CIFI Holdings (Group) Co. Ltd.
旭 輝 控 股（集 團）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00884)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the "Board") of CIFI Holdings (Group) Co. Ltd. (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2023 (the "Relevant Period") with comparative figures for the preceding financial year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**31,318,914**	29,720,321
Cost of sales and services		**(26,355,352)**	(23,571,487)
Gross profit		**4,963,562**	6,148,834
Other income and gains (expenses), net	*5*	**(639,280)**	(798,185)
Selling and marketing expenses		**(1,096,120)**	(801,820)
Administrative expenses		**(1,197,177)**	(1,182,450)
Fair value (loss) gain of investment properties		**(40,259)**	6,553
Write-down of properties held for sale and properties under development for sale		**(5,808,821)**	(377,030)
Allowance for expected credit losses		**(1,012,864)**	(52,109)
Finance costs	*6*	**(1,415,939)**	(372,421)
Share of results of joint ventures and associates		**(564,136)**	103,713
(Loss) profit before tax		**(6,811,034)**	2,675,085
Income tax expense	*7*	**(2,321,030)**	(770,801)
(Loss) profit for the period	*8*	**(9,132,064)**	1,904,284

	NOTES	Six months ended 30 June **2023** ***RMB'000*** **(Unaudited)**	 2022 *RMB'000* (Unaudited)
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Fair value change on hedging instruments designated as cash flow hedges		**–**	30,536
Reclassification of fair value change on hedging instruments designated as cash flow hedge to profit or loss		**–**	(4,083)
Items that will not be reclassified subsequently to profit or loss:			
Fair value change on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		**(19,893)**	(41,368)
		(19,893)	(14,915)
Total comprehensive (expense) income for the period		**(9,151,957)**	1,889,369
(Loss) profit for the period attributable to:			
Equity owners of the Company		**(8,972,013)**	730,825
Owners of perpetual capital instruments		**121,169**	52,121
Non-controlling interests		**(281,220)**	1,121,338
		(9,132,064)	1,904,284
Total comprehensive (expense) income for the period attributable to:			
Equity owners of the Company		**(8,991,906)**	715,910
Owners of perpetual capital instruments		**121,169**	52,121
Non-controlling interests		**(281,220)**	1,121,338
		(9,151,957)	1,889,369
(Loss) earnings per share, in RMB:			
Basic	*10*	**(0.86)**	0.08
Diluted	*10*	**(0.86)**	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2023

	NOTES	**At 30 June 2023** *RMB'000* **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Investment properties		**45,624,729**	45,797,766
Property, plant and equipment		**599,535**	571,039
Right-of-use assets		**205,466**	204,764
Intangible assets		**296,200**	311,092
Goodwill		**1,488,171**	1,454,656
Interests in associates		**14,825,426**	14,030,344
Interests in joint ventures		**12,792,450**	12,778,183
Investments in property projects		**101,257**	94,310
Financial assets at fair value through profit or loss ("FVTPL")		**743,787**	818,340
Equity investments at FVTOCI		**19,917**	39,810
Deferred tax assets		**2,414,790**	2,343,246
Other receivables, deposits and prepayments	*11*	**132,468**	58,523
Deferred contract costs		**13,955**	10,894
		79,258,151	78,512,967
CURRENT ASSETS			
Properties held for sale		**21,701,268**	23,436,320
Properties under development for sale		**140,979,043**	160,801,700
Accounts and other receivables, deposits and prepayments	*11*	**32,575,581**	30,836,601
Amounts due from non-controlling interests		**37,145,721**	36,728,369
Amounts due from joint ventures and associates		**22,655,823**	26,240,695
Deposits for land use rights for properties held for sale		**2,087,501**	3,759,653
Tax recoverable		**6,175,865**	5,230,807
Financial assets at FVTPL		**–**	20,759
Pledged bank deposits		**446,052**	445,300
Bank balances and cash		**19,762,811**	20,108,115
Deferred contract costs		**6,208**	11,561
		283,535,873	307,619,880

	NOTES	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
CURRENT LIABILITIES			
Accounts and other payables and accrued charges	*12*	**57,376,413**	56,330,766
Contract liabilities		**85,308,251**	91,551,676
Amounts due to non-controlling interests		**7,106,432**	6,739,936
Amounts due to joint ventures and associates		**22,207,313**	24,812,909
Tax payable		**8,279,002**	6,704,660
Lease liabilities – due within one year		**68,764**	62,913
Financial guarantee liabilities		**82,318**	57,582
Bank and other borrowings – due within one year		**36,016,250**	37,487,563
Senior notes – due within one year		**29,193,842**	28,432,434
Corporate bonds and medium-term note – due within one year		**5,843,246**	4,809,105
Debt component of convertible bonds		**1,504,697**	1,401,331
Derivative component of convertible bonds		**–**	267,247
		252,986,528	258,658,122
NET CURRENT ASSETS		**30,549,345**	48,961,758
TOTAL ASSETS LESS CURRENT LIABILITIES		**109,807,496**	127,474,725
CAPITAL AND RESERVES			
Share capital		**855,575**	855,575
Reserves		**19,589,613**	28,558,791
Equity attributable to owners of the Company		**20,445,188**	29,414,366
Perpetual capital instruments		**1,924,545**	1,924,545
Non-controlling interests		**52,570,297**	54,841,491
TOTAL EQUITY		**74,940,030**	86,180,402
NON-CURRENT LIABILITIES			
Other payables – due after one year	*12*	**10,504**	13,174
Lease liabilities – due after one year		**148,655**	153,943
Bank and other borrowings – due after one year		**22,416,769**	27,997,778
Corporate bonds and medium-term note – due after one year		**7,254,329**	8,321,451
Deferred tax liabilities		**5,037,209**	4,807,977
		34,867,466	41,294,323
		109,807,496	127,474,725

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PRESENTATION

The condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2022.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in future and the success of the below plans and measures.

During the six months ended 30 June 2023, the Group incurred a net loss attributable to equity owners of the Company of approximately RMB8,972,013,000. As at 30 June 2023, the Group was unable to repay the principal and the interest of certain offshore senior notes and the interest of convertible bonds and, as a result, certain bank borrowings, senior notes, convertible bonds (including debt and derivative components) and interest payables amounted to approximately RMB17,628,162,000, RMB29,193,842,000, RMB1,504,697,000 and RMB1,704,625,000 respectively became default or cross-default.

In view of such circumstances, the Group has given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group has appointed a financial adviser to assist it with a restructuring of its financing arrangements, in order to reach a consensual solution with all the stakeholders as soon as practical. Up to the date of approval for issuance of the condensed consolidated financial statements, a Co-ordination Committee (consists of a number of lenders under bank financings) and AHG (an ad hoc group of bondholders) have been formed and constructive discussions are continuing between the Company and the creditor groups or their advisers;

(ii) Based on the PBoC's 16 Supportive Financial Measures, the Group has been actively negotiating with a number of financial institutions for renewal and extension of existing onshore bank borrowings to improve the liquidity position of the Group;

(iii) The Group has been actively negotiating with a number of financial institutions to timely secure relevant project development loans for qualified project development for the continuation of its PRC business operations;

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

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

(vi) The Group has implemented stringent cost saving measures including reducing non-core and unessential operations and expenses; and

(vii) The Group will continue to seek suitable opportunities to dispose of its non-core assets to strengthen its cash position.

The Board has reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period of not less than twelve months from 30 June 2023. The Board is of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its obligations and to meet its financial obligations as they fall due not less than twelve months from the date of approval for issuance of the condensed consolidated financial statements. Accordingly, the Board is satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

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

(i) successfully completing the restructuring of its offshore financing arrangements;

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

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

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

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

(vi) successfully implementing measures to effectively control costs and expenses; and

(vii) successfully disposing of the Group's non-core assets when suitable.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to reclassify the Group's non-current assets and non-current liabilities as current assets and current liabilities respectively, to write down the carrying values of the Group's assets to their recoverable amounts and to provide for any provision for any contractual commitments that have become onerous as at the end of the reporting period. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current period, the Group has applied the following amendments to IFRSs issued by the IASB 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:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The application of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of 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.

The Group has not applied the new IFRSs that have been issued but not yet effective. The application of these new IFRSs will not have material impact on the condensed consolidated financial statements of the Group.

4. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (being the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on three main operations:

- Sales of properties and other property related services: this segment represents the development and sales of office and commercial premises, carparks and residential properties and income generated from project management. Substantially most of the Group's activities in this regard are primarily carried out in the PRC.

- Property investment: this segment represents the lease of investment properties and other service related to investment properties, which are developed or purchased by the Group to generate rental income and gain from the appreciation of the properties' values in the long term. Currently, the Group's investment property portfolio is located entirely in the PRC.

- Property management and other services: this segment mainly represents the income generated from property management. Currently, the Group's activities in this regard are carried out in the PRC.

(a) **Segment revenue and (loss) profit**

	Sales of properties and other property related services *RMB'000*	Property investment *RMB'000*	Property management and other services *RMB'000*	Total *RMB'000*
Six months ended 30 June 2023				
Reportable segment revenue from external customers	27,661,021	716,266	2,941,627	31,318,914
Reportable segment (loss) profit	(2,922,608)	456,082	525,147	(1,941,379)
Six months ended 30 June 2022				
Reportable segment revenue from external customers	26,354,771	662,281	2,703,269	29,720,321
Reportable segment profit	3,795,893	409,659	764,432	4,969,984

(b) **Segment assets and liabilities**

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

(c) **Reconciliation of reportable segment revenue and (loss) profit**

	Six months ended 30 June	
	2023 *RMB'000* **(Unaudited)**	2022 *RMB'000* (Unaudited)
Revenue		
Reportable segment and revenue	**31,318,914**	29,720,321
(Loss) profit		
Reportable segment (loss) profit	**(1,941,379)**	4,969,984
Other income and gains (expenses), net	**(639,280)**	(798,185)
Fair value (loss) gain of investment properties	**(40,259)**	6,553
Finance costs	**(1,415,939)**	(372,421)
Share of results of joint ventures and associates	**(564,136)**	103,713
Allowance for expected credit losses	**(1,012,864)**	(52,109)
Depreciation of property, plant and equipment	**(42,152)**	(50,660)
Depreciation of right-of-use assets	**(49,521)**	(46,999)
Amortisation of intangible assets	**(17,901)**	(20,802)
Unallocated head office and corporate expenses	**(1,087,603)**	(1,063,989)
(Loss) profit before tax	**(6,811,034)**	2,675,085

5. OTHER INCOME AND GAINS (EXPENSES), NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**79,986**	225,391
Gain on disposal of subsidiaries, net	**28,957**	20,768
Loss on disposal of associates	**(47,554)**	(8,991)
Loss on disposal of joint ventures, net	**(16,721)**	(6,122)
Government grants	**60,727**	54,820
Forfeited deposits paid by purchasers	**43,373**	27,311
Gain on disposal of property, plant and equipment, net	**667**	325
Loss on early redemption of senior notes	**–**	(1,608)
Dividend income from financial assets at FVTPL	**15,821**	11,664
Dividend income from investments in property projects	**9,172**	34,109
Fair value changes on:		
– investments in property projects	**–**	(54,442)
– financial assets at FVTPL	**(59,970)**	(148,579)
– derivative financial instruments	**–**	(2,767)
– derivative component of convertible bonds	**274,690**	(80,294)
Net exchange loss	**(1,044,511)**	(932,014)
Sundry income	**16,083**	62,244
	(639,280)	(798,185)

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on bank and other borrowings	**1,651,309**	1,952,233
Interest expense on senior notes	**816,517**	786,309
Interest expense on corporate bonds and medium-term note	**273,692**	236,352
Interest expense on convertible bonds	**121,182**	64,128
Interest expense on lease liabilities	**4,872**	5,872
	2,867,572	3,044,894
Less: Amount capitalised to properties under development for sale and investment properties under construction	**(1,451,633)**	(2,672,473)
	1,415,939	372,421

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	**1,283,213**	261,178
Land appreciation tax	**920,211**	247,812
	2,203,424	508,990
Deferred tax		
Enterprise Income Tax	**117,606**	261,811
Total tax expense for the period	**2,321,030**	770,801

8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Cost of properties sold included in cost of sales and services	**23,030,908**	20,590,797
Depreciation of property, plant and equipment	**42,152**	50,660
Depreciation of right-of-use assets	**49,521**	46,999
Amortisation of intangible assets	**17,901**	20,802
Staff cost (including directors' emoluments)	**1,729,875**	1,568,203

9. DIVIDEND

No interim dividend was declared for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted earnings per share ((loss) profit for the period attributable to equity owners of the Company)	**(8,972,013)**	730,825
Shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**10,413,078,372**	8,986,179,069
Effect of dilutive potential ordinary shares on:		
– share options	**–**	2,718,250
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**10,413,078,372**	8,988,897,319

The computation of diluted (loss) earnings per share for the six months ended 30 June 2023 does not include the convertible bonds as the assumed exercise of these convertible bonds has an anti-dilutive effect.

The computation of diluted (loss) earnings per share for the six months ended 30 June 2023 does not assume the exercise of the share options as the assumed exercise of the certain share options would result in a decrease in loss per share and exercise price of certain share options was higher than the average market price of 2023.

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee of the share award scheme.

11. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Accounts receivables mainly arise from sales of properties. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally with a range of 60 days to 180 days from the date of agreement.

	At 30 June 2023 *RMB'000* **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Accounts receivables – contracts with customers	**4,624,848**	4,560,721
Less: Allowance for expected credit losses	**(308,510)**	(244,359)
	4,316,338	4,316,362
Other receivables and deposits	**22,740,894**	21,479,776
Less: Allowance for expected credit losses	**(498,904)**	(167,829)
	22,241,990	21,311,947
Prepaid tax	**1,330,061**	1,365,559
Prepayments	**4,819,660**	3,901,256
	32,708,049	30,895,124
Less: Amount shown under non-current assets	**(132,468)**	(58,523)
Amounts shown under current assets	**32,575,581**	30,836,601

The following is an ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, at the end of the reporting period:

	At 30 June 2023 *RMB'000* **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Within 60 days	**2,278,446**	2,259,997
61–180 days	**233,587**	371,886
181–365 days	**239,712**	432,336
Over 1 year	**1,564,593**	1,252,143
	4,316,338	4,316,362

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED CHARGES

	At 30 June 2023 *RMB'000* **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Accounts payables	**31,020,735**	30,760,787
Bills payables	**33,820**	301,012
	31,054,555	31,061,799
Other payables and accrued charges	**17,924,963**	17,702,610
Other tax payables	**6,702,774**	7,148,164
Interest payables	**1,704,625**	431,367
	57,386,917	56,343,940
Less: Amounts shown under non-current liabilities	**(10,504)**	(13,174)
Amounts shown under current liabilities	**57,376,413**	56,330,766

The following is an ageing analysis of accounts and bills payables, based on the invoice date, at the end of the reporting period:

	At 30 June 2023 *RMB'000* **(Unaudited)**	At 31 December 2022 *RMB'000* (Audited)
Within 60 days	**15,770,490**	11,210,029
61–180 days	**4,211,180**	6,138,201
181–365 days	**5,161,539**	9,171,520
Over 1 year	**5,911,346**	4,542,049
	31,054,555	31,061,799

EXTRACT OF INDEPENDENT REVIEW REPORT

The following is an extract of the independent auditor's review report on the Group's interim condensed consolidated financial statements for the six months ended 30 June 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the interim condensed consolidated financial statements for the six months ended 30 June 2023. The events and conditions stated in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE FIRST HALF OF 2023 AND OUTLOOK FOR THE SECOND HALF OF 2023

In the first half of the year, the overall performance of the real estate market hyped first and then declined. Driven by factors such as the concentrated release of backlog demand and the delivery of effects of previous policies, the market activity increased in the first quarter. However, as the initial backlog of demand has basically released, visits and sales continued to decline since the second quarter with intensified urban differentiation. The stimulus policies for the real estate market were not as expected, hence the market was unable to continue its momentum of recovery. In the first half of the year, the cumulative transaction amount of newly built commercial properties across the country decreased by 5.3% on a year-on-year basis, which was relatively a low level in the same period in recent years. Among them, the decline of private real estate enterprises was particularly serious, and problems of difficult sales and financing still existed.

Looking ahead to the second half of the year, the restrictive policies will be further unwound as the Political Bureau meeting of the Central Committee in July has made it clear that the real estate policy will be adjusted and optimized in due course. However, there has been no significant improvement in the market sentiment in a short period of time. Under the impact of expectations of weak resident income, larger fall in house prices as well as property buyers' worries about uncompleted houses, the strength of supportive policies will directly affect the subsequent development of the real estate market.

Currently, China's real estate market has entered into a new form of "significant changes between supply and demand". We will adopt a more prudent operation strategy, enhance the efficiency of management and control, and implement "one policy for one property" in a more refined manner. We will also continue to strengthen our sales efforts in terms of operation, proactively funds especially in the cities with incentive policies, and actively grasp the window of opportunity for marketing. In addition, property buyers become more rational with more emphasis on an enterprise's own brand, team and delivery capabilities. CIFI has established a solid foundation in these aspects over the years. Despite challenges ahead, it still ranked top 20 among the national brand real estate enterprises with a total of approximately 55,000 units delivered in the first half of the year, ranking top 10 of the industry in the ranking by a third party institution EH Consulting "TOP 50 of China's typical real estate enterprises in terms of units delivered from January to June 2023 (《2023年1-6月中國典型房企交付套數TOP50》)". The Company is actively committed to doing all the groundwork of operation, maintaining a normal organizational structure of core management teams, making every effort to ensure delivery and operation, and enhancing its comprehensive strength.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted sales

For the six months ended 30 June 2023 (the "Relevant Period"), the Group achieved contracted sales of approximately RMB41.94 billion, representing a year-on-year decrease of 33.6% as compared to RMB63.14 billion in the corresponding period of last year. The drop in the Group's contracted sales was due to the tough business environment in the real estate industry.

For the six months ended 30 June 2023, the Group's contracted sales in GFA was approximately 2,895,800 sq.m., representing a decrease of 30.1% over the corresponding period of last year. The Group's contracted ASP (excluding carpark and storage room) for the Relevant Period was approximately RMB15,300/sq.m..

Contracted sales from the Yangtze River Delta, the Pan Bohai Rim, the Central Western Region, and the South China Region contributed to approximately 33.1%, 28.6%, 28.2% and 10.1% of the Group's total contracted sales in the first half of 2023 respectively. Contracted sales from first- and second-tier cities accounted for approximately 89.8% of the Group's total contracted sales. Contracted sales derived from residential projects contributed to approximately 88.8% of the Group's total contracted sales whereas those from office/ commercial projects contributed to the remaining 11.2%.

Table 1: Details of contracted sales for the six months ended 30 June 2023

By type of project

	Contracted sales *(RMB'000)*	**% of total contracted sales** *(%)*	**Contracted GFA** *(sq.m.)*	**Contracted ASP** *(RMB/sq.m.)*
Residential	37,234,480	88.8	2,364,567	15,747
Office/Commercial	4,705,530	11.2	531,185	8,859
Total	41,940,010	100.0	2,895,752	14,483

By region

	Contracted Sales *(RMB'000)*	**% of total Contracted Sales** *(%)*	**Contracted GFA** *(sq.m.)*	**Contracted ASP** *(RMB/sq.m.)*
Yangtze River Delta	13,861,250	33.1	858,095	16,154
Pan Bohai Rim	11,984,690	28.6	725,992	16,508
Central Western Region	11,843,430	28.2	999,365	11,851
South China Region	4,250,640	10.1	312,300	13,611
Total	41,940,010	100.0	2,895,752	14,483

By first-, second- and third-tier cities

	Contracted Sales *(RMB'000)*	**% of total Contracted Sales** *(%)*	**Contracted GFA** *(sq.m.)*	**Contracted ASP** *(RMB/sq.m.)*
First-tier cities	4,588,070	10.9	167,294	27,425
Second-tier cities	33,082,240	78.9	2,257,779	14,653
Third-tier cities	4,269,700	10.2	470,679	9,071
Total	41,940,010	100.0	2,895,752	14,483

Notes:

1. First-tier cities refer to Beijing, Guangzhou, Hong Kong and Shanghai.

2. Second-tier cities refer to Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guiyang, Hangzhou, Hefei, Jinan, Kunming, Nanchang, Nanjing, Nanning, Nantong, Ningbo, Qingdao, Shaoxing, Shenyang, Shijiazhuang, Suzhou, Taiyuan, Tianjin, Urumqi, Wenzhou, Wuhan, Wuxi, Xiamen, Xi'an and Zhengzhou.

3. Third-tier cities refer to Fuyang, Huizhou, Linyi, Luoyang, Meishan, Weifang, Wuhu, Yantai, Liaocheng, Zhoushan, Zhuhai and Zibo.

Revenue recognised from sales of properties

Revenue recognised from sales of properties for the six months ended 30 June 2023 was approximately RMB27,118.7 million, up by 7.4% year-on-year, accounting for 86.6% of total recognised revenue. For the six months ended 30 June 2023, the Group's subsidiaries delivered approximately 1,872,900 sq.m. of properties in GFA, down by 5.5% from the corresponding period of last year, while ASP recognised was RMB14,479/sq.m., up by 13.6% from the corresponding period of last year.

Table 2: Breakdown of recognised revenue from property sales for the six months ended 30 June 2023

By type of project

	Recognised revenue from sale of properties *(RMB'000)*		% of recognised revenue from sale of properties *(%)*		Total GFA delivered *(sq.m.)*		Recognised ASP *(RMB/sq.m.)*	
Primary intended use of the project	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Residential	**24,801,111**	23,179,308	**91.5**	92.0	**1,652,426**	1,898,812	**15,009**	12,207
Office/Commercial	**2,317,595**	2,071,059	**8.5**	8.0	**220,478**	82,237	**10,512**	25,184
Total	**27,118,706**	25,250,367	**100.0**	100.0	**1,872,904**	1,981,049	**14,479**	12,746

By region

	Recognised revenue from sale of properties *(RMB'000)*		% of recognised revenue from sale of properties *(%)*		Total GFA delivered *(sq.m.)*		Recognised ASP *(RMB/sq.m.)*	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Yangtze River Delta	**13,871,434**	7,404,036	**51.2**	29.3	**812,263**	444,457	**17,078**	16,659
Pan Bohai Rim	**1,680,672**	3,284,539	**6.2**	13.0	**158,667**	267,695	**10,592**	12,270
Central Western Region	**9,660,972**	14,218,577	**35.6**	56.3	**780,229**	1,256,289	**12,382**	11,318
South China Region	**1,905,628**	343,215	**7.0**	1.4	**121,745**	12,608	**15,653**	27,222
Total	**27,118,706**	25,250,367	**100.0**	100.0	**1,872,904**	1,981,049	**14,479**	12,746

By first-, second- and third-tier cities

	Recognised revenue from sale of properties *(RMB'000)*		% of recognised revenue from sale of properties *(%)*		Total GFA delivered *(sq.m.)*		Recognised ASP *(RMB/sq.m.)*	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
First-tier cities	**205,057**	362,268	**0.8**	1.4	**12,425**	13,635	**16,504**	26,569
Second-tier cities	**24,564,769**	21,834,605	**90.5**	86.5	**1,619,969**	1,661,203	**15,164**	13,144
Third-tier cities	**2,348,880**	3,053,494	**8.7**	12.1	**240,510**	306,211	**9,766**	9,972
Total	**27,118,706**	25,250,367	**100.0**	100.0	**1,872,904**	1,981,049	**14,479**	12,746

Notes:

1. First-tier cities refer to Beijing, Guangzhou, Hong Kong and Shanghai.

2. Second-tier cities refer to Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guiyang, Hangzhou, Hefei, Jinan, Kunming, Nanchang, Nanjing, Nanning, Nantong, Ningbo, Qingdao, Shaoxing, Shenyang, Shijiazhuang, Suzhou, Taiyuan, Tianjin, Urumqi, Wenzhou, Wuhan, Wuxi, Xiamen, Xi'an and Zhengzhou.

3. Third-tier cities refer to Fuyang, Huizhou, Linyi, Luoyang, Meishan, Weifang, Wuhu, Yantai, Liaocheng, Zhoushan, Zhuhai and Zibo.

Completed properties held for sale

As at 30 June 2023, the Group had over 180 completed properties projects with a total and attributable unsold or undelivered GFA of approximately 8.6 million sq.m. and 4.7 million sq.m. respectively.

Properties under development/held for future development

As at 30 June 2023, the Group had over 160 property projects under development or held for future development with a total and attributable GFA of approximately 33.8 million sq.m. and 18.4 million sq.m. respectively.

PROPERTY INVESTMENT

The Group's leases and other service income related to investment properties during the six months ended 30 June 2023 was approximately RMB716.3 million, increased by 8.2% year-on-year. The rental income in first half 2023 was mainly contributed by Shanghai LCM, Shanghai The Roof, Shanghai CIFI Tower, Beijing Wukesong Arena and Shanghai Yangpu Baolong Xuhui Plaza.

As at 30 June 2023, the Group had 30 investment properties with a total and attributable GFA of approximately 2,261,000 sq.m. and 1,649,100 sq.m., respectively, of which, 23 investment properties with a total and attributable GFA of approximately 1,501,800 sq.m. and 1,151,700 sq.m., respectively, had commenced leasing.

PROPERTY MANAGEMENT

The Group's property management and other services income during the six months ended 30 June 2023 was approximately RMB2,941.6 million, increased by 8.8% year-on-year, and such increase was primarily due to the increase in the number of properties under management.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2023, the Group's recognised revenue was approximately RMB31,318.9 million, up by 5.4% year-on-year. Out of the Group's total recognised revenue during the six months ended 30 June 2023, (i) sales of properties and other property related service income increased by 5.0% from the corresponding period of last year to approximately RMB27,661.0 million; (ii) leases increased by 11.8% from the corresponding period of last year; (iii) property management and other services increased by 8.8% from the corresponding period of last year; and (iv) other service income related to investment properties decreased by 56.2% from the corresponding period of last year.

Table 3: Breakdown of recognised revenue for the six months ended 30 June 2023

	Six months ended 30 June 2023		Six months ended 30 June 2022		
	Recognised revenue *(RMB'000)*	**% of total recognised revenue** *(%)*	Recognised revenue *(RMB'000)*	% of total recognised revenue *(%)*	Year-on-year change *(%)*
Sales of properties and other property related service income	**27,661,021**	**88.3**	26,354,771	88.7	5.0
Leases	**700,760**	**2.2**	626,879	2.1	11.8
Property management and other services	**2,941,627**	**9.4**	2,703,269	9.1	8.8
Other service income related to investment properties	**15,506**	**0.1**	35,402	0.1	-56.2
Total	**31,318,914**	**100.0**	29,720,321	100.0	5.4

Cost of sales and service

The Group's cost of sales during the six months ended 30 June 2023 was approximately RMB26,355.4 million, up by 11.8% from the corresponding period of last year.

Gross profit and gross profit margin

The Group's gross profit during the six months ended 30 June 2023 was approximately RMB4,963.6 million, down by 19.3% compared to approximately RMB6,148.8 million for the corresponding period in 2022. The gross profit margin was 15.8% during the six months ended 30 June 2023, compared to the gross profit margin of 20.7% in the corresponding period in 2022.

Write-down of properties held for sale and properties under development for sale

During the six months ended 30 June 2023, the Group recognized a loss of RMB5,808.8 million on write-down of properties held for sale and properties under development for sale as compared to RMB377.0 million in the corresponding period of last year.

Fair value (loss) gain of investment properties

During the six months ended 30 June 2023, the Group recognised a fair value loss on investment properties of approximately RMB40.3 million as compared to gain of approximately RMB6.6 million in the corresponding period of last year.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 36.7% to approximately RMB1,096.1 million during the six months ended 30 June 2023 from approximately RMB801.8 million in the corresponding period of last year.

Administrative and other expenses

The Group's administrative expenses increased by 1.2% to approximately RMB1,197.2 million during the six months ended 30 June 2023 from approximately RMB1,182.5 million in the corresponding period of last year.

Share of results of joint ventures and associates

The Group's share of results of joint ventures and associates amounted to loss of RMB564.1 million during the six months ended 30 June 2023, versus profits of RMB103.7 million in the corresponding period of last year. Included in the share of results of joint ventures and associates in the six months ended 30 June 2023 was RMB27.7 million for share of gain in the fair value of investment properties under construction and RMB495.3 million for write-down of properties held for sale and properties under development for sale.

Eliminating the effects of fair value loss and write-down, the Group's share of results of joint ventures and associates was loss of RMB96.5 million during the six months ended 30 June 2023, compared to profits of RMB658.8 million in the corresponding period of last year.

Finance costs

The Group's finance costs expensed during the six months ended 30 June 2023 were approximately RMB1,415.9 million, versus RMB372.4 million in the corresponding period of last year. The change in finance costs expensed was primarily attributable to the change in the total finance costs incurred, net of the portion being capitalised in properties under development during the period.

The Group's total finance costs expensed and capitalised decreased by 5.8% to approximately RMB2,867.6 million during the six months ended 30 June 2023 from RMB3,044.9 million in the corresponding period of last year. The Group's total indebtedness was RMB102.2 billion as at 30 June 2023, compared to RMB108.4 billion as at 31 December 2022 and RMB114.1 billion as at 30 June 2022.

Income tax expenses

The Group's income tax expenses increased by 201.1% to approximately RMB2,321.0 million during the six months ended 30 June 2023 from approximately RMB770.8 million in the corresponding period of last year. The Group's income tax expense included payments and provisions made for enterprise income tax ("EIT") and land appreciation tax ("LAT") less deferred tax during the period.

The Group made LAT provisions of approximately RMB920.2 million during the six months ended 30 June 2023 versus approximately RMB247.8 million in the corresponding period of last year. As at 30 June 2023, the Group had accumulated unpaid LAT provisions of approximately RMB1,567.8 million.

Loss for the period

As a result of the factors described above, the Group's loss before tax was approximately RMB6,811.0 million during the six months ended 30 June 2023 versus profit before tax of approximately RMB2,675.1 million in the corresponding period of last year. The Group's loss for the period was approximately RMB9,132.1 million during the six months ended 30 June 2023 versus profit for the period of approximately RMB1,904.3 million in the corresponding period of last year. The Group's net loss attributable to equity owners was approximately RMB8,972.0 million during the six months ended 30 June 2023 versus net profit attributable to equity owners of approximately RMB730.8 million in the corresponding period of last year.

The Group's core net loss attributable to equity owners was approximately RMB1,764.7 million during the six months ended 30 June 2023 versus core net profit attributable to equity owners of approximately RMB1,819.8 million in the corresponding period of last year.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2023, the Group had cash and bank balances of approximately RMB20,208.9 million (31 December 2022: approximately RMB20,553.4 million), which included pledged bank deposits of approximately RMB446.1 million (31 December 2022: approximately RMB445.3 million) and funds under supervision by banks for special use with an amount of approximately RMB13,549.4 million (31 December 2022: approximately RMB14,407.5 million).

Indebtedness

As at 30 June 2023, the Group had outstanding total borrowings amounted to approximately RMB102,229.1 million (31 December 2022: approximately RMB108,449.7 million), comprising bank and other loans of approximately RMB58,433.0 million (31 December 2022: approximately RMB65,485.4 million), onshore corporate bonds with a carrying amount of approximately RMB13,097.6 million (31 December 2022: approximately RMB13,130.6 million), offshore convertible bond with a carrying amount of approximately RMB1,504.7 million (31 December 2022: approximately RMB1,401.3 million) and offshore senior notes with a carrying amount of approximately RMB29,193.8 million (31 December 2022: approximately RMB28,432.4 million).

Cost of borrowings

The Group's total finance costs expensed and capitalised in first half of 2023 were approximately RMB2,867.6 million, representing a decrease of 5.8% from RMB3,044.9 million in first half of 2022.

The Group's weighted average cost of all indebtedness (including bank and other loans, onshore corporate bonds and medium-term note, offshore senior notes and offshore convertible bonds) as at 30 June 2023 was 5.0%, compared to 4.9% as at 31 December 2022.

Foreign currency risk

The Group has transactional currency exposures arising from transactions by the group entities in currencies other than their respective functional currencies. In addition, the Group has foreign currency exposures from its bank balances and cash, senior notes and convertible bonds.

As at 30 June 2023, the Group had (i) bank balances and cash denominated in foreign currency of approximately RMB734.8 million, (ii) bank and other borrowings denominated in foreign currency of approximately RMB17,889.5 million, (iii) senior notes denominated in United States dollars of approximately RMB27,958.7 million and (iv) convertible bonds denominated in Hong Kong dollars of approximately RMB1,504.7 million which were subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not used derivative financial instruments to hedge any interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

Financial guarantees

The Group has provided mortgage guarantees to PRC banks in respect of the mortgage loans provided by the PRC banks to the Group's customers. The Group's mortgage guarantees are issued from the dates of grant of the relevant mortgage loans and released upon the earlier of (i) the relevant property ownership certificates being obtained and the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks, or (ii) the settlement of mortgage loans between the mortgagee banks and the Group's customers. As at 30 June 2023, the Group provided mortgage guarantees in respect of mortgage loans provided by the PRC banks to the Group's customers amounting to approximately RMB19,396.2 million (31 December 2022: approximately RMB26,886.8 million).

During the period, certain of the Group's joint ventures and associates have utilised offshore and/or onshore bank loans. The Company provided guarantees on several basis covering its respective equity shares of outstanding obligations under certain offshore and/or onshore bank loans incurred by the joint ventures and associates developing their projects. As at 30 June 2023, the Group's aggregate share of such guarantees provided in respective of loans incurred by these joint venture and associate companies amounted to approximately RMB8,027.2 million (31 December 2022: approximately RMB10,848.7 million).

Gearing ratio

The Group's net debt-to-equity ratio (total indebtedness net of bank balances and cash divided by total equity) was approximately 109.4% as at 30 June 2023 versus approximately 102.0% as at 31 December 2022. The Group's debt-to-asset ratio (total indebtedness divided by total assets) was approximately 28.2% as at 30 June 2023 versus approximately 28.1% as at 31 December 2022. The Group's current ratio (current assets divided by current liabilities) was approximately 1.1 times as at 30 June 2023 versus approximately 1.2 times as at 31 December 2022.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the Relevant Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by the Directors. Upon specific enquiries of all the Directors, each of them has confirmed that they complied with the required standards set out in the Model Code during the Relevant Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them from dealing in securities of the Company at any time when they possess inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 have not been audited but have been reviewed by Prism Hong Kong and Shanghai Limited, 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 HKICPA.

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, namely, Mr. TAN Wee Seng (chairman of the Audit Committee), Mr. ZHANG Yongyue and Ms. LIN Caiyi. The Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board consisted of eight Directors comprising Mr. LIN Zhong (Chairman), Mr. LIN Wei (Vice-chairman), Mr. LIN Feng (Chief Executive Officer), Mr. RU Hailin and Mr. YANG Xin (Chief Financial Officer) as executive Directors; and Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi as independent non-executive Directors.

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

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cifi.com.cn. The 2023 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

SUSPENSION OF TRADING

At the request of the Company, trading in the ordinary shares, warrants and derivatives of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 31 March 2023. As disclosed in the announcement of the Company dated 26 September 2023 in relation to, among other things, fulfilment of resumption guidance, the Company has made an application to the Stock Exchange for the resumption of trading in the ordinary shares, warrants and derivatives of the Company with effect from 9:00 a.m. on Wednesday, 27 September 2023.

By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

Hong Kong, 26 September 2023

Notes:

The expression "we", "us", "CIFI" and "Company" may be used to refer to our Company or our Group as the context may require.

References to our "land bank", "development projects", "property projects" or "projects" refer to our property projects with land for which we have obtained land-use rights and property projects for which we have not obtained land-use rights but have entered into the land grant contracts or received successful tender auction confirmations as at the relevant dates.

The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.

The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.

The English names marked with "" of the PRC entities are provided for identification purpose only, The Chinese names are the official names of the PRC entities.*