



融信中國控股有限公司

RONSHINE CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 3301

MARCH FORWARD WITH FAITH,
PERSISTENCE AND PRUDENCE



2023 INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong
(Chairman and Chief Executive Officer)
 Ms. Yu Lijuan
 Ms. Zeng Feiyan
 Mr. Wu Jianxing
 Mr. Zhang Lixin *(Chief Financial Officer)*
(resigned on 31 August 2023)

Non-executive Director

Mr. Li Shupeí

Independent Non-executive Directors

Mr. Ren Yunan
 Mr. He Jiarong
 Mr. Ruan Weifeng

AUDIT COMMITTEE

Mr. He Jiarong *(Chairman)*
 Mr. Ren Yunan
 Mr. Ruan Weifeng

REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*
 Mr. Ou Zonghong
 Mr. He Jiarong

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
 Mr. He Jiarong
 Mr. Ruan Weifeng

AUDITOR

Elite Partners CPA Limited
*Certified Public Accountants and Registered
 Public Interest Entity Auditor*
 10/F., 8 Observatory Road
 Tsim Sha Tsui
 Kowloon, Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
 Sidley Austin

As to Cayman Islands law:
 Conyers Dill & Pearman

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
 Cricket Square
 Hutchins Drive
 P.O. Box 2681, Grand Cayman, KY1-1111
 Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
 Shops 1712-1716, 17th Floor
 Hopewell Centre
 183 Queen's Road East, Wanchai
 Hong Kong

REGISTERED OFFICE

Cricket Square
 Hutchins Drive
 P.O. Box 2681, Grand Cayman, KY1-1111
 Cayman Islands

Corporate Information

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Tower 2, Ronshine Sunkwan Center
Lane 77, Shangkun Road
Minhang District, Shanghai
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16/F, Tower 5
The Gateway
Harbour City
Kowloon
Hong Kong

JOINT COMPANY SECRETARIES

Mr. Yu Zuoyi
Ms. Lee Angel Pui Shan (*HKACG, ACG*)

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Lee Angel Pui Shan

PRINCIPAL BANKERS

Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

WEBSITE

www.rongxingroup.com

STOCK CODE**STOCK**

HKEx: 3301

BONDS

US\$688,000,000 8.75% Senior Notes due 2022

Common Code: 197676078

ISIN: XS1976760782

US\$413,000,000 8.95% Senior Notes due 2023

Common Code: 203146973

ISIN: XS2031469732

US\$316,000,000 8.10% Senior Notes due 2023

Common Code: 209094916

ISIN: XS2090949160

US\$410,000,000 7.35% Senior Notes due 2023

Common Code: 218930387

ISIN: XS2189303873

US\$166,000,000 6.75% Senior Notes due 2024

Common Code: 221151488

ISIN: XS2211514885

US\$244,900,000 7.1% Senior Notes due 2025

Common Code: 229030884

ISIN: XS2290308845

Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**”) hereby announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (“**Ronshine China**” or the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”).

	For the six months ended		Change in percentage
	30 June 2023	2022	
Revenue (RMB'000)	13,329,117	14,251,647	-6.47%
Cost of sales (RMB'000)	(13,403,534)	(14,048,541)	-4.59%
Gross (loss)/profit (RMB'000)	(74,417)	203,106	-136.64%
Other income and other gains or losses (RMB'000)	38,156	(820,934)	-104.65%
Loss before income tax (RMB'000)	(2,053,918)	(4,210,928)	-51.22%
Loss for the period (RMB'000)	(2,466,807)	(4,570,465)	-46.03%
– attributable to owners of the Company (RMB'000)	(1,992,410)	(4,429,232)	-55.02%
– attributable to non-controlling interests (RMB'000)	(474,397)	(141,233)	235.90%

	As at	As at	Change in percentage
	30 June 2023	31 December 2022	
Total assets (RMB'000)	176,287,543	189,232,352	-6.84%
Total liabilities (RMB'000)	148,750,363	158,597,833	-6.21%
Total equity (RMB'000)	27,537,180	30,634,519	-10.11%
Capital and reserve attributable to owners of the Company (RMB'000)	4,198,079	6,186,962	-32.15%

Business Review and Outlook

SUMMARY OF PRINCIPAL PROPERTIES

The table below sets forth the details of the property development projects of the Group as at 30 June 2023.

PROJECTS DEVELOPED BY THE GROUP

As at 30 June 2023, the subsidiaries, joint ventures and associated companies of the Group engaged in a total of 239 property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
1	Fuzhou Hot Spring City (福州融信溫泉城)	Fuzhou	1,018,836.00	50.00%	Residential	1,674,327.62	1,091,517.29	1/12/2020
2	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城-德藍-1)	Zhengzhou	196,121.00	100.00%	Residential	576,552.70	576,552.70	1/4/2026
3	Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城-3)	Taiyuan	93,262.21	80.08%	Residential	409,319.16	409,319.16	1/8/2022
4	Taiyuan Shi Guang Zhi Cheng (太原時光之城)	Taiyuan	117,073.23	80.08%	Residential	553,989.00	389,403.90	1/8/2022
5	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	Taiyuan	120,299.06	80.08%	Residential	478,356.06	384,224.35	1/8/2022
6	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	Zhengzhou	102,755.00	50.37%	Residential	508,336.25	361,291.03	1/8/2021
7	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城-蘇派-1)	Zhengzhou	236,878.59	100.00%	Residential	472,656.50	342,104.86	18/8/2020
8	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城-中喬-1)	Zhengzhou	302,571.59	100.00%	Residential	469,891.19	341,563.29	1/10/2021
9	Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	Zhengzhou	199,774.58	51.00%	Residential	781,537.88	338,750.58	1/11/2020
10	The Ocean Costal (青島海月星灣)	Qingdao	100,705.00	51.00%	Residential	422,216.85	309,847.86	1/5/2021
11	Zhengzhou Olympic Century-3 (鄭州奧體世紀-3)	Zhengzhou	61,392.03	52.21%	Residential	307,668.52	307,668.52	13/8/2025
12	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	Zhengzhou	97,429.72	100.00%	Residential	306,505.59	306,505.59	1/4/2026
13	Zhengzhou City of Times - 2 (鄭州時光之城-2)	Zhengzhou	111,531.88	51.00%	Residential	307,668.52	300,191.98	1/5/2024
14	Weinan Wenjuetai (渭南文關臺)	Weinan	58,181.00	19.25%	Residential	301,968.75	280,482.44	1/8/2024
15	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	Fuzhou	259,519.00	100.00%	Residential	1,102,802.59	264,428.30	31/12/2020
16	Nanjing Boan Center (南京鉞岸中心)	Nanjing	42,707.52	100.00%	Residential	351,699.72	236,339.98	1/11/2020
17	South Shaoxing Dongguang Lot (紹興城南東光地塊)	Shaoxing	152,834.00	12.18%	Residential	391,175.28	225,976.05	1/3/2023
18	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	Fuzhou	123,228.00	100.00%	Residential	383,010.00	222,582.73	1/8/2022
19	Fuzhou Residence (福州國公館)	Fuzhou	143,367.00	100.00%	Residential	232,480.75	211,107.75	1/4/2023
20	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	Zhengzhou	64,876.00	100.00%	Residential	252,987.87	192,987.04	30/11/2021
21	Changle Lanshan (長樂瀾山)	Fuzhou	125,737.00	34.00%	Residential	317,109.48	188,233.81	1/12/2021
22	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	Xi'an	57,704.96	30.00%	Residential	186,444.00	184,080.81	1/6/2023

Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
23	Lanzhou Lelan • Shiguangyin (蘭州樂瀾 • 時光印)	Lanzhou	89,743.26	39.00%	Residential	206,931.00	178,400.32	1/10/2024
24	Lanzhou Park Academy (蘭州公園學府)	Lanzhou	88,946.00	32.73%	Residential	314,326.54	173,833.82	1/10/2022
25	Nantong Chongzhou Yanlin Road Plot (南通崇州園林路地塊)	Nantong	52,712.00	40.00%	Residential	172,992.10	169,612.41	1/5/2024
26	Huzhou Xifengyang Project (湖州西鳳漾項目)	Huzhou	76,061.00	100.00%	Residential	180,359.21	164,624.36	1/7/2023
27	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城-蘇派-2)	Zhengzhou	110,754.43	100.00%	Residential	329,775.42	160,542.73	1/8/2020
28	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	Xi'an	77,018.38	30.00%	Residential	243,363.00	154,469.59	1/5/2023
29	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	Huzhou	75,018.00	80.00%	Residential	175,378.11	144,455.38	1/4/2023
30	Fuzhou Nice Villa (福州有墅)	Fuzhou	161,008.40	25.50%	Residential	258,248.00	144,262.09	30/6/2020
31	Suzhou Huangqiao Project (蘇州黃橋項目)	Suzhou	60,292.00	40.00%	Residential	180,666.00	129,699.21	1/10/2023
32	Fuyang Yingzhou Project (阜陽穎州項目)	Fuyang	147,590.00	55.00%	Residential	329,589.60	128,801.50	1/12/2022
33	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	Hangzhou	105,869.00	34.00%	Residential	401,643.12	119,558.52	1/6/2023
34	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	Suzhou	56,566.40	45.00%	Residential	167,260.08	117,633.17	1/5/2023
35	Xuzhou Xinyi Project (徐州新沂項目)	Xuzhou	61,481.00	100.00%	Residential	138,020.31	112,332.05	1/10/2023
36	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	Hangzhou	45,439.00	5.00%	Residential	187,462.43	108,766.59	1/5/2024
37	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	Shaoxing	248,819.00	100.00%	Residential	932,088.73	103,963.03	10/5/2020
38	Fuzhou Heshang Project (福州鶴上項目)	Fuzhou	41,088.00	100.00%	Residential	125,294.80	101,973.61	1/1/2023
39	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	Hangzhou	24,072.00	20.86%	Commercial	112,587.20	97,327.86	1/2/2024
40	Pingtian Lanchen (平潭瀾宸)	Fuzhou	66,431.00	100.00%	Residential	184,990.73	96,126.52	1/8/2021
41	Suzhou Science City Project (蘇州科技城項目)	Suzhou	57,164.00	23.26%	Residential	163,750.61	94,783.97	1/12/2023
42	Lianyungang Urban Park East District (連雲港海納春江東區)	Lianyungang	39,085.00	100.00%	Residential	99,242.78	93,662.20	1/9/2023
43	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	Hangzhou	30,894.00	34.00%	Residential	106,539.05	92,688.42	1/9/2023
44	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	Suzhou	118,623.10	26.00%	Residential	287,380.50	91,520.07	1/11/2021
45	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	Wenzhou	42,663.00	100.00%	Residential	128,980.97	87,722.51	1/7/2023
46	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	Huzhou	70,277.00	50.00%	Residential	187,968.94	87,013.73	1/3/2022
47	ianjin West Coast (天津西海岸)	Tianjin	106,043.80	100.00%	Residential	182,342.39	85,686.78	1/7/2022
48	Xingfu Li • East County (幸福里 • 東郡)	Fuyang	86,710.00	49.50%	Residential	395,334.66	75,486.42	30/6/2020
49	Lianyungang Mansion (連雲港學院府)	Lianyungang	72,107.00	65.00%	Residential	229,177.50	74,501.59	1/10/2022

Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
50	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	Qingdao	76,170.00	15.00%	Residential	298,697.00	73,214.74	1/2/2023
51	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	Hangzhou	53,082.00	100.00%	Residential	196,110.84	66,427.15	1/3/2024
52	Nantong Lan Chen (南通瀾宸)	Nantong	86,194.00	100.00%	Residential	159,574.78	64,015.01	1/4/2022
53	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	Hangzhou	104,698.00	25.50%	Residential	323,030.28	60,788.63	31/5/2021
54	Mengcheng South New Area plot (蒙城城南新區地塊)	Mengcheng	59,025.40	38.50%	Residential	146,327.00	59,009.70	1/12/2023
55	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	Suzhou	58,150.00	77.52%	Residential	185,930.00	58,340.56	1/6/2022
56	Wenzhou Rongwang (溫州榮望)	Wenzhou	57,018.20	26.00%	Residential	203,717.00	57,418.11	1/12/2022
57	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	Shaoxing	56,841.00	66.67%	Residential	131,789.89	56,314.49	1/4/2022
58	Fuyang Linquan Project (阜陽臨泉項目)	Fuyang	92,155.95	27.50%	Residential	235,106.78	51,891.03	1/11/2022
59	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	Fuzhou	19,930.00	40.00%	Residential	66,423.56	50,967.63	1/11/2022
60	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	Nanjing	82,627.65	44.90%	Residential	201,690.70	46,066.95	31/3/2020
61	Shanghai Parallel Impression (上海海納印象)	Shanghai	52,929.90	100.00%	Residential	175,969.12	44,763.52	1/5/2023
62	Tianjin Jinnan (天津津南府)	Tianjin	68,970.00	100.00%	Residential	150,179.65	44,076.81	1/11/2022
63	Linquan Junyue Mansion (臨泉君樾府)	Fuyang	72,055.00	32.73%	Residential	205,106.45	42,912.29	1/12/2022
64	Hangzhou Aoshi Mansion (杭州傲世邸)	Hangzhou	21,750.00	100.00%	Residential	93,152.02	41,106.80	1/10/2023
65	Suzhou Haiyue Pingjiang (蘇州海月平江)	Suzhou	26,930.70	48.08%	Residential	90,430.01	41,089.56	1/10/2021
66	Putian Ronshine Yuezhu (莆田融信悅著)	Putian	31,539.00	40.00%	Residential	71,421.03	40,905.18	1/1/2023
67	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	Nanjing	54,173.00	10.00%	Residential	268,213.67	40,047.27	25/1/2021
68	Hangzhou Sandun North Project (杭州三墩北項目)	Hangzhou	27,208.00	49.00%	Residential	127,790.10	39,825.46	1/3/2023
69	Chengdu Qingyang 23 mu (成都青羊23畝)	Chengdu	15,265.00	100.00%	Residential	61,140.74	39,706.96	1/11/2022
70	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	Chengdu	64,451.53	40.00%	Residential	203,897.46	38,975.66	1/3/2024
71	Haining Lanting Qihang (海甯瀾庭啟杭)	Haining	44,887.00	100.00%	Residential	149,663.86	38,260.82	1/6/2021
72	Nanjing Wanke Du Hui Tian Di (南京萬科都荟天地)	Nanjing	108,521.76	7.14%	Residential	581,169.72	37,608.92	20/1/2020
73	Hai Liang • Yuchen (海亮•御宸)	Xi'an	27,695.33	29.57%	Residential	92,011.48	37,113.55	1/12/2022
74	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	Putian	27,083.61	40.00%	Residential	125,081.61	36,967.39	1/11/2022
75	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經濟開發區105畝)	Mianyang	69,709.00	50.00%	Residential	235,734.00	35,714.41	1/9/2023
76	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	Quzhou	43,329.00	45.00%	Residential	103,709.58	34,959.87	1/1/2022

Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
77	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	Wenzhou	43,630.00	28.00%	Residential	156,072.00	34,352.03	1/1/2023
78	Fuzhou Yongtai Project (福州永泰項目)	Fuzhou	45,253.00	20.00%	Residential	126,402.00	33,622.79	1/1/2023
79	Shanghai Century One Mile (上海世紀古美)	Shanghai	37,509.00	51.00%	Residential	122,140.16	33,286.01	1/10/2022
80	Mengcheng Junyue Mansion (蒙城君樞府)	Mengcheng	52,666.00	32.73%	Residential	132,204.00	32,346.56	1/12/2022
81	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	Zhengzhou	11,666.39	100.00%	Residential	31,262.35	30,433.32	1/8/2020
82	Yue Zhen Mansion (樞臻府)	Hangzhou	25,998.00	24.90%	Residential	85,201.60	30,244.79	1/6/2023
83	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	Dazhou	34,250.00	47.50%	Residential	85,661.37	29,984.81	1/10/2022
84	Chongqing Haiyue Pinghu (重慶海月平湖)	Chongqing	37,791.00	100.00%	Residential	95,045.18	26,629.15	1/3/2021
85	Zhangzhou No. 1 (漳州壹號府)	Zhangzhou	52,438.88	100.00%	Residential	193,925.15	26,272.82	2/3/2021
86	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城-蘇派-4)	Zhengzhou	8,659.82	100.00%	Residential	134,858.09	25,979.46	1/8/2020
87	Qingdao Manshan Lanting (青島嶼山蘭亭)	Qingdao	94,800.00	22.00%	Residential	211,105.37	25,084.13	1/9/2021
88	Fuzhou Lan Bay (福州瀾灣)	Fuzhou	26,312.00	100.00%	Residential	57,327.16	23,466.60	1/12/2022
89	Mengcheng Age Xingfu Li (蒙城時代幸福里)	Mengcheng	71,359.39	26.40%	Residential	180,133.00	23,368.46	1/6/2020
90	Shanghai Luomei Residential Community (上海市寶山區美羅家園大型居住社區)	Shanghai	41,076.70	30.00%	Residential	116,693.84	22,813.93	1/11/2023
91	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	Shaoxing	19,403.00	100.00%	Residential	51,471.16	22,764.84	1/8/2021
92	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	Chengdu	6,364.00	100.00%	Residential	33,717.07	22,181.74	1/10/2023
93	Changshu Project (常熟項目)	Suzhou	37,132.00	60.00%	Residential	97,367.29	21,322.97	1/5/2023
94	Haining Lanting (海寧瀾庭)	Jiaxing	52,780.00	100.00%	Residential	111,050.66	21,109.86	1/12/2020
95	Tongling Lanshan Fu (銅陵瀾山府)	Tongling	60,475.00	44.55%	Residential	161,075.00	20,092.46	30/6/2020
96	Nanjing 2019G94 (南京2019G94)	Nanjing	53,456.21	100.00%	Residential	99,146.42	19,993.72	1/5/2022
97	Nanjing Qinglan (南京青瀾)	Nanjing	19,447.24	100.00%	Residential	63,615.24	17,934.20	1/11/2022
98	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	Lishui	51,255.00	12.50%	Residential	165,609.00	17,583.52	1/11/2022
99	Changtai Luxi County (長泰鷺西郡)	Zhangzhou	24,000.00	100.00%	Residential	81,453.33	17,234.28	1/8/2022
100	Xianyou Construction and Development Cooperation Project (仙遊建發合作項目)	Putian	24,035.00	19.60%	Residential	85,493.50	17,180.57	1/11/2022
101-239			8,741,455.82			26,135,216.64	303,284.80	
Total			17,174,863.62			50,906,712.98	12,831,664.76	
Attributable total			10,197,513.69			30,040,909.19	8,300,411.60	

Business Review and Outlook

OVERVIEW AND OUTLOOK

Market Review

In the first half of 2023, China's national economy has been continuing to recover, showing a generally upward trajectory. China's gross domestic product ("GDP") for the first half of the year grew by approximately 5.5% year-on-year. Meanwhile, China's economy is facing the challenge of insufficient domestic demand. Firstly, China's economic recovery has been progressing with twists and turns after a steady shift for the better in pandemic and control. Secondly, it is essential to implement macro regulation in a targeted and active manner, and strengthen countercyclical regulation and policy reserves.

During the Period, the real estate market maintained its trends of weak recovery and strong divergence, with first- and second-tier cities outperforming third- and fourth-tier cities and state-owned real estate enterprises outperforming private real estate enterprises. In the first half of the year, sales went from increasing to decreasing. The pent-up demand, resulting from the pandemic prevention and control measures, was mainly released in the first quarter, while a significant decline in sales was recorded in the second quarter. In order to stimulate the demand in the real estate market, the Central Bank has lowered the Loan Prime Rate (LPR) to reduce mortgage loan interest rates, and local governments have reduced down payment ratio to varying degrees and relaxed restrictions on purchasing properties. Meanwhile, the "Guaranteeing Delivery of Real Estate Development Projects" and "Three Arrows" policies continue to be implemented. According to the National Bureau of Statistics, during the Period, China achieved sales of commercial properties amounting to approximately RMB6,309.2 billion, representing a year-on-year increase of approximately 1.1%, with total GFA of 595.15 million sq.m., representing a year-on-year decrease of approximately 5.3%.

Business Review

The Group maintained its focus on Yangtze River Delta and the West Coast of the Taiwan Straits so as to consolidate its advantages of strategic regional layout, while striving to strengthen its operations and management to ensure successful project development and delivery in all aspects. During the Period, the Group recorded contracted sales of approximately RMB9.8 billion, with aggregated contracted GFA of approximately 0.68 million sq.m. and average contracted selling price of approximately RMB14,372 per sq.m.. During the Period, the Group earned a good reputation in the market for the outstanding products and services in a number of its projects.

In respect of land reserves, the Group adhered to the principle of steady development, mainly focusing on first- and second-tier cities. As at 30 June 2023, the Group had a total of 239 projects nationwide with a total land reserve of approximately 23.74 million sq.m. Among them, the first- and second-tier cities accounted for approximately 83.79%. The Group will continue to deepen the cultivation of high-quality projects in the existing core cities, commit to improving operational efficiency, so as to enhance its brand influence.

Business Review and Outlook

During the Period, under the continuous release of debt risks, private real estate enterprises' sales recovery was slow and the overall pressure on cash flow was heightened. In such a challenging situation, the Group continued to adhere to its prudent development strategy and properly managed its cash flow. As at 30 June 2023, the Group's interest-bearing liabilities amounted to approximately RMB42 billion. The Group took proactive steps in debt management, focused on transparency management and actively maintained communication with the market through voluntary announcements, investor relations activities, etc.. Up to now, the Group has completed its onshore bond restructuring. In addition, the Group adopted a number of measures to ensure stable operation and enhance liquidity, including but not limited to enhancing its sales and cash collection efforts, diversifying financing channels, reasonably reducing operating costs, negotiating for the extensions of some existing debts, and disposing of certain assets, etc..

In spite of facing all the challenges, the Group strove to maintain the quality of its products and services. Under the call of "Guaranteeing Delivery of Real Estate Development Projects, and Ensuring People's Livelihood", the Group has always stayed true to its mission and endeavored to achieve its commitment of quality delivery to the homebuyers. During the Period, delivery of a number of projects, including Fuzhou China Trend (福州海納新潮), Suzhou Riverbank Garden (蘇州河岸花園), Nanjing Qinshangqiting (南京秦尚樓庭), and Lianyungang Mansion (連雲港學院府) etc., were completed. In addition, the Group is committed to all-around development in environmental, social and governance (ESG), to actively fulfilling its social responsibility. During the Period, the Group was awarded the "Best ESG Award" by Zhitong Caijing and Royalfly Finance, in recognition of its persistent efforts in achieving sustainable development.

Prospects

Since the second half of the year, China has been accelerating the introduction of policies to support real estate industry. On 10 July 2023, the implementation of the "16-step Guideline" was extended. On 24 July 2023, at the meeting of the Political Bureau of the Communist Party of China (CPC) Central Committee, the CPC Central Committee pointed out that, to adapt to the great changes in the relationship between supply and demand in China's real estate market, it is imperative to adjust and improve the related policies in a timely manner so as to better meet residents' demand for basic housing or their needs to improve their housing conditions. On 27 July 2023, the Ministry of Housing and Urban-Rural Development actively responded to and implemented the spirit of the meeting, proposing further implementation of measures such as lowering down payment ratio and mortgage interest rates for first-time buyers, tax incentive for home upgrades, treating homebuyers who had paid off previous mortgages to be first-time buyers. It is expected that the government will continue to enhance support for the real estate market, so as to boost market confidence and facilitate the acceleration of the overall industry's recovery.

Going forward, the Group will continue to deeply cultivate the markets of Yangtze River Delta, the West Coast of the Taiwan Straits and other regions, strengthen its advantages in in-depth layout, and actively respond to market opportunities and challenges with its persistence in enhancing the quality of products and services, and make every effort to ensure the delivery of various projects. The Group will aim for long-term and stable development, realize the vision of "Becoming a Leading, High-quality Property Developer and Service Provider Offering an Ideal Lifestyle", and create more value to thank all shareholders for their continuous supports and trusts in the Group.

Management Discussion and Analysis

SUMMARY OF OPERATING RESULTS

	For the six months ended 30 June		Change in percentage
	2023	2022	
Contracted sales			
Contracted sales amount (RMB'000) ⁽¹⁾	9,788,845	38,737,406	-74.73%
Contracted gross floor area (sq.m.)	681,126	1,733,013	-60.70%
Average unit price of contracted sales (RMB/sq.m.)	14,372	22,353	-35.70%
Property delivered			
Revenue from delivery of properties (RMB'000)	13,038,417	13,102,795	-0.49%
Delivered gross floor area (sq.m.)	763,879	908,040	-15.88%
Recognised average selling price of properties delivered (RMB/sq.m.)	17,068	14,430	18.28%
Revenue (RMB'000)	13,329,117	14,251,647	-6.47%
Cost of Sales (RMB'000)	(13,403,534)	(14,048,541)	-4.59%
Gross (loss)/profit (RMB'000)	(74,417)	203,106	-136.64%
Other income and other gain or losses (RMB'000)	38,156	(820,934)	-104.65%
Loss before income tax (RMB'000)	(2,053,918)	(4,210,928)	-51.22%
Loss for the period (RMB'000)	(2,466,807)	(4,570,465)	-46.03%
– attributable to owners of the Company (RMB'000)	(1,992,410)	(4,429,232)	-55.02%
– attributable to non-controlling interests (RMB'000)	(474,397)	(141,233)	235.90%
Gross (loss)/profit margin ⁽²⁾	-0.56%	1.43%	-139.18%
Net loss margin ⁽³⁾	-18.51%	-32.07%	-42.29%
Total assets (RMB'000)	176,287,543	189,232,352	-6.84%
Total liabilities (RMB'000)	148,750,363	158,597,833	-6.21%
Total equity (RMB'000)	27,537,180	30,634,519	-10.11%
Capital and reserve attributable to owners of the Company (RMB'000)	4,198,079	6,186,962	-32.15%
Current ratio ⁽⁴⁾	1.13 times	1.25 times	-9.98%
Gearing ratio ⁽⁵⁾	1.23	1.07	14.27%

Management Discussion and Analysis

Notes:

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

PROPERTY DEVELOPMENT

Contracted Sales

For the six months ended 30 June 2023, the Group and its joint ventures and associates achieved contracted sales of approximately RMB9,788.85 million, representing a decline of approximately 74.73% compared with approximately RMB38,737.41 million for the six months ended 30 June 2022. This decrease was mainly attributable to the decrease in the total GFA of the Group's contracted sales by approximately 60.70% from approximately 1,733,013 sq.m. for the six months ended 30 June 2022 to approximately 681,126 sq.m. for the six months ended 30 June 2023.

The following table sets forth details of the contracted sales of the Group (including its joint ventures and associates) for the six months ended 30 June 2023:

	Amount	Percentage	Total GFA	Percentage	Average selling price
	<i>RMB million</i>	<i>%</i>	<i>sq.m.</i>	<i>%</i>	<i>RMB/sq.m.</i>
Shanghai	1,821.97	18.61	24,580.91	3.61	74,121.40
Suzhou	1,551.04	15.84	72,067.91	10.58	21,521.93
Hangzhou	952.79	9.73	44,395.18	6.52	21,461.66
Nanjing	602.07	6.15	33,696.24	4.95	17,867.44
Fuyang	576.14	5.89	79,534.71	11.68	7,243.88
Fuzhou	418.93	4.28	35,840.10	5.26	11,688.95
Qingdao	364.25	3.72	22,240.13	3.27	16,378.02
Lishui	337.53	3.45	18,513.09	2.72	18,231.96
Others	3,164.12	32.33	350,257.57	51.41	9,033.70
Total	9,788.85	100.00	681,125.83	100.00	14,371.57

Management Discussion and Analysis

Projects completed

For the six months ended 30 June 2023, the Group (including its joint ventures and associates) completed a total of 12 projects or phases of projects, with a total GFA of 1,427,028.24 sq.m. (733,201.15 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

Projects under construction

As at 30 June 2023, the Group (including its joint ventures and associates) had a total of 66 projects or phases of projects under construction, with total planned GFA of 16,729,112.35 sq.m. (10,127,746.08 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

Land reserve

As at 30 June 2023, the total GFA of the Group's land reserve (including its joint ventures and associates) was 23.74 million sq.m., among which, 9.60 million sq.m. were completed properties held for sale, 13.24 million sq.m. were under construction and 0.90 million sq.m. were held for future development.

As at 30 June 2023, the cost per sq.m. of the Group's land reserve (including its joint ventures and associates) was approximately RMB8,077.02.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2023:

City	Project Name	Total	Total GFA	Average cost
		land value ⁽¹⁾ RMB million	of reserve 10,000 sq.m.	per sq.m. RMB/sq.m.
Fuzhou	Fuzhou Ronghui Hot Spring City (福州融匯溫泉城)	681	64.44	1,610
Fuzhou	Fuzhou Nice Villa (福州有墅)	15	4.47	486
Xiamen	Xiamen Boyue Bay (廈門鉅悅灣)	395	2.78	23,207
Shanghai	Shanghai Platinum (上海鉅爵)	140	1.47	15,409
Shanghai	Shanghai Zhongxing Road (上海中興路)	3,413	4.98	100,091
Nanjing	Nanjing Boan Center (南京鉅岸中心)	435	28.42	2,515
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	203	2.03	13,576
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	336	3.97	10,897
Nanjing	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	480	5.03	12,842
Tianjin	Tianjin West Coast (天津西海岸)	1,049	15.85	8,238
Tianjin	Tianjin Jinnan (天津津南府)	1,073	12.49	12,959
Putian	Putian Ronshine (莆田融信府)	290	3.85	10,032
Guangzhou	Guangzhou Tianyue (廣州天樾府)	835	8.07	14,999
Xiamen	Xiamen Century (廈門世紀)	284	1.54	31,520
Chongqing	Chongqing Lan Bay (重慶瀾灣)	422	9.59	6,189

Management Discussion and Analysis

City	Project Name	Total land value ⁽¹⁾ RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	307	8.00	5,101
Shaoxing	Shengzhou Creating Century (嵯州創世紀), Shengzhou Mansion (嵯州學院府)	573	34.01	2,577
Hangzhou	Hangzhou Century (杭州世紀)	1,859	8.95	30,816
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	153	20.63	912
Nanjing	Nanjing Wanke Du Hui Tian Di (南京萬科都荟天地)	351	4.11	12,130
Nanjing	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	170	2.67	9,464
Jinhua	Jinhua Yuejiang (金華悦江府)	68	1.10	8,467
Hangzhou	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	1,341	4.74	40,542
Hangzhou	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	642	3.76	24,704
Fuzhou	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	198	3.61	7,340
Zhengzhou	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城一蘇派一1)	190	34.42	470
Fuzhou	Fuzhou Lan Sky (福州瀾天)	353	2.13	21,973
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	306	5.92	4,324
Hangzhou	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	308	2.94	16,005
Fuzhou	Changle Yujingwan (長樂御景灣)	18	1.04	2,137
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	11	2.04	714
Lu'an	Lu'an Jiangwancheng (六安江灣城)	41	2.61	1,984
Fuyang	Xingfu Li • East County (幸福里 • 東郡)	108	9.44	2,235
Xi'an	Chang'an XiYue (長安熙悦)	8	2.11	446
Zhenjiang	Jurong Tianyuefu Project (句容天悦府)	94	2.58	4,837
Hangzhou	Hangzhou Liwang NEO1 (杭州厘望NEO1)	408	1.90	31,551
Jiaxing	Haining Lanting (海寧瀾庭)	148	2.87	7,200
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	186	4.56	5,599
Hangzhou	Hangzhou Xianghu Yuezhang (杭州湘湖悦章)	3,245	27.06	17,134
Huzhou	Anji Yuejiang (安吉悦江府)	236	11.09	2,986
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城一中喬一1)	240	45.52	722
Chengdu	Chengdu Lan Sky (成都瀾天)	57	1.97	4,200

Management Discussion and Analysis

City	Project Name	Total land value ⁽¹⁾ RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	17	1.03	2,102
Zhengzhou	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城－蘇派－2)	122	32.98	550
Qingdao	The Ocean Costal (青島海月星灣)	328	15.59	3,504
Fuzhou	Fuzhou Park Left Bank Project (福州公園左岸)	143	0.87	21,731
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	97	3.29	3,939
Shanghai	Shanghai Yangpu Lot (上海楊浦平涼地塊)	413	2.67	25,397
Fuzhou	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	22	0.40	7,687
Xi'an	Hailiang • Yuchen (海亮 • 御宸)	23	0.57	4,821
Zhengzhou	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城－德藍－1)	230	57.66	520
Zhengzhou	Zhengzhou Olympic Century-1 (鄭州奧體世紀－1)	185	13.55	2,264
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	218	1.52	19,235
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	340	2.49	21,211
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	172	2.81	8,216
Fuzhou	Changle Lanshan (長樂瀾山)	290	7.66	5,005
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	259	3.90	11,149
Jiangmen	Jiangmen Guoyue House (江門國樾府)	146	3.37	5,847
Hangzhou	Hangzhou Tianlang House (杭州天瑯府)	664	5.14	19,433
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	386	9.40	6,095
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	39	0.60	8,500
Huzhou	Huzhou Rongjing Garden (湖州融璟園)	225	7.17	5,457
Jinhua	Tianyang River Mansion (天陽雲棲江境)	275	3.81	10,562
Tianjin	Tianjin Lanyue 3 (天津瀾悅3號)	85	0.95	13,001
Tianjin	Tianjin Lanyue 4 (天津瀾悅4號)	300	3.58	11,742
Changzhou	Changzhou Lanyue (常州瀾悅)	395	5.58	9,313
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	45	4.97	1,127
Hangzhou	Balong Lin'an Project (寶龍臨安項目)	280	6.75	6,128
Fuzhou	Pingtán Lan Chen (平潭瀾宸)	487	11.10	5,549
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	331	8.65	5,167
Fuyang	Fuyang Linquan Project (阜陽臨泉項目)	18	1.10	2,115
Hangzhou	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	255	5.05	5,546

Management Discussion and Analysis

City	Project Name	Total land value ⁽¹⁾ RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	24	0.93	3,492
Zhengzhou	Zhengzhou City of Times (鄭州時光之城)	928	39.86	3,167
Jiangmen	Jiangmen Mansion (江門學院府)	332	9.28	4,800
Wenzhou	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	114	1.31	13,004
Suzhou	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	285	7.47	6,843
Chengdu	Shui Nian River (水碾河)	35	0.36	13,500
Chengdu	Chengdu Ruilian (成都瑞聯)	185	2.05	14,300
Chongqing	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	109	1.68	9,600
Chongqing	Tan Zi Kou (灘子口)	32	0.49	9,255
Nantong	Nantong Lan Chen (南通瀾宸)	258	4.63	8,537
Fuzhou	Fuzhou CBD49 Lot (福州CBD49地塊)	482	4.59	14,497
Shaoxing	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	174	3.08	7,943
Wenzhou	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	112	1.88	8,510
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	75	4.64	2,386
Chengdu	Chengdu Jinniu 16 mu (成都金牛16畝)	183	1.80	14,200
Nanjing	Nanjing 2019G87 (南京2019G87)	766	6.46	16,628
Nanjing	Nanjing 2019G94 (南京2019G94)	403	3.27	19,019
Suzhou	Kunshan Bacheng Lot (昆山巴城地塊)	168	4.11	5,582
Hangzhou	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	446	4.34	14,578
Zhengzhou	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	596	25.60	3,134
Taiyuan	Taiyuan City of Times-1 (太原時光之城-1)	483	44.36	1,355
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城-中喬-2)	18	2.85	790
Zhengzhou	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	18	3.13	751
Zhengzhou	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	154	30.65	717
Hangzhou	Hangzhou Zhanwang (杭州展望)	1,447	8.54	25,116
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	178	4.67	5,383
Wenzhou	Wenzhou Rongwang (溫州榮望)	282	5.30	7,203
Fuyang	Fuyang Yingzhou Project (阜陽潁州項目)	227	9.61	2,961
Lianyungang	Lianyungang Mansion (連雲港學院府)	341	11.62	3,999

Management Discussion and Analysis

City	Project Name	Total land value ⁽¹⁾ RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	937	9.23	14,197
Taiyuan	Taiyuan City of Times-2 (太原時光之城-2)	383	38.31	1,222
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	1,690	13.39	17,388
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	665	6.12	16,088
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	1,804	10.05	23,558
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	368	6.15	7,932
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	4,132	38.19	13,521
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	110	4.48	3,578
Nanjing	Nanjing Qinglan (南京青瀾)	780	6.36	17,439
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	467	4.76	12,263
Baoding	Baoding Jinyue City (保定金悅城)	131	5.09	3,979
Suzhou	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	941	7.53	16,811
Shanghai	Shanghai Century One Mile (上海世紀古美)	2,307	6.23	54,814
Shanghai	Shanghai Four Seasons (上海海月四季)	532	3.71	22,578
Chongqing	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	166	8.06	2,855
Shanghai	Shanghai Parallel Impression (上海海納印象)	4,871	17.60	38,763
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	76	10.29	897
Fuyang	Linqun Junyue Mansion (臨泉君樾府)	134	6.71	2,592
Fuzhou	Fuzhou Yongtai Project (福州永泰項目)	55	2.53	2,811
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	202	2.07	13,169
Mengcheng	Mengcheng Junyue Mansion (蒙城君樾府)	57	4.33	1,662
Fuzhou	Fuzhou Heshang Project (福州鶴上項目)	486	12.53	5,121
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲龍庭)	149	2.48	8,281
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	148	5.00	3,903
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	107	4.07	3,650

Management Discussion and Analysis

City	Project Name	Total	Total GFA	Average cost
		land value ⁽¹⁾ RMB million	of reserve 10,000 sq.m.	per sq.m. RMB/sq.m.
Hangzhou	Yunhe Commercial 43 Lot (運河商業43號地塊)	274	2.23	14,075
Hangzhou	Yunhe Commercial 44 Lot (運河商業44號地塊)	224	2.00	12,859
Shanghai	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,772	3.73	72,000
Zhengzhou	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城—蘇派—4)	16	13.49	716
Zhengzhou	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城—德藍—3)	8	1.29	751
Taiyuan	Taiyuan City of Times-3 (太原時光之城—3)	371	32.78	1,294
Suzhou	Changshu Project (常熟項目)	275	5.74	6,662
Hangzhou	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	148	0.80	25,962
Chengdu	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	348	8.07	5,718
Chengdu	Chengdu Qingbaijiang Project (成都青白江項目)	116	8.01	2,048
Mianyang	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	256	11.55	2,932
Putian	Xianyou Construction and Development Cooperation Project (仙遊建發合作項目)	42	1.65	2,784
Hangzhou	Yue Zhen Mansion (樾臻府)	62	1.86	4,375
Zhengzhou	Zhengzhou City of Times - 2 (鄭州時光之城—2)	469	15.31	2,501
Zhengzhou	Zhengzhou Olympic Century-3 (鄭州奧體世紀—3)	402	16.06	3,485
Suzhou	Suzhou Huangqiao Project (蘇州黃橋項目)	784	7.12	14,784
Huzhou	Huzhou Xifengyang Project (湖州西鳳漾項目)	690	16.46	5,794
Huzhou	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	612	13.65	6,475
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	623	9.80	8,856
Lianyungang	Lianyungang Urban Park West District (連雲港海納春江西區)	597	0.69	6,518
Hangzhou	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	2,481	17.20	19,474
Hangzhou	Hangzhou Aoshi Mansion (杭州傲世邸)	1,482	6.55	27,253
Hangzhou	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	242	0.79	44,364
Hangzhou	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	306	3.28	13,890

Management Discussion and Analysis

City	Project Name	Total land value ⁽¹⁾ RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Hangzhou	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	160	2.34	12,278
Fuzhou	Fuzhou Lan Bay (福州瀾灣)	377	5.67	8,955
Fuzhou	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	136	2.61	7,087
Fuzhou	Fuzhou Residence (福州國公館)	1,420	21.11	9,921
Xi'an	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	378	7.05	7,397
Xi'an	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	301	5.54	7,653
Wenzhou	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	714	12.66	7,607
Putian	Putian Ronshine Yuezhu (莆田融信悅著)	97	2.82	4,796
Chengdu	Chengdu Qingyang 23 mu (成都青羊23畝)	385	5.42	10,498
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	357	2.91	18,699
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	372	13.64	3,360
Suzhou	Suzhou Science City Project (蘇州科技城項目)	416	3.76	15,647
Shanghai	Shanghai Meiluo Residential Community (上海市寶山區美羅家園大型居住社區)	551	3.50	22,340
Nantong	Nantong Chongzhou Yuanlin Road Plot (南通崇州園林路地塊)	667	6.92	13,340
Lanzhou	Lanzhou Lelan • Shiguangyin (蘭州樂瀾 • 時光印)	62	8.07	709
Weinan	Weinan Wenquetai (渭南文闕臺)	78	5.81	2,393
Mengcheng	Mengcheng South New Area Plot (蒙城城南新區地塊)	81	5.63	1,752
		78,158	1,444.35	8,077

Note:

- (1) This represents the original land costs of these projects only, and did not reflect the fair value decrease that had been recognised upon acquisitions or consolidations by the Group during the six months ended 30 June 2023.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group derived its revenue from (i) sales of properties in the People's Republic of China (the "PRC"); (ii) construction services provided to local PRC governments with respect to the construction of resettlement housing; and (iii) rental income and others. The following table sets forth the details of the Group's revenue recognised from such sources for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June		Change in percentage
	2023	2022	
	RMB'000	RMB'000	
Revenue			
Sales of properties	13,038,417	13,102,795	-0.49%
Construction services	105,683	552,119	-80.86%
Rental income and others	185,017	596,733	-69.00%
Total	13,329,117	14,251,647	-6.47%

The revenue of the Group decreased by approximately 6.47% from approximately RMB14,251.65 million for the six months ended 30 June 2022 to approximately RMB13,329.12 million for the six months ended 30 June 2023. This decrease was mainly attributable to:

- (i) the decrease in the total GFA of properties delivered by the Group by approximately 15.88% from 908,040 sq.m. for the six months ended 30 June 2022 to 763,879 sq.m. for the six months ended 30 June 2023;
- (ii) the decrease in revenue from construction services by approximately 80.86% from approximately RMB552.12 million for the six months ended 30 June 2022 to approximately RMB105.68 million for the six months ended 30 June 2023;
- (iii) the rental income decreased by approximately 3.15% from approximately RMB83.19 million for the six months ended 30 June 2022 to approximately RMB80.56 million for the six months ended 30 June 2023. The others comprise mainly of revenue in consulting services, sales commissions and hotel operations. During the six months ended 30 June 2023, revenue from consulting services amounted to approximately RMB42.16 million, the sales commission was approximately RMB8.12 million, and revenue from hotel operations of the Group was approximately RMB74.83 million.

Management Discussion and Analysis

Revenue generated from the sales of properties amounted to approximately RMB13,038 million for the six months ended 30 June 2023. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June					
	2023			2022		
	Revenue RMB million	GFA delivered by the Group sq.m.	Average selling price RMB/ sq.m.	Revenue RMB million	GFA delivered by the Group sq.m.	Average selling price RMB/ sq.m.
Hangzhou	3,457	83,237	41,535	600	22,828	26,276
Wenzhou	3,156	150,973	20,902	–	–	–
Suzhou	1,649	59,094	27,904	2,649	126,506	20,939
Chongqing	1,504	99,342	15,139	777	74,684	10,410
Fuyang	1,076	153,512	7,007	–	–	–
Others	2,197	217,721	10,091	9,077	684,021	13,269
	13,038	763,879	17,069	13,103	908,039	14,430

Cost of sales

The Group's cost of sales decreased by approximately 4.59% from approximately RMB14,048.54 million for the six months ended 30 June 2022 to approximately RMB13,403.53 million for the six months ended 30 June 2023. This decrease mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

Gross loss/profit and gross loss/profit margin

Gross loss/profit represents revenue less cost of sales. As a result of the foregoing, there was a turnaround from a gross profit of approximately RMB203.11 million for the six months ended 30 June 2022 to a gross loss of approximately RMB74.42 million for the six months ended 30 June 2023.

The Group recorded a gross profit margin of approximately 1.43% for the six months ended 30 June 2022 and a gross loss margin of approximately 0.56% for the six months ended 30 June 2023, primarily due to the decrease in average gross profit margin of projects delivered by the Group.

Management Discussion and Analysis

Other income

The Group's other income primarily includes (i) interest income from loans to non-controlling interests and related parties; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income decreased by approximately 27.25% from approximately RMB198.28 million for the six months ended 30 June 2022 to approximately RMB144.24 million for the six months ended 30 June 2023.

Other gains or losses – net

The Group's other gains or losses primarily include (i) gains or losses from financial assets at fair value through profit or loss; (ii) gains or losses from bond repurchase; (iii) gains or losses from disposal of subsidiaries; and (iv) gains or losses from disposal associates and joint ventures. The Group incurred other net losses of approximately RMB106.09 million for the six months ended 30 June 2023 as compared to other net losses of approximately RMB1,019.22 million for the six months ended 30 June 2022. Such change was primarily attributable to the losses from disposal of several projects by the Group for the corresponding period of last year, while the Group significantly reduced its project disposals this year.

Selling and marketing costs

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

The Group's selling and marketing costs decreased by approximately 51.89% from approximately RMB732.91 million for the six months ended 30 June 2022 to approximately RMB352.61 million for the six months ended 30 June 2023, primarily due to the decreased sales commissions.

Administrative expenses

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

The Group's administrative expenses decreased by approximately 52.03% from approximately RMB751.47 million for the six months ended 30 June 2022 to approximately RMB360.49 million for the six months ended 30 June 2023, primarily due to the reduce in salary expenses resulting from the reduced staff force.

Management Discussion and Analysis

Fair value losses on investment properties

The Group recorded fair value losses of approximately RMB1,429.88 million for the six months ended 30 June 2022 and fair value gains of approximately RMB60.53 million for the six months ended 30 June 2023, primarily due to the increase in valuation attributable to the gradual increase in cost inputs as a result of the normal construction of projects under construction during the Period.

Finance income/cost – net

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded a net finance cost of approximately RMB1,061.16 million for the six months ended 30 June 2022 and a net finance cost of approximately RMB1,383.34 million for the six months ended 30 June 2023. This fluctuation was primarily due to exchange losses arising from the appreciation of the US\$ against the RMB.

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

The Group's share of net profit of investments accounted for using the equity method decreased by approximately 95.23% from approximately RMB382.32 million for the six months ended 30 June 2022 to approximately RMB18.25 million for the six months ended 30 June 2023, primarily due to the decrease in properties delivered by joint ventures.

Loss before income tax

As a result of the aforementioned changes in the Group's financials, the Group recorded a loss before income tax of approximately RMB2,053.92 million for the six months ended 30 June 2023 as compared to a loss before income tax of approximately RMB4,210.93 million for the six months ended 30 June 2022.

Income tax expenses

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

The Group's income tax expenses increased by approximately 14.84% from approximately RMB359.54 million for the six months ended 30 June 2022 to approximately RMB412.89 million for the six months ended 30 June 2023. Specifically, CIT (including deferred income tax) increased by approximately 31.25% from approximately RMB250.60 million for the six months ended 30 June 2022 to approximately RMB328.91 million for the six months ended 30 June 2023, and LAT decreased by approximately 22.91% from approximately RMB108.93 million for the six months ended 30 June 2022 to approximately RMB83.98 million for the six months ended 30 June 2023.

Management Discussion and Analysis

Loss for the Period attributable to owners of the Company

As a result of the aforementioned changes in the Group's financials, the Group recorded a loss for the period attributable to owners of the Company of approximately RMB1,992.41 million for the six months ended 30 June 2023 as compared to a loss for the period attributable to owners of the Company of approximately RMB4,429.23 million for the six months ended 30 June 2022.

Loss for the Period attributable to non-controlling interests

The Group recorded a loss for the period attributable to non-controlling interests of approximately RMB47,440 million for the six months ended 30 June 2023 as compared to a loss for the period attributable to non-controlling interests of approximately RMB14,123 million for the six months ended 30 June 2022, primarily due to the decrease in gain from disposal of properties recognized under each project (jointly developed with the non-controlling interests) for the six months ended 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group's net current assets amounted to approximately RMB17,590.71 million (31 December 2022: approximately RMB34,070.28 million). Specifically, the Group's total current assets decreased by approximately 8.06% from approximately RMB168,757.10 million as at 31 December 2022 to approximately RMB155,154.63 million as at 30 June 2023. The Group's total current liabilities increased by approximately 2.14% from approximately RMB134,686.82 million as at 31 December 2022 to approximately RMB137,563.92 million as at 30 June 2023. The decrease in the Group's total current assets was primarily attributable to the decrease in completed properties held for sale by 30.24% from RMB22,654.42 million as at 31 December 2022 to RMB15,804.34 million as at 30 June 2023.

As at 30 June 2023, the Group had cash and bank balances of approximately RMB8,258.30 million (31 December 2022: approximately RMB9,543.94 million), total borrowings of approximately RMB42,009.72 million (31 December 2022: approximately RMB42,403.69 million) and weighted average effective interest rate for outstanding borrowings of approximately 6.85% (including bank borrowings, trust and other borrowings, the domestic corporate bonds, senior notes and the asset-backed securities) (31 December 2022: approximately 6.86%).

As at 30 June 2023, the aggregated issued amount of the domestic corporate bonds was approximately RMB8,601.37 million, representing approximately 20.47% of the total borrowings of the Group.

Management Discussion and Analysis

As set out in the announcement of the Company dated 26 January 2023, the January 2023 Notes (ISIN: XS2031469732 and Common Code: 203146973) in the aggregate principal amount of US\$413,000,000 issued by the Company and listed on the Singapore Exchange matured on 22 January 2023. The principal amount and the accrued and unpaid interest totalling US\$431,481,750 were due and payable.

In addition, as set out in the announcement of the Company dated 9 June 2023, the June 2023 Notes (ISIN: XS2090949160 and Common Code: 209094916) in the aggregate principal amount of US\$316,000,000 issued by the Company and listed on the Singapore Exchange matured on 9 June 2023. The principal amount and the accrued and unpaid interest totalling US\$328,798,000 were due and payable.

As of the date of this report, the Company has not made the above payments and has not received any notice regarding accelerated repayment from the holders of the January 2023 Notes and the holders of June 2023 Notes.

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

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

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

PLEDGE OF ASSETS

As at 30 June 2023, the Group's borrowings were secured by the Group's assets of approximately RMB49,783.58 million (31 December 2022: approximately RMB50,386.29 million) which includes (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash; and (vi) investment property. Certain borrowings from financial institutions were also secured by the equity interests of certain subsidiaries of the Company.

Management Discussion and Analysis

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to approximately RMB20,809.28 million as at 30 June 2023 (31 December 2022: approximately RMB24,879.64 million).

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

Current ratio

As at 30 June 2023, the current ratio of the Group was 1.13 times (31 December 2022: 1.25 times). The decrease of the Group's current ratio was mainly attributable to the decrease of properties under development and completed properties held for sale.

Gearing ratio

As at 30 June 2023, the gearing ratio of the Group was 1.23 (31 December 2022: 1.07), mainly due to the decrease in total equity and cash and bank balances. This ratio is calculated as net borrowings divided by total equity as shown in the interim condensed consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the interim condensed consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in first-tier cities in the PRC. However, in light of the current market sentiments, the Group will maintain a prudent approach in acquiring land parcels in the PRC. As at the date of this report, the Group has no concrete plan for any material investments or capital assets.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 30 June 2023, the Group's financial assets and liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB42,009.72 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June 2023, the Group did not hold any significant investments and did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the balance sheet date and as of the date of this report.

Management Discussion and Analysis

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group employed a total of 973 full-time employees (30 June 2022: 1,786 full-time employees). For the six months ended 30 June 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB124.40 million.

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

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

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the six months ended 30 June 2023, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

CHANGE IN DIRECTORS' INFORMATION

During the Reporting Period, there was no change in information on the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

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

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions set out in Part 2 of the Corporate Governance Code during the six months ended 30 June 2023, save and except for the deviation from code provision C.2.1 of the Corporate Governance Code which is explained below.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2023.

Corporate Governance and Other Information

SHARE SCHEMES

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the “**Share Option Scheme**”) on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe that the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of the options will make an effort to contribute to the development of the Group so as to bring about an increased market price of the shares of the Company (“**Shares**”) in order to capitalise on the benefits of the options granted.

(2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the “**Eligible Participants**”):

- (i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares (approximately 8.02% of the total number of Shares in issue as at 30 June 2023).

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Corporate Governance and Other Information

(5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme.

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and
- (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1 is payable upon acceptance of the grant of an option.

(7) The remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – Other information – Share Option Scheme" in Appendix V to the prospectus of the Company dated 31 December 2015.

Corporate Governance and Other Information

Details of the share option granted

On 5 January 2017, 81,140,880 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$5.96 per Share, exercisable from 5 January 2018 to 4 January 2022 in three tranches. The closing price immediately before the date of grant of such share options was HK\$5.98.

On 30 April 2019, a total of 26,571,973 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$10.80 per Share, exercisable from 5 January 2020 to 4 January 2022. The closing price immediately before the date of grant of such share options was HK\$10.82.

As at 30 June 2023, there were no outstanding share options under the Share Option Scheme, and no option was granted or agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme during the Reporting Period.

The number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2023 and 30 June 2023 were both 112,260,583 and no service provider sub-limit was set thereunder.

SHARE AWARD SCHEME

The Company currently has not adopted any share award scheme.

Corporate Governance and Other Information

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

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or Underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 2)
Mr. Ou Zonghong ^(Note 3)	Beneficiary of a trust	1,097,137,411 (L)	65.17%
Ms. Yu Lijuan	Beneficial owner	169,418 (L)	0.01%

Notes:

- (1) The letter (L) denotes the person's long position in the relevant Shares.
- (2) As at 30 June 2023, the Company issued 1,683,431,417 Shares.
- (3) Mr. Ou Zonghong is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector and TMF (Cayman) Ltd. as the trustee. As at 30 June 2023, TMF (Cayman) Ltd. owned all the issued shares in Honesty Global Holdings Limited, which in turn owned all the issued shares in Dingxin Company Limited, which in turn held 1,097,137,411 Shares.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 30 June 2023, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than the Directors or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholders	Nature of Interest/Capacity	Number of Shares or Underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 2)
Dingxin Company Limited ^(Note 3)	Beneficial owner	1,097,137,411 (L)	65.17%
Honesty Global Holdings Limited ^(Note 3)	Interest in controlled corporation	1,097,137,411 (L)	65.17%
TMF (Cayman) Ltd. ^(Note 3)	Trustee of a trust	1,097,137,411 (L)	65.17%
Mr. Ou Guofei ^(Notes 3, 4)	Settlor of a trust	1,097,137,411 (L)	65.17%
Ms. Xu Lixiang ^(Note 5)	Beneficiary of a trust/ Interest of spouse	1,097,137,411 (L)	65.17%

Notes:

- (1) The letter (L) denotes the person's long position in the relevant Shares.
- (2) As at 30 June 2023, the Company issued 1,683,431,417 Shares.
- (3) Dingxin Company Limited is wholly owned by Honesty Global Holdings Limited, which in turn is wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.
- (4) Mr. Ou Guofei is the son of Mr. Ou Zonghong.
- (5) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

Corporate Governance and Other Information

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. He Jiarong, Mr. Ren Yunan and Mr. Ruan Weifeng, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. He Jiarong who possesses appropriate professional qualifications. The Audit Committee has reviewed the interim report and the interim results for the six months ended 30 June 2023. The interim results for the six months ended 30 June 2023 have not been audited but have been reviewed by Elite Partners CPA Limited (“**Elite Partners**”), the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Based on Elite Partners review, nothing has come to their attention that causes them to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Elite Partners draws attention to Note 2 to the condensed consolidated financial statements, which states that as of 30 June 2023, the Group recorded net current assets of RMB17,591 million, and the Group’s current portion of borrowings amounted to RMB32,161 million, while its cash and bank balances (excluding restricted cash and term deposits) amounted to RMB5,209 million. As stipulated in the announcement of the Company dated 10 July 2022, the Company experienced liquidity pressure. As such, the Company expected that its existing internal resources may be insufficient to address its upcoming debts. Such events or conditions, along with other matters as set forth in Note 2 to the condensed consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Their conclusion is not modified in respect of this matter.

The Audit Committee has discussed with the Company’s management and Elite Partners regarding the preparation of the condensed consolidated financial statements of the Company for the six months ended 30 June 2023 in this interim report on a going concern basis. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

By order of the Board

Ronshine China Holdings Limited

Ou Zhonghong

Chairman

Hong Kong, 31 August 2023

Condensed Consolidated Income Statement

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	7	13,329,117	14,251,647
Cost of sales		(13,403,534)	(14,048,541)
Gross (loss)/profit		(74,417)	203,106
Selling and marketing costs		(352,607)	(732,905)
Administrative expenses		(360,493)	(751,476)
Fair value gains/(losses) on investment properties	13	60,533	(1,429,882)
Other income	9	144,243	198,283
Other gains or losses	9	(106,087)	(1,019,217)
Operating loss		(688,828)	(3,532,091)
Finance income	10	50,514	172,031
Finance costs	10	(1,433,858)	(1,233,188)
Finance costs — net	10	(1,383,344)	(1,061,157)
Share of net profit of investments accounted for using the equity method	14	18,254	382,320
Loss before income tax		(2,053,918)	(4,210,928)
Income tax expenses	11	(412,889)	(359,537)
Loss for the period		(2,466,807)	(4,570,465)
Loss for the period attributable to:			
— Owners of the Company		(1,992,410)	(4,429,232)
— Non-controlling interests		(474,397)	(141,233)
		(2,466,807)	(4,570,465)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
— Basic	12	(1.18)	(2.63)
— Diluted	12	(1.18)	(2.63)

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(2,466,807)	(4,570,465)
Other comprehensive income	—	—
Total comprehensive loss for the period	(2,466,807)	(4,570,465)
Total comprehensive loss for the period attributable to:		
— Owners of the Company	(1,992,410)	(4,429,232)
— Non-controlling interests	(474,397)	(141,233)
	(2,466,807)	(4,570,465)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Balance Sheet

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,091,647	1,106,781
Investment properties	13	12,429,500	12,320,100
Right-of-use assets	13	401,160	406,304
Intangible assets		1,554	1,774
Investments accounted for using the equity method	14	6,049,611	5,453,874
Financial assets at fair value through profit or loss	5.4	457,569	488,005
Deferred tax assets		701,874	698,415
Total non-current assets		21,132,915	20,475,253
Current assets			
Properties under development	15	91,641,636	94,305,792
Completed properties held for sale	15	15,804,342	22,654,417
Contract assets		1,180,871	1,321,926
Trade and other receivables and prepayments	16	27,658,076	27,465,765
Amounts due from related parties	27(d)	5,411,956	8,340,903
Prepaid taxation		5,064,029	4,698,486
Financial assets at fair value through profit or loss	5.4	135,414	425,874
Term deposits	17	—	781,000
Restricted cash	17	3,049,185	3,974,507
Cash and cash equivalents	17	5,209,119	4,788,429
Total current assets		155,154,628	168,757,099
Total assets		176,287,543	189,232,352
EQUITY			
Share capital	18	15	15
Share premium	18	3,082,681	3,082,681
Other reserves	19	1,115,383	3,104,266
Equity attributable to owners of the Company		4,198,079	6,186,962
Non-controlling interests		23,339,101	24,447,557
Total equity		27,537,180	30,634,519

Condensed Consolidated Balance Sheet

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	21	9,848,703	22,618,556
Lease liabilities		8,225	5,777
Deferred tax liabilities		1,329,515	1,286,684
Total non-current liabilities		11,186,443	23,911,017
Current liabilities			
Borrowings	21	32,161,017	19,785,112
Lease liabilities		14,143	14,189
Contract liabilities	22	73,529,308	80,638,097
Trade and other payables	23	20,662,836	21,713,796
Amounts due to related parties	27(d)	5,448,233	7,075,544
Current tax liabilities		5,748,383	5,460,078
Total current liabilities		137,563,920	134,686,816
Total liabilities		148,750,363	158,597,833
Total equity and liabilities		176,287,543	189,232,352

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								Total equity RMB'000
	Share capital	Share premium	Capital reserves	Statutory reserves	Share-based compensation reserves	Retained earnings	Subtotal	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	(Note 18)	(Note 18)	(Note 19)	(Note 19)	(Note 19)				
Six months ended 30 June 2023 (unaudited)									
Balance at 1 January 2023	15	3,082,681	97,113	1,965,515	—	1,041,638	6,186,962	24,447,557	30,634,519
Comprehensive expense									
— Loss for the period	—	—	—	—	—	(1,992,410)	(1,992,410)	(474,397)	(2,466,807)
— Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive expense	—	—	—	—	—	(1,992,410)	(1,992,410)	(474,397)	(2,466,807)
Disposals of subsidiaries	—	—	—	—	—	—	—	(119)	(119)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	101,700	101,700
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(57,960)	(57,960)
Acquisition of additional interests in subsidiaries from non-controlling interests	—	—	3,527	—	—	—	3,527	(5,087)	(1,560)
Capital reduction of the subsidiaries	—	—	—	—	—	—	—	(672,593)	(672,593)
Balance at 30 June 2023	15	3,082,681	100,640	1,965,515	—	(950,772)	4,198,079	23,339,101	27,537,180

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								Total equity RMB'000
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 18)	Capital reserves RMB'000 (Note 19)	Statutory reserves RMB'000 (Note 19)	Share-based compensation reserves RMB'000 (Note 19)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	
Six months ended 30 June 2022 (unaudited)									
Balance at 1 January 2022	15	3,082,681	851,583	2,026,441	82,076	12,261,802	18,304,598	33,976,352	52,280,950
Comprehensive expense									
— Loss for the period	—	—	—	—	—	(4,429,232)	(4,429,232)	(141,233)	(4,570,465)
— Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive expense	—	—	—	—	—	(4,429,232)	(4,429,232)	(141,233)	(4,570,465)
Disposals of subsidiaries	—	—	13,231	(128,326)	—	—	(115,095)	(1,874,271)	(1,989,366)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	547,612	547,612
Capital reduction of the subsidiaries	—	—	—	—	—	—	—	(3,591,393)	(3,591,393)
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(986,325)	(986,325)
Balance at 30 June 2022	15	3,082,681	864,814	1,898,115	82,076	7,832,570	13,760,271	27,930,742	41,691,013

The above condensed consolidated statement of change in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	1,209,524	14,645,081
PRC corporate income tax paid	(68,761)	(614,960)
PRC land appreciation tax paid	(42,585)	(273,361)
Net cash generated from operating activities	1,098,178	13,756,760
Cash flows from investing activities		
Payments for purchase of property and equipment and investment properties	(48,992)	(462,155)
Payments for purchase of intangible assets	(57)	(165)
Proceeds from disposal of intangible assets	—	171
Proceeds from disposal of property, plant and equipment	1,908	503
Capital injections to joint ventures and associates	(703,325)	(131,642)
Proceeds from disposal of associates and joint ventures	—	355,769
Payments for acquisition of financial assets at fair value through profit and loss	—	(499,113)
Proceeds from disposal of financial assets at fair value through profit and loss	317,676	335,233
Cash advances to related parties	(639,706)	(5,130,208)
Repayments from related parties	3,568,653	2,875,169
Interest received	155,430	312,103
Decrease in term deposits	781,000	787,874
Net cash outflow from disposal of subsidiaries	(14,314)	(1,096,524)
Net cash generated from/(used in) investing activities	3,418,273	(2,652,985)

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	1,490,377	4,419,432
Repayments of borrowings	(1,884,325)	(13,856,400)
Cash advances from related parties	87,758	3,500,216
Repayments to related parties	(1,715,069)	(2,732,572)
Capital injection from non-controlling interests	101,700	547,612
Capital reduction of the subsidiaries	(672,593)	(3,591,393)
Dividends paid to non-controlling interests	(57,960)	(986,325)
Interest paid	(1,103,786)	(2,268,737)
Principal elements of lease payments	(10,226)	(9,295)
Restricted cash pledged for borrowings	—	300,000
Acquisition of additional interest from non-controlling interests on subsidiaries	(1,565)	—
Net cash used in financing activities	(3,765,689)	(14,677,462)
Net increase/(decrease) in cash and cash equivalents	750,762	(3,573,686)
Cash and cash equivalents at beginning of the period	4,788,429	11,719,745
Exchange losses on cash and cash equivalents	(330,072)	(351)
Cash and cash equivalents at end of the period	5,209,119	8,145,708

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements

1 General information

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

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

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

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

2 Basis of preparation

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

Going concern basis

As of 30 June 2023, the Group recorded net current assets of RMB17,591 million, and the Group’s current portion of borrowings amounted to RMB32,161 million, while its cash and bank balances (excluding restricted cash and term deposits) amounted to RMB5,209 million.

As stipulated in the announcement of the Company dated 10 July 2022, interest in the amount of US\$12,798,000 under the 8.1% senior notes due June 2023 (the “**June 2023 Notes**”) and interest in the amount of US\$15,067,500 under the 7.35% senior notes due December 2023 (the “**December 2023 Notes**”) were due on 9 June 2022 and 15 June 2022, respectively. As of the date of approval of these condensed consolidated financial statements, the Company has not made such payment.

As stipulated in the announcements of the Company dated 25 October 2022 and 26 January 2023, respectively, the 8.75% senior notes due 2022 (the “**October 2022 Notes**”) in the aggregate principal amount of US\$688,000,000 and the 8.95% senior notes due 2023 (the “**January 2023 Notes**”) in the aggregate principal amount of US\$413,000,000, issued by the Company and listed on the Singapore Exchange Securities Trading Limited (“**SGX**”) matured on 25 October 2022 and 22 January 2023, respectively. The principal amount and the accrued and unpaid interest totalling US\$718,100,000 and US\$431,481,750, respectively, became due and payable. As of the date of approval of these condensed consolidated financial statements, the Company has not made such payment.

Notes to the Condensed Consolidated Financial Statements

2 Basis of preparation (continued)

Going concern basis (continued)

As set out in the announcement of the Company dated 9 June 2023, the June 2023 Notes (ISIN: XS2090949160 and Common Code: 209094916) in the aggregate principal amount of US\$316,000,000, issued by the Company and listed on the SGX matured on 9 June 2023. The principal amount and the accrued and unpaid interest totalling US\$328,798,000 became due and payable. As of the date of approval of these condensed consolidated financial statements, the Company has not made such payment.

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

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

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

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

- (i) the Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings. Subsequent to 30 June 2023, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing;

Notes to the Condensed Consolidated Financial Statements

2 Basis of preparation (continued)

Going concern basis (continued)

- (ii) the Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables;
- (iii) the Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures; and
- (iv) the Group intends to engage external advisors to explore various feasible solutions with overseas creditors so as to seek a holistic solution to the relevant debts.

The Directors have reviewed the Group's cash flow projections prepared by the management, which cover a period of not less than twelve months from 30 June 2023. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2023. Accordingly, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

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

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

Notes to the Condensed Consolidated Financial Statements

3 Principal accounting policies

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

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

Notes to the Condensed Consolidated Financial Statements

4 Critical estimates and judgements

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

In preparing the condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

5 Financial risk management

5.1 Financial risk factors

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

The Group operates in the PRC with most transactions being settled in RMB, which is the functional currency of the Group's companies, except for certain transactions which are settled in foreign currencies. As at 30 June 2023, the non-RMB assets and liabilities of the Group are mainly cash and bank balances denominated in United States Dollars ("**USD**") and Hong Kong Dollars ("**HK\$**"), financial assets at fair value through profit or loss ("**FVPL**") denominated in USD and HK\$, and borrowings denominated in USD. As at 30 June 2023, the Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

There have been no changes in the risk management policies since 31 December 2022.

Notes to the Condensed Consolidated Financial Statements

5 Financial risk management (continued)

5.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and bank balances or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and bank balances and through having available sources of financing.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2023 (unaudited)					
Non-derivatives financial liabilities					
Borrowings (Note 21)	33,652,932	2,957,110	8,048,211	—	44,658,253
Trade and other payables, excluding accrual for staff costs and other taxes payable	12,293,630	—	—	—	12,293,630
Lease liabilities	14,694	4,869	639	—	20,202
Amounts due to related parties	5,448,233	—	—	—	5,448,233
Financial guarantee contracts	19,506,844	1,118,632	183,800	—	20,809,276
	70,916,333	4,080,611	8,232,650	—	83,229,594

Notes to the Condensed Consolidated Financial Statements

5 Financial risk management (continued)

5.2 Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022 (audited)					
Non-derivatives financial liabilities					
Borrowings (Note 21)	24,911,886	15,605,673	7,317,291	—	47,834,850
Trade and other payables, excluding accrual for staff costs and other taxes payable	7,525,954	6,185,606	—	—	13,711,560
Lease liabilities	14,704	2,595	1,291	—	18,590
Amounts due to related parties	7,075,544	—	—	—	7,075,544
Financial guarantee contacts	22,409,660	2,170,178	299,800	—	24,879,638
	61,937,748	23,964,052	7,618,382	—	93,520,182

Note: Interests on borrowings were calculated on borrowings held as at 30 June 2023 and 31 December 2022, respectively. Floating-rate interests were estimated using the current interest rate as at 30 June 2023 and 31 December 2022, respectively.

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units and the principal of borrowings of the joint ventures and associates, which will have contractual cash flows only if the guaranteed purchasers, joint ventures or associates default the repayment (Note 24).

Notes to the Condensed Consolidated Financial Statements

5 Financial risk management (continued)

5.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owners, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the condensed consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current portions as shown in the condensed consolidated balance sheet) less cash and bank balances.

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Total borrowings (Note 21)	42,009,720	42,403,668
Less: cash and bank balances (Note 17)	(8,258,304)	(9,543,936)
Net borrowings	33,751,416	32,859,732
Total equity	27,537,180	30,634,519
Gearing ratio	122.57%	107.26%

Notes to the Condensed Consolidated Financial Statements

5 Financial risk management (continued)

5.4 Fair value estimation

The Group's financial assets include cash and bank balances, trade and other receivables, amounts due from related parties and financial assets at FVPL. The Group's financial liabilities include trade and other payables, amounts due to related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to assess the fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's financial assets measured at fair value as at 30 June 2023 and 31 December 2022:

At 30 June 2023	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets			
Financial assets at FVPL	39,659	553,324	592,983

Notes to the Condensed Consolidated Financial Statements

5 Financial risk management (continued)

5.4 Fair value estimation (continued)

At 31 December 2022	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets			
Financial assets at FVPL	70,096	843,783	913,879

The FVPL were measured at fair value, which was grouped into level 3 and level 2 fair value measurements, subsequent to initial recognition. Specific valuation techniques are used to determine fair value for the financial assets, including discounted cash flow analysis.

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There were no transfers among levels 1, 2 and 3 for fair value measurements.

6 Segment information

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

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

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2023 (six months ended 30 June 2022: same).

As at 30 June 2023, except for parts of term deposits and financial assets at FVPL, other assets of the Group were located in the PRC (31 December 2022: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the six months ended 30 June 2023 (six months ended 30 June 2022: same).

Notes to the Condensed Consolidated Financial Statements

7 Revenue

Revenue of the Group for the six months ended 30 June 2023 is as follow:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Revenue from sales of properties		
— Recognised at a point in time	13,038,417	13,102,795
Revenue from construction services, hotel operations and others:		
— Recognised at a point in time	104,456	513,548
— Recognised over time	105,683	552,119
Revenue from other sources — rental income	80,561	83,185
	13,329,117	14,251,647

8 Expenses by nature

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold (excluding staff costs)	13,359,304	13,999,076
Staff costs (including directors' emoluments)	438,506	602,514
Marketing, advertising and commission costs	220,007	314,105
Property management fees	74,843	157,178
Depreciation of property, plant and equipment and amortisation of intangible assets and right-of-use assets	31,521	61,796
Impairment losses on other receivables	106,724	5,120

Notes to the Condensed Consolidated Financial Statements

9 Other income and other gains or losses

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	104,916	140,072
Forfeited deposits from customers	26,974	45,693
Government grants	9,446	11,401
Miscellaneous	2,907	1,117
	144,243	198,283
Other gains or losses		
Fair value loss on financial assets at FVPL	(3,220)	(58,845)
Gains from bond repurchase	—	327,041
Gains from disposal of property, plant and equipment	121	117
Losses on disposal of subsidiaries	(102,990)	(751,938)
Net foreign exchange gains (note i)	2	13,996
Loss from disposal of associates and joint ventures	—	(549,588)
	(106,087)	(1,019,217)

- (i) Amount mainly represents the net gains/losses on translation of foreign currency financial assets and liabilities from foreign currency into RMB at the prevailing month-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the "finance income/(costs) — net" (Note 10).

Notes to the Condensed Consolidated Financial Statements

10 Finance costs — net

	Six months ended 30 June	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Finance income		
— Interest income from bank deposits	50,514	172,031
	50,514	172,031
Finance costs		
— Net foreign exchange losses	(755,100)	(725,682)
— Interest expenses of borrowings	(1,587,571)	(2,268,737)
— Less: capitalised interest	908,813	1,761,231
	(1,433,858)	(1,233,188)
Finance costs — net	(1,383,344)	(1,061,157)

11 Income tax expenses

	Six months ended 30 June	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current income tax:		
PRC corporate income tax	315,671	699,009
PRC Land appreciation tax ("LAT")	83,980	108,933
	399,651	807,942
Deferred income tax:		
PRC corporate income tax	13,238	(448,405)
	412,889	359,537

Notes to the Condensed Consolidated Financial Statements

11 Income tax expenses (continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2023 and 2022, based on the existing legislation, interpretations and practices in respect thereof.

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

PRC LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

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

PRC dividend withholding income tax

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

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Overseas income tax

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

Notes to the Condensed Consolidated Financial Statements

12 Loss per share

12.1 Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	(1,992,410)	(4,429,232)
Weighted average number of ordinary shares in issue (in thousand)	1,683,431	1,683,431
Basic loss per share (RMB per share)	(1.18)	(2.63)

12.2 Diluted loss per share

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	(1,992,410)	(4,429,232)
Weighted average number of ordinary shares in issue (in thousand)	1,683,431	1,683,431
Adjustments — share options and awarded shares (in thousand)	—	—
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	1,683,431	1,683,431
Diluted loss per share (RMB per share)	(1.18)	(2.63)

Notes to the Condensed Consolidated Financial Statements

12 Loss per share (continued)**12.2 Diluted loss per share (continued)**

For the six months ended 30 June 2023 and 2022, the computation of diluted loss per share does not assume the exercise of the Company's share options because their assumed exercise would result in a decrease in loss per share.

The Company did not repurchase and cancel its own ordinary shares during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

13 Property, plant and equipment, right-of-use assets and investment properties

	Property, plant and equipment RMB'000	Right-of-use assets — Land use rights and properties RMB'000	Investment properties RMB'000
Six months ended 30 June 2023 (unaudited)			
Opening net book amount as at 1 January 2023	1,106,781	406,304	12,320,100
Additions	125	12,728	48,867
Disposals	(1,787)	(100)	—
Fair value gains	—	—	60,533
Depreciation and amortisation	(13,472)	(17,772)	—
Closing net book amount as at 30 June 2023	1,091,647	401,160	12,429,500
Six months ended 30 June 2022 (unaudited)			
Opening net book amount as at 1 January 2022	1,189,219	436,949	12,718,617
Additions	40,332	6,696	421,823
Disposals	(386)	—	—
Disposal of subsidiaries	(13,396)	—	(113,300)
Fair value losses	—	—	(1,429,882)
Depreciation and amortisation	(43,352)	(17,803)	—
Closing net book amount as at 30 June 2022	1,172,417	425,842	11,597,258

The information of the Group's pledged assets is disclosed in the Note 26.

Notes to the Condensed Consolidated Financial Statements

14 Investments accounted for using the equity method

The Group considers that none of the associate nor joint venture of the Group as at 30 June 2023 was significant to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the condensed consolidated balance sheet and the condensed consolidated income statement are set out as below:

(i) Amounts recognised in the condensed consolidated balance sheet are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Investments accounted for using the equity method:		
— Joint ventures	4,373,697	3,825,573
— Associates	1,675,914	1,628,301
	6,049,611	5,453,874

(ii) Amounts recognised in the condensed consolidated income statement are as follows:

	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Share of net profit/(loss) of investments accounted for using the equity method:		
— Joint ventures	(36,152)	221,946
— Associates	54,406	160,374
	18,254	382,320

Notes to the Condensed Consolidated Financial Statements

15 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Properties under development expected to be completed		
— Within normal operating cycle included under current assets	91,641,636	94,305,792

The normal operating cycle of the Group's property development generally ranges from one to three years.

The amounts of RMB60,227,310,000 as at 30 June 2023 (31 December 2022: RMB37,773,591,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Properties under development:		
— Construction costs	12,375,933	14,331,284
— Capitalised interests	11,876,197	11,858,401
— Land use rights	67,389,506	68,116,107
	91,641,636	94,305,792

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Completed properties held for sale:		
— Construction costs	9,193,124	11,158,873
— Capitalised interests	3,808,491	4,601,651
— Land use rights	2,802,727	6,893,893
	15,804,342	22,654,417

The information of the Group's pledged assets is disclosed in Note 26.

Write-downs of the properties under development and completed properties held for sale to net realisable value amounted to RMB337,757,000 (six months ended 30 June 2022: RMB227,992,000), which were recognised as costs of sales during the six months ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

16 Trade and other receivables and prepayments

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables (note (a))	44,054	45,395
Other receivables:		
— Amounts due from non-controlling interests	12,089,757	11,198,314
— Deposits for acquisition of land use rights and property development projects	9,168,121	8,359,431
— Other amounts due from third parties	2,016,893	1,884,781
— Deposits for construction contracts	321,659	291,801
— Others	57,248	54,417
Less: loss allowance	(819,582)	(813,601)
	22,878,150	21,020,538
Prepayments:		
— Prepayments for acquisition of land use rights	—	1,230,590
— Prepaid value added tax and other taxes	4,644,148	5,051,471
— Others	135,778	163,166
	4,779,926	6,445,227
Total	27,658,076	27,465,765

Notes to the Condensed Consolidated Financial Statements

16 Trade and other receivables and prepayments (continued)

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

Ageing analysis of the trade receivables is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within one year	4,300	9,333
Over one year	39,754	36,062
	44,054	45,395

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

- (b) As at 30 June 2023, the Group's trade and other receivables were mainly denominated in RMB (31 December 2022: same). As at 30 June 2023, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2022: same).

17 Cash and bank balances

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash and cash equivalents	5,209,119	4,788,429
Term deposits (Note (a))	—	781,000
Restricted cash (Note (b))	3,049,185	3,974,507
Cash and bank balances	8,258,304	9,543,936

- (a) The Group's term deposits as at 30 June 2023 was nil (31 December 2022: the weighted average effective interest rate of the term deposits was 2.02%). The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.

Notes to the Condensed Consolidated Financial Statements

17 Cash and bank balances (continued)

- (b) Amounts mainly represent cash deposits with designated banks as guarantee deposits for construction of properties, securities for borrowings and for issuance of commercial bills.

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place certain amount of properties presale proceeds at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits, if any, will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

18 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Six months ended 30 June 2023 (unaudited)					
As at 1 January 2023 and 30 June 2023	1,683,431,000	16,805	15	3,082,681	3,082,696
Six months ended 30 June 2022 (unaudited)					
As at 1 January 2022 and 30 June 2022	1,683,431,000	16,805	15	3,082,681	3,082,696

- (a) The authorised share capital of the Company as at 30 June 2023 was HK\$380,000 (31 December 2022: same) divided into 38,000,000,000 shares (31 December 2022: same).

Notes to the Condensed Consolidated Financial Statements

19 Other reserves

(a) Capital reserves

Capital reserves mainly represented accumulated capital contribution from the shareholders of the Group companies.

(b) Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

(c) Share-based compensation reserves

The Company approved and adopted a share option scheme on 28 December 2015 (the "**Share Option Scheme**"). Share options under the Share Option Scheme (the "**Option**") are granted to eligible participant (the "**Eligibles**") including directors and other employees. Options are conditional on the Eligibles have served the Group for certain periods (the vesting period). Share Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

On 5 January 2017, approximately 62,469,000 share options (the "**2017 Options**") were granted to Eligibles with an exercise price of HK\$5.96 per share. The expiry date of the 2017 Options was 4 January 2022.

On 30 April 2019, approximately 26,571,973 share options (the "**2019 Options**") were granted to Eligibles with an exercise price of HK\$10.8 per share. The expiry date of the 2019 Options was 4 January 2022.

There were two types of vesting schedule for above share options, which are: i) 2017 Option : 30% of the options shall be vested after 12 months of the grant date; 30% of the options shall be vested after 24 months of the grant date and the remaining 40% shall be vested after 36 months of the grant date, ii) 2019 Option : Options shall be vested on 5 January 2020.

Notes to the Condensed Consolidated Financial Statements

19 Other reserves (continued)**(c) Share-based compensation reserves (continued)**

Set out below are movements of Options granted under the Share Option Scheme:

	Number of Options
As at 1 January 2022	36,439,000
Forfeited during the period	(36,439,000)
<hr/>	
As at 30 June 2022	—
<hr/>	
As at 1 January 2023	—
Forfeited during the period	—
<hr/>	
As at 30 June 2023	—

No share options had been granted during the six months ended 30 June 2023 (six months ended 30 June 2022: nil) and no share options outstanding under the Share Option Scheme as at 30 June 2023 (31 December 2022: nil).

20 Dividend

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Notes to the Condensed Consolidated Financial Statements

21 Borrowings

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Senior notes – unsecured (Note (a))	16,224,844	15,563,486
Asset backed securities (“ABS”) – secured (Note (b))	2,135,530	2,160,100
Corporate bonds – unsecured	8,601,366	8,599,124
Borrowings from financial institutions – secured (Note (c))	14,382,080	15,197,983
Less: current portion of non-current borrowings	(31,495,117)	(18,902,137)
	9,848,703	22,618,556
Borrowings included in current liabilities:		
Borrowings from financial institutions – secured (Note (c))	665,900	882,975
Current portion of non-current borrowings	31,495,117	18,902,137
	32,161,017	19,785,112
Total borrowings	42,009,720	42,403,668

- (a) The senior notes are guaranteed and secured by equity interests of certain non-PRC subsidiaries.
- (b) The ABS was pledged by the right of receipt of proceeds arising from the Group's sales of certain properties or rental income.
- (c) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 26.

Notes to the Condensed Consolidated Financial Statements

21 Borrowings (continued)

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	32,161,017	19,785,112
Between 1 and 2 years	2,379,718	17,301,277
Between 2 and 5 years	7,468,985	5,317,279
Total	42,009,720	42,403,668

(e) The Group's borrowings were denominated in:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
— RMB	25,784,876	26,829,821
— US\$	16,224,844	15,563,486
— HK\$	—	10,361
	42,009,720	42,403,668

(f) The fair value of senior notes as at 30 June 2023 was RMB920,516,000 (31 December 2022: RMB1,195,882,000), which was quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than senior notes approximate their fair values as at 30 June 2023 (31 December 2022: same) as either the impact of discounting was not significant or the borrowings carried at floating interest rates.

Notes to the Condensed Consolidated Financial Statements

22 Contract liabilities

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current contract liabilities – sales of properties	73,529,308	80,638,097

- (a) The following table set out the amount of revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	12,532,433	13,792,054

- (b) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 30 June 2023 and 31 December 2022.

Notes to the Condensed Consolidated Financial Statements

23 Trade and other payables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables (Note (a))	6,222,357	6,902,760
Note payables	369,088	485,721
Other payables:		
— Amounts due to non-controlling interests	3,332,215	3,410,852
— Other taxes payable	8,247,778	7,877,079
— Interests payable	1,343,499	1,244,437
— Deposits received for sales of properties	319,398	572,118
— Dividend payable	5,335	42,288
— Deposits from contractors and suppliers	645,274	960,423
— Accrued payroll	121,428	125,152
— Others	56,464	92,966
	20,662,836	21,713,796

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within one year	2,145,388	5,412,046
Over one year	4,076,969	1,490,714
	6,222,357	6,902,760

(b) Other payables of approximately RMB162,800,000 are interest bearing and repayable within one year from 30 June 2023 (31 December 2022: RMB162,800,000).

(c) The carrying amounts of trade and other payables were considered to be the same as their fair values.

Notes to the Condensed Consolidated Financial Statements

24 Financial guarantee

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	18,365,024	20,412,674
Guarantee provided for the borrowings of the joint ventures and associates (Note (b))	2,444,252	4,466,964
	20,809,276	24,879,638

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of loss of the Group resulting from the default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) Amounts represented the maximum exposure of the guarantees provided by the Group. The Directors consider that the fair value of these contracts at the date of inception was minimal, the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

Notes to the Condensed Consolidated Financial Statements

25 Commitments

Commitments for property development expenditures and equity investments as at 30 June 2023 and 31 December 2022 as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contracted but not provided for		
— Property development activities	13,604,341	13,756,884
— Land use rights	1,161,053	1,906,852
	14,765,394	15,663,736

26 Assets pledged as security

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,013,725	1,053,348
Land use rights	296,465	155,191
Investment properties	4,002,000	4,002,000
Total non-current assets pledged as security	5,312,190	5,210,539
Current assets		
Properties under development and completed properties held for sale	44,286,889	47,404,424
Restricted cash	—	—
Total current assets pledged as security	44,286,889	47,404,424
Total assets pledged as security	49,599,079	52,614,963

Set out above are the Group's assets pledged as securities for the Group's borrowings (Note 21(c)).

Shares of certain subsidiaries held by the Company were pledged as security for borrowing of the Group at 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions

(a) Major related parties that had significant transactions during the six months ended 30 June 2023 with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou 歐先生	Controlling Shareholder and director of the Company
Ronshine Service Holding Co., Ltd 融信服務集團股份有限公司	A company controlled by the controlling Shareholder
Xiujing (Fujian) Landscape Engineering Co., Ltd. 秀景（福建）園林工程有限公司	A company controlled by the controlling Shareholder
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint Venture
Putian Rongwanjun Real Estate Development Co., Ltd. 莆田融萬駿房地產開發有限公司	Joint Venture
Hangzhou Xingrong Real Estate Co., Ltd. 杭州星榮置業有限公司	Joint Venture
Jiangmen City Ronchang Real Estate Development Co., Ltd 江門市融昌房地產開發有限公司	Joint venture
Hangzhou Kaichuang Real Estate Co., Ltd. 杭州愷創置業有限公司	Joint venture
Qingdao West Coast Tianze Construction Development Co., Ltd. 青島西海岸天澤建設發展有限公司	Joint venture
Chongqing Yicheng Yiye Wisdom Technology Co., Ltd. 重慶頤城頤業智慧科技有限公司	Joint venture
Rongdi Real Estate Development Co., Ltd. 杭州融棣房地產開發有限公司	Joint venture
Chengdu Longteng Jinrui Property Co., Ltd. 成都隆騰錦瑞置業有限公司	Joint venture
Mianyang Wanwei Jincal Real Estate Development Co., Ltd. 綿陽萬為金彩房地產開發有限公司	Joint venture
Hangzhou Linanlongxing Real Estate Development Co., Ltd 杭州臨安龍興房地產開發有限公司	Joint Venture

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions (continued)

(a) Major related parties that had significant transactions during the six months ended 30 June 2023 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Nanjing Huihe Property Co., Ltd. 南京薈合置業有限公司	Joint Venture
Jinhua Tianxi Property Co., Ltd 金華天璽置業有限公司	Joint Venture
Tianjin Jinrui Property Co., Ltd 天津金銳置業有限公司	Joint Venture
Hangzhou Rongxuan Real Estate Development Co., Ltd. 杭州融暉房地產開發有限公司	Joint Venture
Hangzhou Wanjing Property Co., Ltd. 杭州萬璟置業有限公司	Joint venture
Jinhua Ruiying Real Estate Co., Ltd. 金華市瑞盈房地產有限公司	Joint venture
Zhoushan Kairong Real Estate Development Co., Ltd. 舟山愷融房地產開發有限公司	Joint venture
Cixi Jingui Property Co., Ltd. 慈溪市金桂置業有限公司	Joint venture
Fuyang Lvdi Property Co., Ltd. 阜陽綠地置業有限公司	Joint venture
Xi'an Dihang Real Estate Development Co., Ltd 西安迪航房地產開發有限公司	Joint venture
Taicang Jinyi Real Estate Co., Ltd. 太倉錦意置業有限公司	Joint venture
Suzhou Rongpu Property Co., LTD 蘇州融樸置業有限公司	Joint venture
Fujian Rongxinxiang Investment Co., Ltd. 福建融鑫祥投資有限公司	Joint venture
Hanzhou Qiantang Real Estate Development Co., Ltd. 杭州乾唐房地產開發有限公司	Joint venture
Nanjing Langqian Real Estate Co., Ltd. 南京朗乾置業有限公司	Joint venture
Nantong Rongxi Real Estate Development Co., Ltd. 南通融璽房地產開發有限公司	Joint venture
Shaanxi Baoyi Yiliang Real Estate Co., Ltd. 陝西保億億亮置業有限公司	Joint venture

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions (continued)

(a) Major related parties that had significant transactions during the six months ended 30 June 2023 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Xuzhou Tianmei Real Estate Development Co., Ltd. 徐州天美房地產開發有限公司	Joint venture
Nantong Fulaoer Trading Co., Ltd. 南通富勞邇貿易有限公司	Joint venture
Hangzhou Xingxu Business Consulting Co., Ltd. 杭州星旭商務諮詢有限公司	Joint venture
Hangzhou Yuansi Enterprise Management Co., Ltd. 杭州遠斯企業管理有限公司	Joint venture
Bengbu City Bicheng Real Estate Development Co., Ltd. 蚌埠市碧誠房地產開發有限公司	Joint venture
Shanghai Kaidai Real Estate Development Co., Ltd. 上海愷岱房地產開發有限公司	Joint venture
Hairong (Zhangzhou) Property Co., Ltd. 海融（漳州）房地產有限公司	Joint venture
Fuzhou Yubaichuan Real Estate Development Co., Ltd. 福州裕百川房地產開發有限公司	Joint Venture
Fuzhou Hongbailong Real Estate Development Co., Ltd. 福州泓百隆房地產開發有限公司	Joint venture
Fujian Rongdaxin Investment Co., Ltd. 福建融達信投資有限公司	Joint venture
Chengdu Haotian Real Estate Development Co., Ltd. 成都浩天房地產開發有限公司	Joint venture
Kunshan Xingwei Property Co., Ltd. 昆山興未置業有限公司	Joint venture
Baoding Zhitai Real Estate Development Co., Ltd. 保定智泰房地產開發有限公司	Joint venture
Fuzhou Rongxinglan Real Estate Development Co., Ltd. 福州融興藍房地產開發有限公司	Joint venture
Jiujiang Rongxi Real Estate Development Co., Ltd. 九江融璽房地產開發有限公司	Joint venture
Huzhou Rongda Real Estate Development Co., Ltd. 湖州融達房地產開發有限公司	Joint venture
Nanjing Taiyi Hexin Enterprise Management Consulting Co., Ltd. 南京泰熠和信企業管理諮詢有限公司	Joint venture

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions (continued)

(a) Major related parties that had significant transactions during the six months ended 30 June 2023 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Chongqing Yicheng Yugao Intelligent Technology Co., Ltd. 重慶頤城俞高智慧科技有限公司	Joint venture
Rong Rui Co., Ltd. 融瑞有限公司	Joint venture
Zhenjiang Yiteng Real Estate Development Co., Ltd. 鎮江億騰房地產開發有限公司	Associate
Shaanxi Shengshi Haihong Real Estate Development Co., Ltd. 陝西盛世海宏房地產開發有限公司	Associate
Hangzhou Lvcheng Wangxi Real Estate Development Co., Ltd. 杭州綠城望溪房地產開發有限公司	Associate
Fuzhou Wanxi Real Estate Co., Ltd. 福州市萬曦房地產有限公司	Associate
Nantong Jianghe Property Co., Ltd. 南通江河置業有限公司	Associate
Zhangzhou City Vanke Binjiang Property Co., Ltd. 漳州市萬科濱江置業有限公司	Associate
Hangzhou Ronlang Real Estate Development Co., Ltd. 杭州融朗房地產開發有限公司	Associate
Jiangmen City Hongshun Real Estate Development Co., Ltd. 江門市弘順房地產開發有限公司	Associate
Nanjing Jintai Real Estate Development Co., Ltd. 南京錦泰房地產開發有限公司	Associate
Hangzhou Longyi Real Estate Development Co., Ltd. 杭州龍毅房地產開發有限公司	Associate
Hangzhou Meishengmei Property Co., Ltd. 杭州美生美置業有限公司	Associate
Fuzhou City Yuxiang Real Estate Development Co., Ltd. 福州市禹翔房地產有限公司	Associate
Hangzhou Rongxin Real Estate Development Co., Ltd. 杭州融歆房地產開發有限公司	Associate

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions (continued)

(a) Major related parties that had significant transactions during the six months ended 30 June 2023 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Yuqian Real Estate Development Co., Ltd. 杭州譽乾房地產開發有限公司	Associate
Yueqing Rongliang Real Estate Development Co., Ltd. 樂清市融梁房地產開發有限公司	Associate
Chengdu Jinfenghua Property Co., Ltd. 成都金豐華置業有限公司	Associate
Hangzhou Rongcha Industrial Co., Ltd. 杭州融洽實業有限公司	Associate
Qingdao West Coast Kechuang Investment Development Co., Ltd. 青島西海岸科創投資開發有限公司	Associate
Yongtai Baolong Real Estate Development Co., Ltd. 永泰寶龍房地產開發有限公司	Associate
Suzhou Kaixingyu Real Estate Development Co., Ltd. 蘇州愷星鈺房地產開發有限公司	Associate
Hangzhou Zhehan Real Estate Development Co., Ltd. 杭州哲瀚房地產開發有限公司	Associate
Jiaxing Zhenyue Property Co., Ltd. 嘉興臻嶽置業有限公司	Associate
Hangzhou Jinhong Real Estate Development Co., Ltd. 杭州錦虹房地產開發有限公司	Associate
Hangzhou Mingyu Real Estate Development Co., Ltd. 杭州銘昱房地產開發有限公司	Associate
Hangzhou Wanfeng Real Estate Development Co., Ltd. 杭州萬楓房地產開發有限公司	Associate
Hangzhou Binming Enterprise Management Co., Ltd. 杭州濱銘企業管理有限公司	Associate

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions (continued)

(b) Key management compensation

Compensation for key management including directors is set out below:

	Six months ended 30 June	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Key management compensation:		
— Salaries and other employee benefits	7,217	12,589
— Pension costs	105	309
	7,322	12,898

(c) Transactions with related parties

Save as disclosed elsewhere in this condensed consolidated financial statements, during the six months ended 30 June 2023 and 30 June 2022, the Group had the following transactions with related parties.

Services provided by related parties

	Six months ended 30 June	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Property management services		
— Ronshine Service Holding Co., Ltd.	25,023	81,934
Landscape engineering services		
— Xiujing (Fujian) Landscape Engineering Co., Ltd	97,531	271,734

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions (continued)

(c) Transactions with related parties (continued)

Services provided to related parties

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income		
— Joint ventures	613	37,515
— Associates	—	—
	613	37,515
Consultation services		
— Joint ventures	23,282	48,216
— Associates	9,226	85
	32,508	48,301

The Directors are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

Please refer to Note 24 for the guarantee provided for the borrowings of the joint ventures and associates by the Group.

Notes to the Condensed Consolidated Financial Statements

27 Significant related party transactions (continued)

(d) Balances with related parties

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Amounts due from related parties:		
— Joint ventures	3,817,443	6,747,673
— Associates	1,585,943	1,586,844
— Other related parties:	8,570	6,386
— Ronshine Service Holding Co., Ltd.	6,019	6,118
— Xiujing (Fujian) Landscape Engineering Co., Ltd.	2,551	268
	5,411,956	8,340,903
Amounts due to related parties:		
— Joint ventures	3,319,821	4,389,099
— Associates	1,755,124	2,308,406
— Other related parties:	373,288	378,039
— Mr. Ou	108,837	76,703
— Ronshine Service Holding Co., Ltd.	202,152	215,894
— Xiujing (Fujian) Landscape Engineering Co., Ltd.	62,299	85,442
	5,448,233	7,075,544

Amounts due from related parties mainly represented the cash advances made to related parties which are unsecured, repayable on demand and denominated in RMB.

Amounts due to Ronshine Service Holding Co., Ltd. mainly represented the payables of property management fees which were unsecured, interest-free, to be settled according to agreed terms and denominated in RMB.

Amounts due to Xiujing (Fujian) Landscape Engineering Co., Ltd. mainly represented the payables of landscape engineering services fee which were unsecured, interest-free, to be settled according to agreed terms and denominated in RMB.