide application of smart tools and information systems, continue to enhance and optimise unit-area efficiency ratio and staff efficiency ratio, and enhanced our core competitiveness of “high cost-performance ratio, high satisfaction and high levels of service experience”.

In terms of scale development, we will continue to focus on the development layout of “1+4+N” and cultivate regional presence. We will innovate expansion models and expansion paths while gradually optimising property type structure and region structure. Further, we will establish different expansion strategies based on different regions of development, and build different niche brands based on different business types, in order to construct a diversified brand matrix.

In terms of expansion strategy, we will focus on the principle of “low cost and steady growth” and rely on the creation of diversified service capabilities, the construction of a full industry chain service ecology, and the creation of a red property brand, to innovate diversified cooperation models on the basis of comprehensive engagement with developers, property enterprises, government and property owners committees.

In terms of expanding business types, from the residential sector, we will expand towards non-residential, municipal services, government, military logistics and services, upstream and downstream industry chain. We will also expand from new properties to stock properties as we continue to explore new models and paths for scale expansion.

Xin-industry

Focusing on industrial chain to expand horizontally and vertically, we transformed from resource-based development to capability-based development, and made rapid layout relying on the strengths of professional capabilities. We rapidly expands business scale through extends from endogenous growth to exogenous growth.

Xin-industry will focus on three major aspects of “asset + space + people” for in-depth layout:

In terms of asset management, we will expand from new properties to stock properties and focus our efforts on remaking and upgrading stock properties, renovation work of stock properties and 4S home services. There will be in-depth integration and expansion of operations as we continue to promote and deepen our model of preliminary and post project integration stock properties renovation and upgrading construction work, in order to build scale.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of operating spaces, we will enhance our operating space capabilities and improve the usage efficiency of spaces through taking stock, exploring and remaking existing spaces. We will strengthen synergy with other operating segments to improve the integration ability of resources.

In terms of community value-added services, we will continue to focus on full-cycle service demands of property owners and full-scenario living services needs of the community for in-depth layout. Horizontally, we will establish an industry chain; vertically, we will conduct in-depth, frequent interaction with property owners, carefully selecting product quality and types and focus on highlighted products to create scale.

Xin-technology

Xin-technology extends from internal development to external development, and supports scale increment through science and technology. Xin-technology will progressively transform from internal construction to an internet of industries, and change its role from internal solution provider to industrial solution provider. Based on internal business empowerment, Xin-technology continues to form external output capacity, industrial service capacity, achieving steady industrialization of its technology business. By virtue of the effective integration of property resources and elements through informatisation, digitalisation and intelligence, we will improve the efficiency of the use of property resources and elements, forming a new business model and business model through innovative combination and use of resources and elements, producing greater value, and realising the digital transformation of the enterprise itself.

With digital transformation of service and management as its objective, internal information construction focuses on the core goals such as owner experience, business empowerment, management promotion and digital transformation, and internal digital platform will be built based on business-financial integration, the data center, and IoT platform. Digitisation promotes and empowers fine business management, efficiency of works at all levels and management efficiency, and continues to improve the Company's core competitiveness.

In respect of external growth, we will rely on technology companies to create standardised packages for technical standards, data solutions and operation models through the model of combining our own property management service scenarios with information technology application, in order to achieve breakthrough in marketisation, and further continue to expand the scope of our services, so as to build an edge in our external empowerment capability.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB356.3 million (the corresponding period in 2021: approximately RMB337.5 million) representing an increase of approximately 5.6% as compared to the corresponding period in 2021.

The Group's revenue was derived from four business lines, (i) property management services; (ii) value-added services; (iii) pre-delivery and consulting services; and (iv) property engineering services.

The table below sets forth the respective revenue of each of the Group's business sectors for the period indicated:

	For the six months ended 30 June				Change	
	2022		2021			
	RMB'000	%	RMB'000	%	RMB'000	%
Property management services	256,386	72.0	206,772	61.3	49,614	24.0
Value-added services	53,367	15.0	51,011	15.1	2,356	4.6
Pre-delivery and consulting services	36,319	10.2	51,915	15.4	(15,596)	(30.0)
Property engineering services	10,187	2.8	27,785	8.2	(17,598)	(63.3)
Total	356,259	100.0	337,483	100.0	18,776	5.6



MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin by its business lines for the periods indicated:

	For the six months ended 30 June					
	2022		2021		Change	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Change RMB'000	%
Property management services	81,688	31.9	56,001	27.1	25,687	45.9
Value-added services	34,307	64.3	33,626	65.9	681	2.0
Pre-delivery and consulting services	18,718	51.5	28,183	54.3	(9,465)	(33.6)
Property engineering services	1,382	13.6	2,777	10.0	(1,395)	(50.2)
Total	136,095	38.2	120,587	35.7	15,508	12.9

For the six months ended 30 June 2022, the Group's overall gross profit was approximately RMB136.1 million, representing a growth of approximately 12.9% as compared to approximately RMB120.6 million for the six months ended 30 June 2021. The Group's overall gross profit margin for the six months ended 30 June 2022 increased to approximately 38.2% from approximately 35.7% for the six months ended 30 June 2021.

Gross profit margin of property management services was approximately 31.9%, representing an increase of approximately 4.8 percentage points as compared to approximately 27.1% for the six months ended 30 June 2021. The increase in gross profit margin for property management services was mainly due to the improvement in economy of scale, cost saving measures and operational efficiency.

Gross profit margin of value-added services was approximately 64.3%, representing a decrease of approximately 1.6 percentage points as compared to approximately 65.9% for the six months ended 30 June 2021. The decrease in gross profit margin for value-added services was mainly due to the increase in promotion of domestic living services and personnel costs.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit margin for pre-delivery and consulting services was approximately 51.5%, representing a decrease of approximately 2.8 percentage points as compared to approximately 54.3% for the six months ended 30 June 2021. The decrease in gross profit margin for pre-delivery and consulting services was mainly due to the decrease of the project number of preliminary planning and design consulting services with a relatively high gross profit margin.

Gross profit margin for property engineering services was approximately 13.6%, representing an increase of approximately 3.6 percentage points as compared to approximately 10.0% for the six months ended 30 June 2021. The increase in gross profit margin for property engineering services was mainly due to the effective control of engineering construction costs.

Administrative expenses

For the six months ended 30 June 2022, the Group's administrative expenses was approximately RMB27.8 million, representing a decrease of approximately 5.7% as compared to approximately RMB29.4 million for the six months ended 30 June 2021, also representing approximately 7.8% of the Group's revenue (representing approximately 8.7% of the Group's revenue the corresponding period in 2021). The decrease was mainly due to (i) effective expenses control; and (ii) the decrease of share-based payment expenses during the current period.

Other income

For the six months ended 30 June 2022, the Group's other income and gains was approximately RMB10.0 million, representing an increase of approximately RMB4.8 million as compared to approximately RMB5.2 million for the six months ended 30 June 2021. The increase was mainly attributable to the receipt of government subsidies of approximately RMB 4.4 million, such as listing awards.

Income tax

For the six months ended 30 June 2022, the Group's income tax expense was approximately RMB24.8 million, representing a decrease of 1.3% as compared to RMB25.1 million for the six months ended 30 June 2021. The decrease in income tax expense was attributable to the decrease of the deferred tax expense.

Profit

The Group's profit for the six months ended 30 June 2022 was approximately RMB65.3 million, representing an increase of approximately 1.4% as compared to RMB64.4 million for the corresponding period last year, mainly due to the Group's business growth and effective measures on cost control.



MANAGEMENT DISCUSSION AND ANALYSIS

Current assets, reserves and capital structure

The Group maintained a sound financial position during the six months ended 30 June 2022. As at 30 June 2022, the Group's net current assets amounted to approximately RMB546.2 million, representing a decrease of approximately 5.0% as compared to approximately RMB574.7 million as at 31 December 2021.

As at 30 June 2022, the Group's total equity was approximately RMB913.5 million, representing a decrease of approximately 0.2% as compared to approximately RMB914.9 million as at 31 December 2021.

Property, plant and equipment

As at 30 June 2022, the Group's net property, plant and equipment was approximately RMB9.0 million, representing a decrease of approximately 6.2% as compared to approximately RMB9.6 million as at 31 December 2021, mainly due to the office equipment and machinery purchased to cope with the Group's business expansion partially offset by depreciation for the year.

Other intangible assets

As at 30 June 2022, the book value of the Group's intangible assets was approximately RMB2.1 million, representing a decrease of approximately 3.5% as compared to approximately RMB2.2 million as at 31 December 2021. The Group's intangible assets mainly comprised of (i) the Xinyuan Property Integrated Management Platform System; (ii) the Xinyuan Property Call Centre System; (iii) the electronic invoice tax control invoicing system; (iv) FineReport software; and (v) cost management system.

Trade receivables

As at 30 June 2022, the Group's trade receivables amounted to approximately RMB290.1 million, representing a growth of approximately 12.4% as compared to approximately RMB258.2 million as at 31 December 2021, mainly due to the increase in corresponding business resulting from the increase in the Group's GFA under management.

Prepayments and other receivables

Our prepayments and other receivables mainly comprised (i) prepayments to a related party; (ii) prepayments to third parties; and (iii) other receivables. As at 30 June 2022, the Group's prepayments and other receivables was approximately RMB323.2 million, representing a decrease of approximately 5.5% as compared to approximately RMB342.1 million as at 31 December 2021. The decrease was mainly due to the decrease of prepayments and the recovery of deposit.

Trade payables

As at 30 June 2022, trade and other payables amounted to approximately RMB101.4 million, representing a decrease of approximately 1.4% as compared to approximately RMB102.9 million as at 31 December 2021. The decrease was mainly attributable to the slight decrease of payables.



MANAGEMENT DISCUSSION AND ANALYSIS

Other payables and accruals

The Group's other payables and accruals mainly comprised (i) non-trade payables to related parties; (ii) deposits and temporary receipts from property owners; and (iii) payroll payables and other taxes payable. As at 30 June 2022, the Group's other payables and accruals (other than contract liabilities) amounted to approximately RMB171.1 million, representing a decrease of approximately 31.5% as compared to approximately RMB249.9 million as at 31 December 2021. Such decrease was mainly attributable to the payment of business payables.

Contract liabilities

The Group's contract liabilities mainly resulted from the advance payments received from customers while the underlying services are yet to be provided. As at 30 June 2022, our contract liabilities was approximately RMB160.2 million, representing an increase of 15.4% as compared to approximately RMB138.8 million as at 31 December 2021, mainly due to the increase in the Group's GFA under management and number of customers during the current period.

Borrowings

As at 30 June 2022, the Group had no borrowings or bank loans.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity, based on the sum of long-term and short-term interest-bearing bank loans and other borrowings as at the corresponding date divided by the total equity on the same date. As at 30 June 2022, gearing ratio is nil.

Pledged assets

As at 30 June 2022, the Group had no pledged assets.

Material acquisition and disposal of assets

As at 30 June 2022, the Group had no material acquisition or disposal of assets.

Significant investment

As at 30 June 2022, the Group did not hold any significant investment.

Contingent liabilities

As at 30 June 2022, the Group had no significant contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

Exchange rate risk

The Group's principal business is conducted in the PRC where most of the Group's revenue and expenses are denominated in RMB. Accordingly, save certain bank balances that were denominated in Hong Kong dollars, the Group was not exposed to material risk directly related to foreign exchange rate fluctuation. Currently, the Group has not entered into any forward contracts to hedge its exchange rate risk, although management will continue to monitor exchange rate risk and take cautionary measures to minimise exchange rate risk.

Employment and remuneration policy

As at 30 June 2022, the Group had approximately 1,665 employees (31 December 2021: approximately 1,741 employees).

The Group adopts a remuneration policy similar to its peers in the industry. The remuneration payable to our employees is determined with reference to their duties and the prevailing local market rates. Employees are paid discretionary performance bonuses upon review as reward for their contribution. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for its employees.

The Remuneration Committee of the Company was set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors, Supervisors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors, Supervisors and senior management and comparable market practices.

In addition, the Group adopted a post-IPO share option scheme on 16 September 2019 which enables the Directors to grant share options to the Group's employees in order to retain elite personnel and to provide reward and incentive for their contribution to the Group. No share option thereof was granted during the six months ended 30 June 2022.

For the six months ended 30 June 2022, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

Use of Proceeds from the Listing

On 11 October 2019 (the "**Listing Date**"), the shares of the Company were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). After deducting underwriting fees and related expenses, net proceeds from the Listing was approximately RMB197.2 million (the "**Listing Net Proceeds**").



MANAGEMENT DISCUSSION AND ANALYSIS

Up to 23 June 2022, (i) approximately RMB79.3 million of the Listing Net Proceeds had been utilised in line with the manner set out in the prospectus of the Group dated 25 September 2019 (the “**Prospectus**”); and (ii) approximately RMB117.9 million of the Listing Net Proceeds remained unutilised (the “**Unutilised IPO Net Proceeds**”). Details of the use of the Listing Net Proceeds were as follows:

Use of Listing Net Proceeds	Planned use of Listing Net Proceeds to be used RMB million	Actual use of Listing Net Proceeds from the Listing Date to 31 December 2021	Unutilised Listing Net Proceeds up to 31 December 2021	Actual use of Listing Net Proceeds from 1 January 2022 to 23 June 2022	Unutilised Listing Net Proceeds up to 23 June 2022
		RMB million	RMB million	RMB million	RMB million
To expand our property management services, seek strategic acquisition and investment opportunities	118.3	22.2 ⁽¹⁾	96.1	0.8 ⁽¹⁾	95.3
To expand the types of services offered in our value-added services business line	29.6	22.8 ⁽²⁾	6.8	2.0 ⁽²⁾	4.8
To upgrade and develop our information technology and smart systems	29.6	6.6 ⁽³⁾	23.0	5.2 ⁽³⁾	17.8
Funding our working capital needs and other general corporate purposes	19.7	19.7 ⁽⁴⁾	–	–	–
Total	197.2	71.3	125.9	8.0	117.9



MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Approximately RMB8.2 million and RMB14.8 million were used, respectively, for the payment for (i) the fees in relation to the development of the scale of our property management services and marketing and promotion of our property management services; and (ii) the consideration for the capital contribution to Handan Gangcheng Property Service Co., Ltd.* (邯鄲市鋼城物業有限公司) and the acquisition of 100% equity interest in Chongqing Heavy Truck Group Hongqi Property Co. Ltd.* (重慶重型汽車集團鴻企物業有限公司).
2. Approximately RMB24.8 million was used for operating on-site software and hardware, space decoration, investment in intelligent operation equipment, investment in new business cultivation, promotion, product and business incubation and others.
3. Approximately RMB11.8 million was used for the construction of our hardware end (i.e. servers, real time monitoring equipment and management center). The Group has completed the overall planning for digital development, and 2022 is the key year for the Group's digital upgrading. Core system construction such as internal ERP upgrade, HER construction and comprehensive business-financial integration will be completed, and the middle-end data platform and union of things platform will be fully completed, which will further enhance the Company's internal operation and management efficiency and core competitiveness.
4. Approximately RMB19.7 million was fully utilised for the payment of the wages and salaries of the Group's employees.

Use of Proceeds from the 2020 Placing

Reference is made to the Company's announcements dated 3 July 2020 and 15 July 2020 (collectively, the "**2020 Placing Announcements**"). On 3 July 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with Guotai Junan Securities (Hong Kong) Limited and Valuable Capital Limited (the "**2020 Placing Agents**"), pursuant to which, the 2020 Placing Agents (each on a several but not joint nor joint and several basis) conditionally agreed to procure, as agents of the Company, not less than six (6) placees (the "**2020 Placees**") on a best effort basis for up to an aggregate of 50,000,000 ordinary shares at the placing price of HK\$2.60 per placing share on the terms and subject to the conditions set out in the Placing Agreement (the "**2020 Placing**"). The maximum aggregate nominal value of the placing shares under the 2020 Placing is HK\$500. The market price of the placing shares was HK\$2.86 per share as quoted on the Stock Exchange on 3 July 2020, being the date of the Placing Agreement. The net price of the placing shares was approximately HK\$2.54 per share.

The Directors considered that the 2020 Placing will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and its shareholders (the "**Shareholders**") as a whole.

Completion of the 2020 Placing took place on 15 July 2020, a total of 50,000,000 placing shares were placed by the 2020 Placing Agents to the 2020 Placees at the placing price of HK\$2.60 per placing share.

* For identification purposes only



MANAGEMENT DISCUSSION AND ANALYSIS

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the 2020 Placees and their respective ultimate beneficial owner(s), as applicable, are parties independent of the Company and not acting in concert with the connected persons of the Company and are not parties acting in concert with each of the other 2020 Placees procured by the 2020 Placing Agents under the Placing Agreement.

The net proceeds from the 2020 Placing amounted to RMB115.0 million (the “**2020 Placing Net Proceeds**”). Up to 23 June 2022, (i) approximately RMB11.5 million of the 2020 Placing Net Proceeds had been utilised in the manner in line with that were set out in the 2020 Placing Announcements; and (ii) approximately RMB103.5 million of the 2020 Placing Net Proceeds remained unutilised (the “**Unutilised 2020 Placing Net Proceeds**”). Details of the use of the 2020 Placing Net Proceeds were as follows:

Use of 2020 Placing Net Proceeds	Planned amount of 2020 Placing Net Proceeds to be used RMB million	Actual use of 2020 Placing Net Proceeds up to 31 December 2021 RMB million	Unutilised amount of 2020 Placing Net Proceeds up to 31 December 2021 RMB million	Actual use of	Unutilised
				2020 Placing Net Proceeds from 1 January 2022 to 23 June 2022 RMB million	amount of 2020 Placing Net Proceeds up to 23 June 2022 RMB million
Business development, which mainly relates to (a) diversifying the types of services offered to the customers and (b) upgrading and developing the Group’s smart systems	69.0	–	69.0	–	69.0
Strategic investment in businesses or targets that are related to the Group’s principal businesses	34.5	–	34.5	–	34.5
General working capital	11.5	11.5	–	–	–
Total	115.0	11.5	103.5	–	103.5



MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds from the Subscription

Reference is made to the Company's announcements dated 25 January 2021 and 8 February 2021 (collectively, the **"2021 Placing and Subscription Announcements"**). On 25 January 2021, the Company entered into the placing and subscription agreement (the **"2021 Placing and Subscription Agreement"**) with Xinyuan Real Estate, Ltd. (the **"Vendor"**) and Guotai Junan Securities (Hong Kong) Limited (the **"2021 Placing Agent"**), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agent, and the 2021 Placing Agent agreed to act as an agent of the Vendor to procure not less than six (6) placees, on a best effort basis, to purchase up to 18,000,000 ordinary shares in the Company (the **"Placing Shares"**) at the price of HK\$2.10 per Placing Share (the **"2021 Placing"**); and (ii) the Vendor agreed to subscribe for, and the Company agreed to allot and issue to the Vendor, up to 18,000,000 new ordinary shares in the Company (the **"Subscription Shares"**) at the price of HK\$2.06 per Subscription Share (the **"Subscription"**). The maximum aggregate nominal value of the Subscription Shares was HK\$180. The market price of the shares of the Company was HK\$2.28 per share as quoted on the Stock Exchange on 25 January 2021, being the date of the 2021 Placing and Subscription Agreement.

The 2021 Placing and the Subscription were conducted by the Company as the Directors were of the view that (i) they shall provide a good opportunity to raise additional funds to enable the Group to actively pursue acquisition or investment opportunities and enhance its development in the property management services industry in the PRC; and (ii) they shall also strengthen the financial position and to broaden the shareholder base and capital base of the Group.

Completion of the 2021 Placing took place on 27 January 2021 and completion of the Subscription took place on 8 February 2021. A total of 18,000,000 Placing Shares have been successfully placed by the 2021 Placing Agent to the 2021 Placees. A total of 18,000,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 29 May 2020.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the placees of the 2021 Placing were individual, professional or institutional investors that were independent of and not connected with the Company and its connected persons, not a party acting in concert with the Vendor. None of such placees had become a substantial shareholder of the Company immediately after completion of the 2021 Placing.



MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds from the Subscription are approximately HK\$31.2 million (the “**Subscription Net Proceeds**”). The net price per 2021 Subscription Shares amounted to approximately HK\$2.06. Up to 23 June 2022, (i) approximately RMB7.8 million of the Subscription Net Proceeds had been utilised in the manner in line with that were set out in the 2021 Placing and Subscription Announcements; and (ii) approximately RMB23.4 million of the Subscription Net Proceeds remained unutilised (the “**Unutilised Subscription Net Proceeds**”). Details of the use of the Subscription Net Proceeds were as follows:

Use of Subscription Net Proceeds	Planned amount of Subscription Net Proceeds to be used RMB million	Actual use of Subscription Net Proceeds up to 31 December 2021 RMB million	Unutilised amount of Subscription Net Proceeds up to 31 December 2021 RMB million	Actual use of Subscription Net Proceeds From 1 January 2022 to 23 June 2022 RMB million	Unutilised amount of Subscription Net Proceeds up to 23 June 2022 RMB million
Approximately 75% strategic investment in businesses or targets that are related to property management services	23.4	–	23.4	–	23.4
Approximately 25% for general working capital of the Group	7.8	7.8	–	–	–
Total	31.2	7.8	23.4	–	23.4



MANAGEMENT DISCUSSION AND ANALYSIS

Change of Use of Proceeds

Reference is made to the announcement of the Company dated 23 June 2022. On 23 June 2022, the Board resolved to revise the use of the Unutilised IPO Net Proceeds, the Unutilised 2020 Placing Net Proceeds and the Unutilised Subscription Net Proceeds, which in aggregate amounted to approximately RMB244.8 million (the “**Total Unutilised Proceeds**”), in a combined manner as set out in the Company’s announcement dated 23 June 2022 (the “**Revised Use of Total Unutilised Proceeds**”). Up to 30 June 2022, the Group utilised approximately RMB1.8 million of the Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds. Details of the use of Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds up to 30 June 2022 were as follows:

Revised Use of Total Unutilised Proceeds	Allocated Percentage of Total Unutilised Proceeds	Allocated Total Unutilised Proceeds as at 23 June 2022	Actual use of Total Unutilised Proceeds from 24 June 2022 to 30 June 2022	Unused amount of Total Unutilised Proceeds up to 30 June 2022	Expected timeline for the Use of Total Unutilised Proceeds
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group’s property management, value-added services and property engineering businesses, which include acquiring or investing in companies engaged in businesses related to property management, value-added services or property engineering, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	30	73.4	0	73.4	30 September 2024
To further develop the Group’s value-added services, which include the development of value-added products and services related to service scenarios such as communities, commercial offices and urban management, as well as assets, the upgrading of software and hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings and industrial parks	20	49.0	0.1	48.9	30 September 2024



MANAGEMENT DISCUSSION AND ANALYSIS

Revised Use of Total Unutilised Proceeds	Allocated Percentage of Total Unutilised Proceeds	Allocated Total Unutilised Proceeds as at 23 June 2022	Actual use of	Unused amount	Expected timeline for the Use of Total Unutilised Proceeds
			Total Unutilised Proceeds from 24 June 2022 to 30 June 2022	of Total Unutilised Proceeds up to 30 June 2022	
	%	RMB million	RMB million	RMB million	
To upgrade the Group's systems of digitisation and smart management, which include the purchase, upgrade and research and development of software, hardware and related services for building smart terminals and Internet of Things platforms, the construction and development of information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, the investment in companies engaged in businesses related to technological industries, and the commencement of research and development for innovative applications related to the Group's business	30	73.4	0.2	73.2	30 September 2024
Working capital and general corporate purpose	20	49.0	1.5	47.5	
Total	100	244.8	1.8	243.0	

As at 30 June 2022, the unused portion of the Total Unutilised Proceeds are placed at a licensed bank in the PRC. The Directors are not aware of, and do not anticipate any material delay or change in the use of proceeds from the Revised Use of Total Unutilised Proceeds, and will continue to assess the plans in relation to the planned allocation of the unused portion of the Total Unutilised Proceeds. The Directors may modify or amend the relevant plans as necessary in order to address the changing market conditions, and strive for the Group to achieve better business performance.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcements dated 1 September 2022 and 2 September 2022, the Shares of the Company has resumed trading with effect from 2 September 2022. Up to the date of this interim report, the Group had no other material event after the reporting period.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares (the "**Shares**"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

(a) The Company

Name of Directors and Chief Executives	Nature of Interest ⁽¹⁾	Number of Shares or underlying Shares	Approximate Percentage of Interest in the Company ⁽⁴⁾
Ms. WANG Yanbo ⁽⁶⁾	Beneficial owner	11,250,000	1.98%
Mr. HUANG Bo ⁽⁵⁾	Beneficial owner	5,625,000	0.99%
Mr. ZHANG Yong ⁽⁷⁾	Interest of a controlled corporation ⁽²⁾	15,000,000	2.64%
Ms. YANG Yuyan ⁽⁸⁾	Interest of a controlled corporation ⁽³⁾	15,000,000	2.64%

Notes:

1. All interests stated are long position.
2. Victory Destiny Holdings Limited is wholly-owned by Mr. ZHANG Yong. By virtue of the SFO, Mr. Zhang is therefore deemed to be interested in 15,000,000 Shares held by Victory Destiny Holdings Limited.
3. Grace Hope Holdings Limited is wholly-owned by Ms. YANG Yuyan. By virtue of the SFO, Ms. Yang is therefore deemed to be interested in 15,000,000 Shares held by Grace Hope Holdings Limited.
4. The percentage of shareholding is calculated on the basis of the number of issued Shares as at 30 June 2022 of 567,500,000.
5. On 15 February 2022, Mr. HUANG Bo resigned as executive Director and chief financial officer of the Company.



OTHER INFORMATION

6. On 29 August 2022, Ms. WANG Yanbo resigned as executive Director and chief executive officer of the Company.
7. On 29 August 2022, Mr. ZHANG Yong resigned as non-executive Director and the Chairman of the Board.
8. On 29 August 2022, Ms. YANG Yuyan resigned as non-executive Director of the Company.

(b) The Associated Corporation – Xinyuan Real Estate Co., Ltd.

Name of Directors and Chief Executives	Nature of Interest ⁽¹⁾	Number of shares or underlying shares	Approximate Percentage of Interest in the Associated Corporation ⁽⁴⁾
Mr. ZHANG Yong	Beneficial owner Interest of a controlled corporation ⁽²⁾	28,400,000 4,143,615	30.20% ⁽⁵⁾
Ms. YANG Yuyan	Founder of a discretionary trust ⁽³⁾	28,400,000	26.36%

Notes:

1. All interests stated are long position.
2. Universal World Development Co. Ltd. is wholly-owned by Mr. ZHANG Yong. By virtue of the SFO, Mr. Zhang, a non-executive Director of the Company, is therefore deemed to be interested in 4,143,615 shares in Xinyuan Real Estate Co., Ltd. (which consists of 1,606,615 shares and 2,537,000 share options which entitle the holder thereof the right to acquire shares in Xinyuan Real Estate Co., Ltd. within 60 days) held by Universal World Development Co., Ltd.
3. Pursuant to the trust deed dated 24 November 2015 (the “Trust Deed”) entered into by Ms. YANG Yuyan (as settlor) and HSBC International Trustee Limited (as trustee), The Spectacular Stage Trust (the “Trust”) was established as a discretionary trust and the beneficiaries under the Trust include her family member(s) of Ms. YANG Yuyan. Pursuant to the terms of the Trust Deed, the Trustee is required to obtain the prior written consent of Ms. YANG Yuyan, as protector, before making any direct or indirect dispositions of any shares in Xinyuan Real Estate Co., Ltd. (the “Common Shares”) that constitute the assets of the Trust and to vote the Common Shares held by the Trust and cause any entity owned by the Trust directly or indirectly that holds the Common Shares to vote such shares in accordance with instructions from Ms. YANG Yuyan. Accordingly, pursuant to Section 13(d) of the Securities Exchange Act of 1934 of the United States, as amended, Ms. YANG Yuyan may be deemed to beneficially own all of the Common Shares held directly or indirectly by the Trust.
4. The percentage is calculated based on the total number of issued shares in Xinyuan Real Estate Co., Ltd. as at 30 June 2022 being 107,757,721.
5. The percentage would be 29.51% if it is calculated by the number of shares or underlying shares in Xinyuan Real Estate Co., Ltd. (i.e. 32,543,615) divided by the total number of equities of Xinyuan Real Estate Co., Ltd. as at 30 June 2022 (i.e. 110,294,721, being the sum of (i) 107,757,721 issued shares in Xinyuan Real Estate Co., Ltd. at 30 June 2022; and (ii) 2,537,000 share options which entitle the holder thereof the right to acquire shares in Xinyuan Real Estate Co., Ltd. within 60 days).



OTHER INFORMATION

Save as disclosed above, none of the Directors and chief executives of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares which fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Capacity/ Nature of Interest ⁽¹⁾	Number of Shares	Approximate percentage of shareholding ⁽⁵⁾
Xinyuan Real Estate, Ltd. ⁽²⁾	Beneficial owner	300,000,000	52.86%
Xinyuan Real Estate Co., Ltd. ^(2, 3)	Interest of a controlled corporation	300,000,000	52.86%
Galaxy Team Holdings Limited ⁽⁴⁾	Beneficial owner	37,500,000	6.61%
Xingtai Capital Management Limited	Investment manager	77,000,000	13.57%
Xingtai China Master Fund	Beneficial owner	34,000,000	5.99%



OTHER INFORMATION

Notes:

1. All interests stated are long position.
2. Xinyuan Real Estate, Ltd. is wholly owned by Xinyuan Real Estate Co., Ltd.. By virtue of the SFO, Xinyuan Real Estate Co., Ltd. is therefore deemed to be interested in 300,000,000 Shares which are interested by Xinyuan Real Estate, Ltd.
3. Xinyuan Real Estate Co., Ltd., the shares in which are listed on the New York Stock Exchange (stock code: XIN), is owned as to 30.20% by Mr. ZHANG Yong, 26.36% by Spectacular Stage Limited and 43.44% by public shareholders.
4. Galaxy Team Holdings Limited is owned as to 30%, 15%, 15%, 10%, 10%, 5%, 5%, 5% and 5% by Ms. WANG Yanbo, Mr. HUANG Bo, Mr. WANG Yantao, Ms. DU Xiangyan, Ms. ZHANG Rong, Mr. HUANG Jinfu, Mr. AN Guangfu, Mr. LYU Shaohui and Mr. ZHANG Xiaofei, respectively.
5. The percentage of shareholding is calculated on the basis of the number of issued Shares as at 30 June 2022 of 567,500,000.

Save as disclosed above, as at 30 June 2022, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors, there was no other person (other than Directors or chief executives of the Company) who had an interest and/or a short position in the Shares or the underlying Shares which fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange throughout the period from 1 January 2022 to 30 June 2022.

INTERIM DIVIDEND

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



OTHER INFORMATION

PRE-IPO SHARE AWARD SCHEME

The Pre-IPO Share Award Scheme (the “**Pre-IPO Share Award Scheme**”) was adopted on 31 January 2019 (the “**Adoption Date**”) and revised on 15 March 2019. The main purposes of Pre-IPO Share Award Scheme are (i) to reflect the substance of the share incentive scheme adopted by Xinyuan Science and Technology Service Group Co., Ltd. on 17 March 2018 at the level of the Company (which is the ultimate holding company of the Group after the Listing) and have modifications thereto based on the existing circumstances; (ii) to recognize contributions made by the grantees; (iii) to encourage and retain the grantees to work with the Group; and (iv) to align the interests of the grantees directly to the Shareholders through ownership of the Shares.

Pursuant to the Pre-IPO Share Award Scheme and prior to the global offering, a total of ten directors and employees of the Group (each, a “**Grantee**”) were awarded a total of 56,250 Shares at the date of the grant, which were subsequently subdivided into 56,250,000 Shares representing 11.25% of the enlarged issued share capital of the Company immediately following the completion of the global offering and not taking into account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Post-IPO Share Option Scheme. All the said awarded Shares were allotted and issued by the Company to the Grantees’ nominee vehicles, namely Galaxy Team Holdings Limited and Glory Eternity Holdings Limited, upon their requests on 21 March 2019.



OTHER INFORMATION

A summary of the Grantees who have been awarded Shares under the Pre-IPO Share Award Scheme is set out below:

Name of the Grantee	Consideration RMB	Number of awarded Shares	Percentage of shareholding (Note 1)
Directors			
Ms. WANG Yanbo (Note 4)	1,680,000	11,250,000	1.98%
Mr. HUANG Bo (Note 3)	840,000	5,625,000	0.99%
Senior Management			
Mr. WANG Yantao	840,000	5,625,000	0.99%
Ms. DU Xiangyan	560,000	3,750,000	0.66%
Ms. ZHANG Rong	560,000	3,750,000	0.66%
Other Grantees			
Mr. HUANG Jinfu	280,000	1,875,000	0.33%
Mr. LYU Shaohui	280,000	1,875,000	0.33%
Mr. ZHANG Xiaofei	280,000	1,875,000	0.33%
Mr. AN Guangfu	280,000	1,875,000	0.33%
Mr. ZHANG Lizhou (Note 2)	2,800,000	18,750,000	3.30%
Total		56,250,000	9.91%

Notes:

- These percentages are calculated on the basis of 567,500,000 Shares in issue as at 30 June 2022.
- Mr. ZHANG Lizhou was appointed as a Director on 13 December 2018 and was re-designated as an executive Director on 19 April 2019. Mr. ZHANG Lizhou resigned as a Director on 30 June 2019 in order to devote more time to other personal businesses. Pursuant to the Pre-IPO Share Award Scheme, the resignation of Mr. ZHANG Lizhou constituted a triggering event for forfeiture of awarded Shares and the Company was entitled to request Mr. ZHANG Lizhou to transfer, or procure his nominee (i.e. Glory Eternity Holdings Limited) to transfer the legal and equitable ownership in all the Shares allotted and issued to him or his nominee vehicle under the Pre-IPO Share Award Scheme (the "Subject Shares") to the Company or its nominee. On 14 August 2019, the Company, Xinyuan Real Estate, Ltd., Mr. ZHANG Lizhou and Glory Eternity Holdings Limited entered into an arrangement agreement, pursuant to which (i) Glory Eternity Holdings Limited shall transfer all of the Subject Shares to Xinyuan Real Estate, Ltd. in consideration of the Company's refund of RMB2,800,000 paid by Mr. ZHANG Lizhou pursuant to the Pre-IPO Share Award Scheme and (ii) Xinyuan Real Estate, Ltd. shall apply a portion of the shareholder's loan it advanced to the Company in the amount of RMB2,800,000 as settlement of the consideration for the Subject Shares. Upon completion of the transfer of the Subject Shares on 20 August 2019, Mr. ZHANG Lizhou ceased to be a shareholder of the Company.



OTHER INFORMATION

3. On 15 February 2022, Mr. HUNAG Bo resigned as executive Director and chief financial officer of the Company.
4. On 29 August 2022, Ms. WANG Yanbo resigned as executive Director and chief executive officer of the Company.

Save for the above, no further Shares had been awarded under the Pre-IPO Share Award Scheme and no further Shares had been awarded thereunder on or after the Listing Date.

The Pre-IPO Share Award Scheme commenced on the Adoption Date and remained valid and effective for a period of three years from the Adoption Date. Notwithstanding the foregoing and without prejudice to any subsisting rights of any Grantee, the Company may at any time terminate the Pre-IPO Share Award Scheme. Each Grantee should be subject to a service condition that he/she should continuously serve or work for the Group for the period from the date of grant to 31 December 2021 (both dates inclusive) and the lock-up requirement under the Pre-IPO Share Award Scheme. For further details of the triggering events for forfeiture of awarded Shares and the lock-up requirement, please refer to Appendix V to the Prospectus.

The Pre-IPO Share Award Scheme has expired on 31 December 2021.

POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme (the “**Post-IPO Share Option Scheme**”) was adopted by a resolution in writing passed by the Shareholders on 16 September 2019 for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted. The terms of the Post-IPO Share Option Scheme are disclosed in the Prospectus.

No share options were granted, exercised, expired or lapsed under the Post-IPO Share Option Scheme during the six months ended 30 June 2022. The Company did not have any outstanding share options, warrants, and convertible instruments into Shares as at 30 June 2022 and up to the date of this interim report.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing shareholders’ interests.

The Company adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance. Throughout the period from 1 January 2022 to 30 June 2022, the Company complied with all the code provisions as set out in the CG Code.



OTHER INFORMATION

On 29 August 2022, (i) Ms. WANG Yanbo resigned as executive Director and chief executive officer of the Company; and (ii) Mr. ZHANG Yong resigned as non-executive Director and the Chairman of the Board. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. After the resignations of Mr. ZHANG Yong and Ms. WANG Yanbo, the Company did not have Chairman and Chief Executive Officer. Moreover, Mr. SHEN Yuan-Ching was appointed as the Vice-chairman of the Board on 29 August 2022 and he would take up the roles and responsibilities of the Chairman as stipulated in code provision C.2.2 to C.2.9 of the CG Code. The Board will appoint a new Chief Executive Officer once a suitable person is selected.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code.

Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the period from 1 January 2022 to 30 June 2022.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

There are no changes in information of Directors since the date of 2021 Annual Report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF UNAUDITED FINANCIAL STATEMENTS

The audit committee has reviewed the accounting principles and practices adopted by the Group and the unaudited interim results of the Group for the six months ended 30 June 2022 together with management of the Company.

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

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	356,259	337,483
Cost of sales		(220,164)	(216,896)
Gross profit		136,095	120,587
Other income and gains	5	10,022	5,153
Administrative expenses		(27,753)	(29,427)
Impairment losses on financial assets and contract assets, net (other than related parties)	6	(2,508)	(4,649)
Impairment losses on financial assets and contract assets, net (related parties)	6	(25,135)	–
Other operating income/(expenses), net		2,844	(2,089)
Interest on lease liabilities	10	(103)	(75)
Fair value loss on financial assets at fair value through profit or loss (“FVTPL”)	15	(3,523)	–
Share of profits/(losses) of:			
Joint venture		–	(362)
Associates		107	359
Profit before tax	6	90,046	89,497
Income tax expense	7	(24,757)	(25,080)
Profit and total comprehensive income for the period		65,289	64,417
Attributable to:			
Equity holders of the parent		64,880	64,166
Non-controlling interests		409	251
		65,289	64,417
		RMB cents	RMB cents
Earnings per share attributable to ordinary equity holders of the parent			
Basic	9	11.43	12.02
Diluted		11.43	11.38



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		9,012	9,608
Goodwill		3,090	3,090
Right-of-use assets	10	1,713	1,859
Other intangible assets		2,120	2,197
Investment in a joint venture	11	–	–
Investments in associates	12	1,630	1,523
Prepayments to a related party	14	89,073	89,073
Payments to related parties	14	205,461	191,469
Deferred tax assets		18,541	12,033
Loan to a related party	20(e)	48,000	40,131
Total non-current assets		378,640	350,983
Current assets			
Trade and bills receivables	13	290,121	258,152
Contract assets		57,442	62,105
Financial assets at fair value through profit or loss	15	37,381	40,904
Prepayments, deposits and other receivables	14	28,667	61,582
Cash and cash equivalents	16	642,156	719,049
Total current assets		1,055,767	1,141,792
Current liabilities			
Trade payables	17	101,440	102,900
Other payables and accruals	18	171,125	249,890
Contract liabilities	18	160,249	138,815
Lease liabilities	10	1,509	1,393
Tax payable		75,251	74,087
Total current liabilities		509,574	567,085
Net current assets		546,193	574,707
Total assets less current liabilities		924,833	925,690



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities	10	484	692
Deferred tax liabilities		10,878	101,106
Total non-current liabilities		11,362	10,798
Net assets		913,471	914,892
Equity			
Share capital	19	5	5
Other reserves		500,615	496,675
Retained earnings		409,088	414,858
Non-controlling interests		909,708 3,763	911,538 3,354
Total equity		913,471	914,892

Wang Yanbo
Director

Zhang Yong
Director



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium*	Other reserve*	PRC reserve funds*	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020 (Audited)	5	563,285	(132,303)	25,197	339,849	796,033	1,854	797,887
Profit and total comprehensive income for the period	-	-	-	-	64,166	64,166	251	64,417
Equity-settled share-based payment (Note 6)	-	-	4,660	-	-	4,660	-	4,660
Issue of new shares (Note 19)	-**	31,118	-	-	-	31,118	-	31,118
At 30 June 2021 (Unaudited)	5	594,403	(127,643)	25,197	404,015	895,977	2,105	898,082
At 31 December 2021 (Audited)	5	594,403	(122,925)	25,197	414,858	911,538	3,354	914,892
Profit and total comprehensive income for the period	-	-	-	-	64,880	64,880	409	65,289
Equity-settled share-based payment (Note 6)	-	-	57	-	-	57	-	57
Dividends distributed (Note 8)	-	-	-	-	(66,767)	(66,767)	-	(66,767)
Appropriation to PRC statutory reserves	-	-	-	3,883	(3,883)	-	-	-
At 30 June 2022 (Unaudited)	5	594,403	(122,868)	29,080	409,088	909,708	3,763	913,471

* These reserve accounts comprise the consolidated other reserves of approximately RMB500,615,000 (31 December 2021: RMB496,675,000) in the interim condensed consolidated statement of financial position.

** Amount less than RMB1,000.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before tax		90,046	89,497
Adjustments for:			
Interest income		(4,740)	(4,118)
Share of loss of a joint venture	11	–	362
Share of profit of associates	12	(107)	(359)
Loss on disposal of items of property, plant and equipment		–	2
Depreciation and amortisation	6	1,455	1,797
Impairment losses on financial assets and contract assets, net	6	27,643	4,649
Finance costs	10	103	75
Fair value loss on financial assets at fair value through profit or loss	21	3,523	–
Equity-settled share-based payments	6	57	4,660
Foreign exchange differences, net		(67)	2,052
		117,913	98,617
(Increase)/decrease in trade receivables and contract assets		(72,929)	9,731
Decrease/(increase) in prepayments, deposits and other receivables		29,034	(215,721)
Increase in contract liabilities		21,434	35,377
(Decrease)/increase in trade payables		(1,460)	33,073
Decrease in other payables and accruals		(78,765)	(8,446)
Cash generated from/(used in) operations		15,277	(47,369)
Income tax paid		(29,329)	(37,726)
Net cash flows used in operating activities		(14,102)	(85,095)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cash flows from investing activities			
Interest received		4,740	4,118
Purchases of items of property, plant and equipment		–	(1,388)
Purchases of items of intangible assets		(57)	(785)
(Placement)/uplift of bank time deposits		(2,131)	150,000
Net cash flows generated from investing activities		2,552	151,945
Cash flows from financing activities			
Net proceeds from issuance of new shares	19	–	31,118
Payment of lease liabilities	10	(774)	(682)
Dividend paid by the Company	8	(66,767)	–
Net cash flows (used in)/generated from financing activities		(67,541)	30,436
Net (decrease)/increase in cash and cash equivalents		(79,091)	97,286
Cash and cash equivalents at beginning of period		321,719	311,340
Effect of exchange rate changes on cash and cash equivalents		67	(1,568)
Cash and cash equivalents at end of period		242,695	407,058
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		642,156	794,858
Less: Time deposits with original maturity of over three months		(399,461)	(387,800)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		242,695	407,058



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated on 13 December 2018 in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The trading in shares of the Company has been suspended since 1 April 2021. The registered office of the Company is located at the offices of Maples Corporate Services Limited, Second Floor, Century Yard, Cricket Square, P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is located at 9/F., Wah Yuen Building, 149 Queen’s Road Central, Hong Kong. With effect from 1 August 2022, the principal place of business is changed to Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong.

The Company is an investment holding company and the Company’s subsidiaries were involved in the following principal activities:

- Property management services
- Value-added services
- Pre-delivery and consulting services
- Property engineering services

The ultimate holding company of the Company is Xinyuan Real Estate Co., Ltd. (the “**Ultimate Holding Company**”), a company established in the Cayman Islands and its shares are listed on the New York Stock Exchange.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, and the International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (“**IASB**”).

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. 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 described in the annual financial statements for the year ended 31 December 2021.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

2.1 BASIS OF PREPARATION (CONTINUED)

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 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by IASB, and any public announcements made by the Company during the interim reporting period.

The interim condensed consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair values. As the Group mainly operates in the People's Republic of China (the "PRC"), Renminbi ("RMB") is used as the presentation currency of the interim condensed consolidated financial information and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and method of computation adopted in the preparation of these interim condensed consolidated financial statements were consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 other than changes in accounting policies resulting from adoption of the new or amendments to IFRSs for the first time for the current period's financial information.

Accounting Guideline 5 (Revised)	<i>Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IFRS 3, IAS 16 and IAS 37	<i>Narrow-scope Amendments</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Costs of Fulfilling a Contract</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2018–2020</i>

The adoption of these new or amendments to IFRSs has had no significant financial effect on the Group's interim condensed consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

Except for the above, the Group has not adopted any other new or amendments to IFRSs which are issued but not yet effective for the current interim period. The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial adoption. So far the directors of the Company have concluded that the adoption of them is unlikely to have a significant financial effect on the interim condensed consolidated financial statements.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive of the Company.

During the period, the Group is principally engaged in the provision of property management services, value-added services and pre-delivery and consulting services to customers in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the periods.

As at 30 June 2022, all of the non-current assets were located in the PRC.

4. REVENUE

Revenue mainly represents consideration to which the Group expects to be entitled for the property management services, value-added services, pre-delivery and consulting services and property engineering services rendered to customers, net of value added tax and surcharges, and allowances for discounts. An analysis of the Group's revenue by category is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contract with customers within the scope of IFRS15, types of goods or services		
Property management services	256,386	206,772
Value-added services	53,367	51,011
Pre-delivery and consulting services	36,319	51,915
Property engineering services	10,187	27,785
	356,259	337,483



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

4. REVENUE (CONTINUED)

For the six months ended 30 June 2022, revenue from entities controlled by the Ultimate Holding Company accounted for 14% (six months ended 30 June 2021: 21%) of the Group's total revenue. Other than the entities controlled by the Ultimate Holding Company, the Group had a large number of customers and none of whom contributed 10% or more to the Group's revenue for the period (six months ended 30 June 2021: Same).

The following table shows the revenue recognised in the current reporting period relating to carried-forward contract liabilities:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period	105,008	97,453

Performance obligations

For property management services, pre-delivery and consulting services and property engineering services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The majority of the property management service contracts do not have a fixed term. The terms of the contracts for pre-delivery and consulting services (except for property engineering services) are generally set to expire when the counterparties notify the Group that the services are no longer required.

The Group has elected the practical expedient in paragraph 121 of IFRS 15 for the value-added services and property engineering services contracts that regarding the performance obligation that has an original expected duration of one year or less, the Group does not make disclosure in accordance with paragraph 120 of IFRS 15, that is the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and an explanation of when the Group expects to recognise as revenue.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	4,740	4,118
Government grants (Note)	5,278	975
Others	4	60
	10,022	5,153

Note: Government grants mainly represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

6. PROFIT BEFORE TAX

The Group's profit before income tax is arrived at after charging:

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of services provided		220,164	216,896
Employee benefit expense (including director's and chief executive's remuneration):			
– Wages and salaries		73,763	52,114
– Equity-settled share-based payment (Note)		57	4,660
– Pension scheme contributions		6,091	5,736
		79,911	62,510
Depreciation and amortisation:			
Depreciation of property, plant and equipment		596	1,040
Depreciation of right-of-use assets	10	725	667
Amortisation of intangible assets		134	90
		1,455	1,797
Lease payments not included in the measurement of lease liabilities	10	58	75
Fair value loss of financial assets at fair value through profit or loss		3,523	–

Note: The Group recognised share-based payment expenses related to a total of 56,250,000 awarded restricted shares granted pursuant to the restricted share award scheme adopted in 2019 (the "Scheme") of approximately RMB57,000 (six months ended 30 June 2021: RMB4,660,000) in profit or loss during the six months ended 30 June 2022. Details of the Scheme is set out in the annual consolidated financial statements for the year ended 31 December 2021.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

6. PROFIT BEFORE TAX (CONTINUED)

		Six months ended 30 June	
	Notes	2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Impairment of financial assets and contract assets, net:			
– Third parties			
Provision for impairment of trade receivables	13	3,369	5,100
Reversal of impairment of contract assets		–	(162)
Reversal of impairment of financial assets included in deposits, prepayments and other receivables	14	(861)	(289)
		2,508	4,649
– Related parties			
Provision for impairment of trade receivables	13	27,917	–
Provision for impairment of contract assets		14,337	–
Reversal of impairment of financial assets included in deposits, prepayments and other receivables	14	(9,250)	–
Reversal of impairment of loan to a related party		(7,869)	–
		25,135	–
Total impairment of financial assets and contract assets, net		27,643	4,649



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax – PRC	30,493	26,257
Deferred income tax – PRC	(5,736)	(1,177)
Total tax charge for the year	24,757	25,080

(a) Cayman Islands income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from Cayman Islands income tax (six months ended 30 June 2021: Same).

(b) British Virgin Islands (“BVI”) income tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI (six months ended 30 June 2021: Nil).

(c) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

(d) PRC corporate income tax

Under the relevant PRC income tax law, the PRC entities of the Group are subject to corporate income tax at a rate of 25% on their respective taxable income (six months ended 30 June 2021: Same).



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For the six months ended 30 June 2022

8. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared and paid – HK13.8 cents per ordinary share	66,767	–

A final dividend in respect of the year ended 31 December 2021 of HK13.8 cents per ordinary share, amounting to HK\$78,315,000 (equivalent to approximately RMB63,660,000) was approved at the annual general meeting of the Company held on 27 May 2022.

The dividend of approximately RMB66,767,000 had been paid during six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the profit for the six months ended 30 June 2022 attributable to ordinary equity holders of the parent, adjusted for the dividends in respect of unvested shares under the restricted share award scheme, and the weighted average number of ordinary shares of 567,500,000 (six months ended 30 June 2021: 533,721,000) in issue during the period.

The calculation of the diluted loss per share amount is based on the profit for the six months ended 30 June 2022 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been vested under a restricted share award scheme (Note 6) on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to equity holders of the parent, used in the diluted earnings per share calculation	64,880	64,166
Adjustment of the proposed dividends for unvested shares under the restricted share award scheme	–	–
Adjusted profit attributable to equity holders of the parent, used in the basic earnings per share calculation	64,880	64,166
	Thousand shares	Thousand shares
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	567,500	533,721*
Effect of dilution		
– weighted average number of ordinary shares:		
Restricted share award scheme	–	30,000
Weighted average number of ordinary shares for diluted earnings per share	567,500	563,721
Basic earnings per share (RMB cents)	11.43	12.02
Diluted earnings per share (RMB cents)	11.43	11.38

* Weighted average of 533,721,000 ordinary shares represented the 567,500,000 ordinary shares in issue for the six months ended 30 June 2021, excluded the 30,000,000 unvested restricted shares and the weighted average of 18,000,000 ordinary shares issued by the Company in February 2021.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

10. LEASES

The Group has lease contracts for its offices in PRC and Hong Kong used in operations. Lease terms varies between 3 and 5 years (30 June 2021: 3 and 5 years) and lease payments are paid monthly or yearly. Apartments and cleaning machines have lease terms of 12 months or less, which are not recognised as right-of-use assets and lease liabilities. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. No extension or termination options, nor variable lease payments were contained in above lease contracts.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

	Offices RMB'000
As at 1 January 2021 (Audited)	3,189
Depreciation charge (Note 6)	(1,330)
As at 31 December 2021 (audited) and 1 January 2022	1,859
Additions	579
Depreciation charge (Note 6)	(725)
As at 30 June 2022 (Unaudited)	1,713



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

10. LEASES (CONTINUED)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period/year are as follows:

	Offices RMB'000 (Audited)
Carrying amount at 1 January 2021	3,500
Accretion of interest during the year	137
Payments	(1,552)
Carrying amount at 31 December 2021 (Audited)	2,085
Analysed into:	
Current portion	1,393
Non-current portion	692
Carrying amount at 1 January 2022	2,085
Additions	579
Accretion of interest during the period	103
Payments	(774)
Carrying amount at 30 June 2022 (Unaudited)	1,993
Analysed into:	
Current portion	1,509
Non-current portion	484



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

10. LEASES (CONTINUED)

(b) Lease liabilities (Continued)

The maturity analysis of lease liabilities is as follows:

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
As at 30 June 2022				
Lease liabilities	1,509	321	163	1,993
As at 31 December 2021				
Lease liabilities	1,393	692	–	2,085

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on lease liabilities	103	75
Depreciation charge of right-of-use assets (Note 6)	725	667
Expense relating to short-term leases (included in cost of sales and administrative expenses) (Note 6)	58	75
Total amount recognised in profit or loss	886	817



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11. INVESTMENT IN A JOINT VENTURE

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Share of net assets	10,406	10,406
Impairment of investment in a joint venture	(10,406)	(10,406)
	-	-

Particulars of the Group's joint venture are as follows:

	Paid-up capital	Place of registration and operation	Principal activity	Percentage of ownership interest attributable to the Group
Henan Qingning Apartment Management Co. Ltd. 河南青寧公寓管理有限公司 ("Qingning Apartment")	RMB10,000,000	PRC	Property leasing	51%

According to the Articles of Association of Qingning Apartment, all significant and relevant matters of the entity require approval by two-thirds of shareholders' votes such that the Group is unable to control the relevant activities of Qingning Apartment, and Qingning Apartment is therefore accounted for as a joint venture of the Group.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

11. INVESTMENT IN A JOINT VENTURE (CONTINUED)

The investment agreement required the joint venture partner compensation of up to RMB24,460,000 depending on whether Qingning Apartment's audited revenue meets specified target. The Group is entitled to request the joint venture partner to settle the compensation either in cash or by his entire equity interests in Qingning Apartment. During the year ended 31 December 2021, based on the market condition, the Group and joint venture partner reached the consensus that such term of profit guarantee was waived and the joint venture partner no longer was required to make any compensation.

As at 30 June 2022, there were no significant contingent liabilities relating to the Group's interest in the joint venture (30 June 2021: Nil).

In view of indication of impairment arising from operating losses of Qingning Apartment, the directors of the Company determined the recoverable amount of investment as of 30 June 2022 in Qingning Apartment for impairment test purposes. The recoverable amount of the investment in Qingning Apartment has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the management.

During the six months ended 30 June 2022, the directors of the Company determine that there was no further impairment loss recognised (six months ended 30 June 2021: Nil).

The Group has not incurred any legal or constructive obligations, nor made payments on behalf of the joint venture. Accordingly, the Group did not recognise its share of the joint venture's losses (six months ended 30 June 2021: recognised share of losses of approximately RMB362,000) once the carrying amount of its net investment in joint venture is reduced to zero.

The amounts of the Group's unrecognised share of losses of this joint venture for the current period and cumulatively were RMB4,468,000 (six months ended 30 June 2021: Nil) and RMB14,052,000 (31 December 2021: RMB9,584,000), respectively.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

12. INVESTMENTS IN ASSOCIATES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Share of net assets	1,630	1,523
Impairment of investment in associates	–	–
	1,630	1,523

Particulars of the Group's main associate are as follows:

	Paid-up capital	Place of registration and operation	Principal activity	Percentage of ownership interest attributable to the Group
Handan Gangcheng Property Services Co. Ltd. 邯鄲市鋼城物業服務有限公司	RMB3,333,300	PRC	Property management and related services	40%
Henan Yicheng Xinyuan Property Services Co. Ltd. 河南頤城鑫苑物業服務有限公司	RMB5,000,000	PRC	Property management and related services	49%

On 30 April 2020, the Group acquired 40% equity interest of Handan Gangcheng Property Services Co. Ltd. ("**Gangcheng**") for a consideration of RMB1,385,000. The Group has one seat in board of directors of Gangcheng, as well as the 40% equity voting rights, therefore the Group has ability to exercise significant influence over Gangcheng. Thus, Gangcheng was accounted as an associate using equity method.

On 17 April 2020, the Group acquired a 49% equity interest of Henan Yicheng Xinyuan Property Services Co. Ltd ("**Yicheng**") at a consideration of approximately RMB2,450,000. The Group has two seats in the board of directors of Yicheng, as well as the 49% equity voting rights, therefore the Group has the ability to exercise significant influence over Yicheng. Thus, Yicheng was accounted for as an associate using the equity method.



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13. TRADE AND BILLS RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables (Note (a))		
– Related parties (Note 20(e))	186,371	127,855
– Third parties	152,218	134,312
	338,589	262,167
Less: allowance for impairment of trade receivables	(51,050)	(19,764)
	287,539	242,403
Bills receivable (Note (b))	2,582	15,749
	290,121	258,152

Notes:

- (a) For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. No credit period is granted (31 December 2021: Nil).

Receivables from value-added services and pre-delivery services are due for payments in accordance with the terms of the relevant services agreements with property developers, which is normally within 30 to 90 days (2021: 30 to 90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.

- (b) The balance represented certain bank acceptance bills totaling RMB2,582,000 (31 December 2021: RMB15,749,000). The directors of the Company considered that expected credit loss for these bills is immaterial in view of no history of default and good repayment history of these customers.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

13. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables, based on the invoice date and net of impairment, is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	235,158	214,638
1 to 2 years	44,231	30,887
2 to 3 years	9,039	9,208
3 to 4 years	1,693	3,419
4 to 5 years	–	–
Over 5 years	–	–
Total	290,121	258,152

The movement in provision for impairment of trade and bills receivables are as follows:

	Six months ended 30 June			
	2022		2021	
	Third parties RMB'000 (Unaudited)	Related parties RMB'000 (Unaudited)	Third parties RMB'000 (Unaudited)	Related parties RMB'000 (Unaudited)
At the beginning of the period	15,657	4,107	13,671	–
Charge for the period (Note 6)	3,369	27,917	5,100	–
At the end of the period	19,026	32,024	18,771	–



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14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current		
Prepayments		
– Related party (Note 20(e)) (Note (i))	89,073	89,073
Payments		
– Related parties (Note 20(e)) (Note (ii))	205,461	205,461
Less: allowance for impairment of payments	–	(13,992)
	205,461	191,469
Current		
Prepayments		
– Related parties (Note 20(e))	585	893
– Third parties	392	11,106
	977	11,999
Deposits		
– Third parties	444	18,628
Other receivables		
– Related parties (Note 20(e))	25,481	26,743
– Third parties	8,658	7,224
	34,139	33,967
Less: allowance for impairment of other receivables	(6,893)	(3,012)
	28,667	61,582



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (i) Balance represented the payment of entire consideration in advance in accordance with the sale and purchase contract entered into with the Ultimate Holding Company in 2018, for the purchase of 342 units of Xinyuan Mingcheng, the property development project located in Henan Province. As at 30 June 2022, the construction of investment properties was substantially completed. It was expected that the investment properties are ready for handover in late 2022. The directors of the Company considered that there was no impairment as the recoverable amount of the prepayment (i.e. fair value less costs of disposal of investment properties) was assessed to be higher than its carrying amount.
- (ii) Balance represented payments to the subsidiaries of Ultimate Holding Company of RMB205,461,000 for exclusive sales right of car parking spaces. In September 2020, the Group and Ultimate Holding Company entered into the Car Parking Space Exclusive Sales Cooperation Agreement (the “**Agreement**”) pursuant to which, Ultimate Holding Company agreed to designate the Group as the exclusive sales partner of a total 4,066 car parking spaces (“**Designated Car Parking Spaces**”) and the Group agreed to pay the refundable payments of approximately RMB206,783,000, representing the total car parking spaces reserve price as the deposits for being such exclusive sales partner. The Agreement is effective upon the fulfillment of conditions and the approval by extraordinary general meeting. The payments would be refunded to the Group by instalments in accordance with the agreed sales milestones of car parking spaces.

On 23 December 2021, the Group and Ultimate Holding Company entered into the supplemental agreement (the “**Supplemental Agreement**”) pursuant to which, both parties agreed to postpone the cooperation period to 31 December 2023. Such Supplemental Agreement is effective upon approval by extraordinary general meeting held on 7 June 2022.

On 16 May 2022, the Group and Ultimate Holding Company entered into the second supplemental agreement (the “**Supplemental Agreement II**”) pursuant to which, both parties agreed that, all the amount generated from the sales of Designated Car Parking Spaces will be received by the Group on behalf of subsidiaries of Ultimate Holding Company and such amount will be directly applied as refund of the payments made until the payments are fully refunded. The Ultimate Holding Company will repay the remaining outstanding payments at expiration of the Agreement or when the Group achieve the sales milestones.

During the six months ended 30 June 2022, the Group has conducted certain sales activities under the Agreement but as at 30 June 2022, the Group did not achieve the first sales milestones, and none of the payments were refunded by the Ultimate Holding Company. During the six months ended 30 June 2022, the Group generated the corresponding Pre-delivery and consulting service fee income of approximately RMB1,739,000 (six months ended 30 June 2021: RMB5,891,000), which were included in Pre-delivery and consulting service fee income (Note 4).

The directors of the Company assess the expected credit loss of the payments and a reversal of impairment of approximately RMB14,003,000 was recognised for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Further details of the arrangement is set out in the annual consolidated financial statements for the year ended 31 December 2021.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The movement in provision for impairment of prepayments and other receivables are as follows:

	Six months ended 30 June			
	2022		2021	
	Third parties	Related parties	Third parties	Related parties
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At the beginning of the period	1,191	15,813	1,341	–
Reverse for the period (Note 6)	(861)	(9,250)	(289)	–
At the end of the period	330	6,563	1,052	–

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Unlisted fund-linked note	37,381	40,904

During the year ended 31 December 2021, the Group purchased an unlisted fund-linked note with nominal amount of USD6,305,000 (equivalent to approximately RMB41,453,000) issued by a financial institution (the "Issuer"). The fund-linked note is linked to a segregated portfolio of Yue Xiu Investment Fund Series Segregated Portfolio Company, which is an unlisted third-party investment fund registered with Cayman Islands Monetary Authority. The segregated portfolio including but not limited to listed equity and debt securities, structured products and other private investment fund.

The directors of the Company consider the credit risk of the financial institution is minimal as it is a subsidiary of a state-owned corporation with its holding company listed in stock exchange of Shenzhen.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The fund-linked note is unconditionally redeemable within 1 year after the date of acquisition at the fair value at the date of redemption.

The fair value of the unlisted fund-linked note as at the end of the reporting period was estimated by the management of the Company by reference to the performance report provided by the fund manager.

During the six months ended 30 June 2022, fair value loss on financial assets at FVTPL of approximately RMB3,523,000 (six months ended 30 June 2021: Nil) was recognised in the profit or loss as "other expenses".

Details of fair value estimation are set out in Note 21.

16. CASH AND CASH EQUIVALENTS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Time deposits	399,461	397,330
Cash and bank balances	242,695	321,719
	642,156	719,049

At 30 June 2022, the time deposits and cash and bank balances of the Group denominated in RMB amounted to RMB548,301,000 (31 December 2021: RMB595,451,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remaining cash and cash equivalents denominated in Hong Kong dollars and United States dollars amounted to approximately RMB93,786,000 (31 December 2021: RMB123,519,000) and RMB69,000 (31 December 2021: RMB79,000) respectively.



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For the six months ended 30 June 2022

17. TRADE PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables		
– Related parties (Note 20(e))	1,745	2,494
– Third parties	99,695	100,406
	101,440	102,900

As at 30 June 2022, the carrying amounts of trade payables approximated their fair values (31 December 2021: Same).

The trade payables are non-interest-bearing and have a normal credit terms of 30 to 90 (31 December 2021: 30 to 90) days.

The ageing analysis of trade payables based on the invoice date was as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	38,679	71,096
1 to 2 years	37,430	29,782
2 to 3 years	24,009	1,238
Over 3 years	1,322	784
	101,440	102,900



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18. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contract liabilities		
– Related parties (Note 20(e))	8,422	2,267
– Third parties	151,827	136,548
	160,249	138,815
Other payables		
– Related parties (Note 20(e))	5,456	58,092
– Deposits and temporary receipts from third parties	112,376	114,424
– Others	31,085	31,312
	148,917	203,828
Payroll payables	18,602	32,656
Other taxes payable	3,606	13,406
	171,125	249,890
	332,374	388,705

19. SHARE CAPITAL

There was no changes of share capital of the Group during the six months ended 30 June 2022.

During the six months ended 30 June 2021, 18,000,000 ordinary shares of HK\$0.00001 each of the Company were issued at a price of HK\$2.10 per share by way of placing. The proceeds of HK\$37,800,000 (equivalent to approximately RMB31,654,000) representing the par value of the shares of the Company, were credited to the Company's share capital, the remaining proceeds of approximately HK\$37,160,000 (after deducting all the issuing expenses) (equivalent to approximately RMB31,118,000), were credited to share premium account. The new shares rank *pari passu* with the existing shares in all respects.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related party

The Ultimate Holding Company is Xinyuan Real Estate Co., Ltd..

(b) Material transactions with related parties

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Property management service fee		
– Subsidiaries of the Ultimate Holding Company	12,233	11,649
– Associate of the Ultimate Holding Company	266	–
– Joint venture of the Group	9,175	–
	21,674	11,649
Value-added service fee		
– Subsidiaries of the Ultimate Holding Company	4,587	27,274
Pre-delivery and consulting service fee		
– Subsidiaries of the Ultimate Holding Company	19,417	30,781
– Joint ventures of the Ultimate Holding Company	266	19
– Associates of the Group	699	–
	20,382	30,800
Property engineering services		
– Subsidiaries of the Ultimate Holding Company	2,290	–
– Associates of the Group	2,592	–
	4,882	–



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20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material transactions with related parties (Continued)

Except for property management service fee income of RMB9,175,000 from a joint venture of the Group and the pre-delivery and consulting service fee income and property engineering services income of RMB3,261,000 (six months ended 30 June 2021: Nil) and RMB2,592,000 (six months ended 30 June 2021: Nil), respectively, from associates of the Group, the related party transactions above also constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing of the Listing of Securities on the Stock Exchange.

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

(c) Material related party transfers

There is no material related party transfers during the six months ended 30 June 2022.

Material related party transfers during the six months ended 30 June 2021 were as follows:

- (i) The Group transferred cash of HK\$120 million (equivalent to approximately RMB100.31 million) to the Ultimate Holding Company on 12 January 2021. On 29 June 2021, South Glory International Limited, a subsidiary of the Ultimate Holding Company, repaid HK\$120 million (equivalent to approximately RMB99.82 million) to the Group on behalf of the Ultimate Holding Company.

On 29 June 2021, the Group transferred cash of RMB100 million to Xinyuan (China) Real Estate Ltd. ("**Xinyuan China**", a subsidiary of the Ultimate Holding Company) as partial earnest money pursuant to the Agreement mentioned in Note 14(ii). In addition, since 1 January 2021, the Group transferred cash aggregating to RMB62.08 million to various subsidiaries of the Ultimate Holding Company as additional earnest money pursuant to the above exclusive sales co-operation agreement.

- (ii) The Group transferred cash of RMB55 million to Qingning Apartment on 4 January 2021, and then on the same day Qingning Apartment remitted RMB55 million to Xinyuan China. The Group transferred cash of RMB30 million to Qingning Apartment on 15 January 2021, and then on the same day Qingning Apartment transferred cash of RMB30 million to Henan Xinyuan Guangsheng Real Estate Co., Ltd. ("**Henan Xinyuan Guangsheng**", a subsidiary of the Ultimate Holding Company). On 19 April 2021, Xinyuan China partially repaid RMB35 million to Qingning Apartment, and Qingning Apartment partially repaid RMB35 million to the Group.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Material related party transfers (Continued)

(ii) (Continued)

Hence Qingning Apartment owed RMB50 million to the Group, and Xinyuan China and Henan Xinyuan Guangsheng owed RMB20 million and RMB30 million to Qingning Apartment, respectively.

On 25 March 2021, Xingyang Xinyuan Real Estate Co., Ltd. ("**Xingyang Xinyuan**", a subsidiary of the Ultimate Holding Company) transferred cash of RMB50 million to the Group.

On 29 March 2021, Xingyang Xinyuan transferred Xingyang Xinyuan's receivable from the Group of RMB50 million to Qingning Apartment, and hence the Group has a payable of RMB50 million to Qingning Apartment. Xingyang Xinyuan confirmed that such transfer of receivable to Qingning Apartment was for the settlement of the payables of Xinyuan China and Henan Xinyuan Guangsheng to Qingning Apartment of RMB20 million and RMB30 million, respectively. Hence, Qingning Apartment's receivable from Xinyuan China and Henan Xinyuan Guangsheng of RMB20 million and RMB30 million, respectively, were settled.

Subsequently the Group agreed with Qingning Apartment for the offset of the Group's receivable from Qingning Apartment of RMB50 million against the Group's payable to Qingning Apartment of RMB50 million. Hence the Group's receivable from and payable to Qingning Apartment of the same amount of RMB50 million were settled.

(iii) On 21 January 2021, the Group transferred cash of approximately RMB10.77 million to Henan Xinyuan Guangsheng as additional prepayment for the purchase of various car parks of International New City project for an aggregate consideration of RMB19.3 million, which was for the purpose of providing referral services to the Ultimate Holding Company group in respect of unsold car parks and earning service fees based on the price differentials upon the sales of such car parks to the project property owners.

(iv) On 31 January 2021, the Group prepaid approximately RMB1.83 million to Zhengzhou Xinnan Real Estate Co., Ltd ("**Zhengzhou Xinnan**", a subsidiary of the Ultimate Holding Company) for the purchase of various car parks of International New City project for a consideration of approximately RMB39.35 million by offsetting against the Group's property management fee receivable from Zhengzhou Xinnan.

Such purchase was for the purpose of providing referral services to the Ultimate Holding Company group in respect of unsold car parks and earning service fees based on the price differentials upon the sales of such car parks to the project property owners.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Material related party transfers (Continued)

- (v) In January 2021, the Group transferred cash in aggregate of approximately RMB4.32 million to Mingyuan Landscape Engineering Co., Ltd. ("**Mingyuan Landscape**", a subsidiary of the Ultimate Holding Company) as certain prepayment for the purpose of providing sales referral services to Mingyuan Landscape in respect of various car parks of Jinan International City Garden project which Mingyuan Landscape purchased from another subsidiary of the Ultimate Holding Company at a consideration of approximately RMB11.9 million. The Group earned service fees based on the price differentials between the purchase price of Mingyuan Landscape and the relevant selling prices upon the sales of such car parks to the project property owners.
- (vi) Henan Xinyuan Real Estate Co., Ltd. ("**Henan Xinyuan Real Estate**", a subsidiary of the Ultimate Holding Company) transferred cash in aggregate of approximately RMB41.06 million to the Group on 24 February 2021 and on the same day the Group transferred cash of approximately RMB27.55 million and RMB13.51 million to Zhengzhou Xinnan and Henan Xinyuan Guangsheng, respectively.

Henan Xinyuan Real Estate confirmed to the Group that the above fund transfers by the Group to Zhengzhou Xinnan and Henan Xinyuan Guangsheng respectively were conducted by the Group on behalf of Henan Xinyuan Real Estate at Henan Xinyuan Real Estate's instruction. Hence no receivable from Zhengzhou Xinnan and Henan Xinyuan Guangsheng by the Group, and no payable to Henan Xinyuan Real Estate by the Group shall arise from the above cash transfers.

- (vii) In February 2021, the Group transferred cash of RMB5 million to Changsha Xinyuan Wanzhuo Real Estate Co, Ltd (a subsidiary of the Ultimate Holding Company) as partial prepayment for the purchase of various car parks of Changsha Xinyuan Splendid project at a consideration of RMB8.76 million, which was for the purpose of providing referral services to the Ultimate Holding Company group in respect of unsold car parks and earning service fees based on the price differentials upon the sales of such car parks to the project property owners.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

Compensations for key management including directors and chief executive is set out below:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Salaries, allowances and benefits	1,965	2,054
Discretionary bonuses	–	1,158
Equity-settled share-based payment*	–	3,775
Pension scheme contributions	65	66
	2,030	7,053

* Equity-settled share-based payment included above was related to the restricted shares granted pursuant to the restricted share award scheme, and represented the expense recognised in profit or loss during the period.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Balances with related parties

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Receivables from related parties, net of impairment		
Loans receivables (Note (i))		
– Subsidiaries of the Ultimate Holding Company	48,000	40,131
Trade receivables (Note 13)		
– Subsidiaries of the Ultimate Holding Company	140,369	123,682
– A joint venture of the Ultimate Holding Company	6,058	23
– An associate of the Ultimate Holding Company	12,021	–
– An associate of the Group	6	43
	158,454	123,748
Contract assets		
– Subsidiaries of the Ultimate Holding Company	41,146	35,655
– An associate of the Ultimate Holding Company	578	537
– A joint venture of the Ultimate Holding Company	3,709	174
	45,433	36,366
Other receivables (Note 14) (Note (ii))		
– Subsidiaries of the Ultimate Holding Company	224,380	216,343
– Associates of the Group	–	49
	224,380	216,392
Prepayments (non-current) (Note 14)		
– A subsidiary of the Ultimate Holding Company	89,073	89,073
Prepayments (current) (Note 14)		
– Subsidiaries of the Ultimate Holding Company	585	893
Total receivables from related parties	565,925	506,603



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Balances with related parties (Continued)

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Payables to related parties		
Trade payables (Note 17)		
– Subsidiaries of the Ultimate Holding Company	1,745	2,494
Other payables (Note 18) (Note (iii))		
– Subsidiaries of the Ultimate Holding Company	5,456	58,092
Contract liabilities (Note 18)		
– Subsidiaries of the Ultimate Holding Company	8,422	2,267
Total payables to related parties	15,623	62,853

Notes:

- (i) The loan receivable is guaranteed by the Ultimate Holding Company, bearing interest at 8% per annum, repayable on 16 August 2023. The directors of the Company assess the expected credit loss and approximately RMB1,904 thousand (six months ended 30 June 2021: Nil) (Note 19) was provided for the six months ended 30 June 2022.
- (ii) Other receivables due from subsidiaries of the Ultimate Holding Company, associates and a joint venture of the Group were unsecured and interest-free and repayable on demand.
- (iii) Other payables due to subsidiaries and an associate of the Ultimate Holding Company and an associate of the Group were unsecured, interest-free and repayable on demand.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Except for the below, the management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, payments to related parties, deposits and other receivables, trade receivables, trade payables, lease liabilities and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these financial instruments.

Fair value hierarchy

The following table presents the carrying value of the Group's financial instruments measured at fair value across the three levels of the fair value hierarchy defined in IFRS 13 "Fair Value Measurement" with fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

	As at 30 June 2022			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets at FVTPL	–	–	37,381	37,381

	As at 31 December 2021			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets at FVTPL	–	–	40,904	40,904

During the six months ended 30 June 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2021: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about level 3 fair value measurements

The fair value of fund linked note is determined by use adjusted net assets value approach. Under adjusted net assets value approach, total value of the fund was based on the sum of the value of underlying investment. The fair value measurement is negatively correlated to the credit risk of issuer.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

22. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

23. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 25 August 2022.