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Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3301)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 AND RETIREMENT OF EXECUTIVE DIRECTOR AND CHANGE OF CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

- Contracted sales amounted to approximately RMB9,788.85 million, decreased by approximately 74.73% as compared with the six months ended 30 June 2022.
- Total revenue amounted to approximately RMB13,329.12 million, decreased by approximately 6.47% as compared with the six months ended 30 June 2022.
- Gross loss amounted to approximately RMB74.42 million, representing a turnaround as compared with the gross profit of approximately RMB203.11 million for the six months ended 30 June 2022.
- Loss for the Period amounted to approximately RMB2,446.81 million, as compared with a loss for the period of approximately RMB4,570.47 million for the six months ended 30 June 2022.
- Loss for the Period attributable to owners of the Company amounted to approximately RMB1,992.41 million, as compared with 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.
- Gearing ratio increased by approximately 14.27% from 1.07 as at 31 December 2022 to 1.23 as at 30 June 2023.

INTERIM RESULTS

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

Condensed Consolidated Income Statement

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	13,329,117	14,251,647
Cost of sales		<u>(13,403,534)</u>	<u>(14,048,541)</u>
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		60,533	(1,429,882)
Other income		144,243	198,283
Other gains or losses		<u>(106,087)</u>	<u>(1,019,217)</u>
Operating loss		(688,828)	(3,532,091)
Finance income		50,514	172,031
Finance costs		<u>(1,433,858)</u>	<u>(1,233,188)</u>
Finance costs – net	7	(1,383,344)	(1,061,157)
Share of net profit of investments accounted for using the equity method		<u>18,254</u>	<u>382,320</u>
Loss before income tax		(2,053,918)	(4,210,928)
Income tax expenses	8	<u>(412,889)</u>	<u>(359,537)</u>
Loss for the period		<u>(2,466,807)</u>	<u>(4,570,465)</u>
Loss for the period attributable to:			
– Owners of the Company		(1,992,410)	(4,429,232)
– Non-controlling interests		<u>(474,397)</u>	<u>(141,233)</u>
		<u>(2,466,807)</u>	<u>(4,570,465)</u>
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
– Basic	9	<u>(1.18)</u>	<u>(2.63)</u>
– Diluted	9	<u>(1.18)</u>	<u>(2.63)</u>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(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)

Condensed Consolidated Balance Sheet

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

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

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

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

Going concern basis

As of 30 June 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 payments.

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;
- (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 management of the Company will be able to achieve its plans and measures as described above.

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

3 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 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.

4 CRITICAL ESTIMATES AND JUDGEMENTS

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

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

5 SEGMENT INFORMATION

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

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

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

As at 30 June 2023, except for parts of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (31 December 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).

6 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
	<u>13,329,117</u>	<u>14,251,647</u>

7 FINANCE COSTS – NET

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

8 INCOME TAX EXPENSES

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

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 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.

9 LOSS PER SHARE

9.1 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 (<i>RMB'000</i>)	(1,992,410)	(4,429,232)
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	1,683,431	1,683,431
Basic loss per share (<i>RMB per share</i>)	<u>(1.18)</u>	<u>(2.63)</u>

9.2 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 option. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company for the period) based on the monetary value of the subscription rights attached to outstanding share options.

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

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).

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables (note (a))	44,054	45,395
Other receivables		
– Amounts due from minority 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)
	<u>22,878,150</u>	<u>20,975,143</u>
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
	<u>4,779,926</u>	<u>6,445,227</u>
Total	<u>27,658,076</u>	<u>27,465,765</u>

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

Aging analysis of the trade receivables is as follows:

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

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

11 TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables (<i>Note (a)</i>)	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
	<u>20,662,836</u>	<u>21,713,796</u>

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

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

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

12 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).

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 gross floor area ("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.

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 (南京秦尚棲庭), 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 Royalflush 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%

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
	RMB million	%	sq.m.	%	RMB/sq.m.
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

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 land value RMB million	Total GFA of reserve 10,000 sq.m.	Average cost 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
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	307	8.00	5,101
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	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 (南京萬科都薈天地)	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

City	Project Name	Total land value RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Jinhua	Jinhua Yuejiang (金華悅江府)	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－蘇派－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 (長樂禦景灣)	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 (長安熙悅)	8	2.11	446
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	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 (杭州湘湖悅章)	3,245	27.06	17,134
Huzhou	Anji Yuejiang (安吉悅江府)	236	11.09	2,986
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城－中喬－1)	240	45.52	722
Chengdu	Chengdu Lan Sky (成都瀾天)	57	1.97	4,200
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

City	Project Name	Total land value RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
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	Baolong Lin'an Project (寶龍臨安項目)	280	6.75	6,128
Fuzhou	Pingtang Lanchen (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 Linqun 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
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

City	Project Name	Total land value RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
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
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

City	Project Name	Total land value RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
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	Linquan 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
City of Times	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	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
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

City	Project Name	Total land value RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
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
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

City	Project Name	Total land value RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
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.

Financial review

Revenue

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

	For the six months ended 30 June		Change in percentage
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	
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	<u>13,329,117</u>	<u>14,251,647</u>	-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.

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.

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.

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.

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 2022.

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.

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 announcement, 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 announcement. The Group will closely monitor its liquidity position and issue further announcement regarding the progress of any capital structure solutions or significant business updates.

PLEDGE OF ASSETS

As at 30 June 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.

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.

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 announcement, the Group has no concrete plan for any material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this announcement, during the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 30 June 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

For the six months ended 30 June 2023, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events subsequent to 30 June 2023 and as of the date of this announcement.

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.

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 on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions 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.

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).

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 whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. He Jiarong who possesses appropriate professional qualifications. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2023.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.rongxingroup.com. The Company’s interim report for the six months ended 30 June 2023 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

RETIREMENT OF EXECUTIVE DIRECTOR AND CHANGE OF CHIEF FINANCIAL OFFICER

The Board announces that Mr. Zhang Lixin (“**Mr. Zhang**”) has resigned as the executive Director and chief financial officer (the “**CFO**”) of the Company with effect from 31 August 2023 due to his desire to retire and devote more time to his personal endeavours. Mr. Zhang has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Following Mr. Zhang’s resignation as the executive Director and CFO, the Board is pleased to announce that Mr. Yu Zuoyi (“**Mr. Yu**”), the current joint company secretary of the Company, has been appointed as the CFO with effect from 31 August 2023.

The biographical details of Mr. Yu are as follows:

Mr. Yu, aged 49, holds a Bachelor of Accounting degree from Hainan University* (海南大學) (formerly known as South China University of Tropical Agriculture* (華南熱帶農業大學)) in the People's Republic of China. From August 1995 to March 2011, Mr. Yu worked as a company accountant, finance manager, audit manager, finance director and securities manager within Tahoe Group Co., Ltd.* (泰禾集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000732), during which he was mainly responsible for financial management, financial and auditing related matters, internal system construction, asset and debt restructuring, mergers and acquisitions, internal standardization and administration, disclosure of information, and other matters related to listing. Since April 2011, Mr. Yu has been serving as the Company's finance supervisor, senior manager and senior director and is mainly responsible for other matters related to listing, such as financial management and disclosure of information.

The Board would like to take this opportunity to welcome Mr. Yu on his new position within the Group and express its sincere gratitude to Mr. Zhang for his contribution to the Company during the tenure of his office.

By order of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 31 August 2023

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

* *For identification purposes only*