



CHEN XING

Chen Xing Development Holdings Limited
辰興發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code: 2286 股份代號：2286

2023 INTERIM REPORT 中期報告

誠 以致遠，
信 達天下





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Bai Xuankui (*Chairman*)
Mr. Bai Wukui
Mr. Bai Guohua
Mr. Dong Shiguang

Independent Non-executive Directors

Mr. Tian Hua
Mr. Qiu Yongqing
Ms. Gao Jianhua

COMPANY SECRETARY

Ms. Lee Angel Pui Shan

AUTHORIZED REPRESENTATIVES

Mr. Bai Guohua
Ms. Lee Angel Pui Shan

AUDIT COMMITTEE

Mr. Tian Hua (*Chairman*)
Mr. Qiu Yongqing
Ms. Gao Jianhua

REMUNERATION COMMITTEE

Mr. Tian Hua (*Chairman*)
Ms. Gao Jianhua
Mr. Bai Xuankui

NOMINATION COMMITTEE

Mr. Bai Xuankui (*Chairman*)
Mr. Qiu Yongqing
Ms. Gao Jianhua

AUDITOR

BDO Limited
Certified Public Accountant
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PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
China Merchants Bank Co. Ltd.
China Construction Bank Corporation
Bank of China Limited
Bank of Shanxi Co., Ltd.

CORPORATE INFORMATION

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The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")

STOCK CODE

2286

COMPANY WEBSITE

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FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) together with its subsidiaries (collectively, the “**Group**”) hereby announces the unaudited interim results of the Group for the six months ended 30 June 2023 (the “**Reporting Period**”) together with the comparative figures for the same period in 2022. The Group’s interim results have not yet been audited, but have been reviewed by the Company’s audit committee.

- For the Reporting Period, the contracted sales of the Group amounted to approximately RMB376.3 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 44,996 sq.m., representing an increase of approximately 30.8% and approximately 38.8% comparing with the same period last year, respectively;
- Revenue of the Group for the Reporting Period amounted to approximately RMB240.2 million, of which approximately RMB237.9 million was revenue from property development;
- Gross profit of the Group for the Reporting Period amounted to approximately RMB65.6 million, of which approximately RMB64.2 million was gross profit from property development;
- Net profit of the Group for the Reporting Period amounted to approximately RMB5.4 million, of which approximately RMB4.8 million was net profit attributable to owners of the parent of the Company;
- Total GFA of land bank of the Group amounted to approximately 2,708,026 sq.m. and the average cost of land bank was approximately RMB834.6 per sq.m. as at the end of the Reporting Period;
- Contracted average sales price (the “**Average Contracted Sales Price**”) of the Group for the Reporting Period was approximately RMB8,363.0 per sq.m.;
- Basic earnings per share of the Company for the Reporting Period was approximately RMB0.01; and
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2023.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the interim results of the Group for the six months ended 30 June 2023.

RESULTS PERFORMANCE AND REVIEW OF FIRST HALF YEAR OF 2023

In the first half of 2023, the national real estate industry continued the development trend since the end of 2022, and the overall real estate policy environment was relatively loose. The government repeatedly emphasized the general principle of “housing is for accommodation but not for speculation”, stressed the implementation of localised policies. A number of adjustments and reforms were made in terms of policies and systems to standardize the management of the real estate industry in order to promote the stability of the real estate industry. In the first half of 2023, the focus of the real estate industry was still on promoting the release of consumer demand and guaranteeing the delivery of housing. The government introduced a number of measures to promote rigid demand of housing and consumer demand of housing for home upgrades, reduce the financial pressure on consumers to buy houses to improve consumers' confidence and promote consumer market expectations.

Overall, the real estate industry and market environment were still under serious downward pressure. From the perspective of the real estate industry, as leading real estate companies successively experienced capital chain rupture and were thus under greater financing pressure, etc., resulting in expected decline in the overall development of the real estate industry was, less willingness of the majority of real estate companies to conduct development and investment, and a decrease in the new construction area. From the perspective of the real estate market, in the first half of 2023, it showed a trend of rise before fall. The market recovered strongly in the first quarter. With the adjustment to the purchase restriction policies in first-tier and second-tier cities, both sales and sales area increased significantly. However, with the concentrated release of consumer demand, the demand for housing for home upgrades increased in the second quarter, the sales index gradually declined, and the market returned to wait-and-see status.

From the perspective of land supply, the trend of “reducing land supply and improving quality” in land supply continued, and land supply decreased. Most cities implemented a strategy of tightening land supply to promote the restoration and destocking of the property market. However, the transaction price of high-quality land parcels increased and land quality improved. Meanwhile, the concentration of the real estate industry increased, and the differentiation of enterprises was obvious. High-quality resources such as financing policies and land supply were beneficial to leading real estate companies and the sales performance of leading real estate companies was significantly better than that of small and medium-sized real estate companies. Small and medium-sized housing enterprises faced competitive pressure of downward sales and internal risks.

CHAIRMAN'S STATEMENT

The Company was also affected by the real estate industry and market environment. The sales performance in the first half of 2023 dropped significantly as compared with that of the first half of 2022. The sales market of the Company was mainly concentrated in the third-tier and fourth-tier cities, with less inventory backlog and risks under control. With the unremitting efforts of the Board and the management of the Company, the Company adjusted its business strategy in a timely manner and proactively resolved the emerging risks to ensure the stable operation of the Company.

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB376.3 million, representing an increase of approximately 30.8% as compared with the same period of last year. Contracted GFA sold amounted to approximately 44,996 sq.m., representing an increase of approximately 38.8% as compared with that in the same period of last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB240.2 million, representing a decrease of approximately 52.9% as compared with the same period of last year, of which approximately RMB237.9 million was revenue from property development, representing a decrease of approximately 53.2% as compared with the same period of last year. During the Reporting Period, the profit attributable to the owners of the parent of the Group was approximately RMB4.8 million, representing a decrease of approximately 46.2% as compared with the same period of last year.

As at the end of the Reporting Period, the Group's land bank was approximately 2,708,026 sq.m., as comparing to 2,814,941 sq.m. as at 30 June 2022.

PROSPECTS FOR SECOND HALF YEAR OF 2023

In the second half of 2023, the real estate market in the PRC will continue to focus on the general principles of guaranteeing delivery of housing, people's livelihood and stability. It is expected that the policy will continue to be loose in the second half of the year. The main tasks will be promoting the release of reasonable housing demand and resolving financial risks of real estate. The policy will be more inclined to establish a new model for the development of the real estate industry, standardize the management of the real estate industry, and optimize the development structure of the industry, to resolve the risks of the real estate industry and the market.

With the improvement of the macro environment, it is expected that the real estate market will gradually recover. However, due to the strong wait-and-see sentiment in the market, lack of consumer confidence and reduced purchasing power, the market recovery process will be slow in the short term. At the same time, the market of housing for home upgrades will usher in a window period. With the saturation of the rigid demand market and the government's support for the release of reasonable demand for housing for home upgrades, it is expected that the demand for housing for home upgrades will see a breakthrough development in the future. According to the current situation of the real estate market in the PRC and the forecast of future development, in the second half of 2023, following the direction of industry adjustment, the Company will grasp the changes in market cycle and focus on destocking and shift to the market of housing for home upgrades. The Company will adjust its development strategy and seize market opportunities, to achieve steady development.

CHAIRMAN'S STATEMENT

In the second half of 2023, in accordance with the local regulatory policies issued by the cities where the Company's projects are located, the Company will proactively make corresponding adjustments to its business strategy, adjust its marketing strategy in a timely manner, and seek market breakthroughs to revitalize its existing assets and accelerate sales collection, to improve the Company's operating status from the sales side and improve the ability to deal with and resolve risks. In the meantime, the Company will seek financial support and partners through multiple channels to prevent and resolve the risk prevention and control of the Company.

The Company will continue to focus on the development of residential properties for home upgrades and enhancing product competitiveness. While researching product design, selection of new materials, process technology, etc., it will improve the overall quality of projects through introducing high-quality services including high-end hotel services and industry-leading agent construction services. The Company will seize the opportunities in the market of housing for home upgrades and aim at meeting the consumer demands for housing for home upgrades, provision of high-end residential properties for home upgrades with higher quality and better services, to expand the market share of high-end housing for home upgrades and comprehensively enhance the Company's industry competitiveness and products' market competitiveness.

In terms of corporate team building, the Company will also create a professional core team and high-caliber management team, and continue to train reserve talents during industry adjustment to meet the Company's need of steady development of talents. The Company will continue to control operating costs, optimize human resources, and streamline the Company's management process. It will formulate measures to improve the Company's management efficiency from various aspects, and explore and develop new enterprise management models to comply with new trends in industry development and market development changes.

ACKNOWLEDGEMENT

Finally, I would like to express my sincerest gratitude on behalf of the Board to the management and staff of the Company for their hard work. At the same time, I would also like to thank the investors, customers and partners for their great support and trust in the Group.

Bai Xuankui
Chairman

25 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group's contracted sales amounted to approximately RMB376.3 million, representing an increase of approximately 30.8% as compared with the same period of last year. During the Reporting Period, the Group's revenue amounted to approximately RMB240.2 million, representing a decrease of approximately 52.9% as compared to the same period of last year, among which, revenue derived from property development was approximately RMB237.9 million, representing a decrease of approximately 53.2% as compared with the same period of last year. During the Reporting Period, the Group had gross profit of approximately RMB65.6 million, net profit of approximately RMB5.4 million, of which net profit attributable to equity holders of the parent of the Company was approximately RMB4.8 million.

CONTRACTED SALES

The Group's contracted sales for the six months ended 30 June 2023 and 2022 were approximately RMB376.3 million and RMB287.8 million, respectively, representing an increase of approximately 30.8%. The contracted GFA for the six months ended 30 June 2023 and 2022 were approximately 44,996 sq.m. and 32,416 sq.m., respectively, representing an increase of approximately 38.8%. By geographical location, the Group's contracted sales from Jinzhong, Taiyuan, Mianyang and Haikou were approximately RMB20.5 million, RMB35.5 million, RMB282.1 million and RMB38.2 million, respectively, representing approximately 5.4%, 9.4%, 75.0% and 10.2% of the Group's total contracted sales, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted sales for the six months ended 30 June 2023 by geographic location:

	Contracted Sales for the six months ended 30 June 2023 <i>(RMB million)</i>	Contracted Sales for the six months ended 30 June 2022 <i>(RMB million)</i>	Contracted GFA for the six months ended 30 June 2023 <i>(sq.m.)</i>	Contracted GFA for the six months ended 30 June 2022 <i>(sq.m.)</i>	Average Contracted Sales Price for the six months ended 30 June 2023 <i>(RMB/sq.m.)</i>	Average Contracted Sales Price for the six months ended 30 June 2022 <i>(RMB/sq.m.)</i>
Jinzhong						
Yijun Community (頤郡小區)	1.6	0.6	436	318	3,612.3	1,771.0
Chenxing Yijun (辰興頤郡)	18.9	19.4	2,976	2,761	6,345.9	7,032.3
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	—	2.1	—	331	—	6,248.4
Taiyuan						
Yosemite Valley Town – Taiyuan (龍城優山美郡) (Phase I)	15.1	18.6	1,414	1,942	10,651.2	9,566.2
Yosemite Valley Town – Taiyuan (龍城優山美郡) (Phase II)	0.6	1.9	—	1,046	—	1,806.6
Yosemite Valley Town – Taiyuan (龍城優山美郡) (Phase III)	19.8	19.5	3,325	2,501	5,954.8	7,778.2
Mianyang						
Elite Gardens (天禦)	4.1	—	779	—	5,261.0	—
Chang Xing Star Gardens (長興星城)	14.0	1.1	2,714	856	5,141.4	1,251.9
Chang Xing Jinhutingyuan (長興金湖庭院)	264.0	216.8	28,686	22,173	9,204.1	9,776.3
Hainan						
Chenxing Shangpinhui (辰興尚品匯)	38.2	7.8	4,666	488	8,185.1	16,071.1
Total	376.3	287.8	44,996	32,416	8,363.0	8,878.3

Note:

Contracted sales, contracted GFA and average contracted sales price in the above table also include car parking spaces sold, if applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Projects

The Group's property projects are divided into the following three categories depending on their development stages: completed properties, properties under development and properties held for future development. As some of the projects are developed successively in several phases, a single project may involve different development phases like completed, under development and held for future development.

As at 30 June 2023, the Group had a completed total GFA of approximately 3,183,414 sq.m. and a land bank with a total GFA of approximately 2,708,026 sq.m., comprising (i) a total GFA of approximately 115,146 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,666,616 sq.m. which is under development; and (iii) a total planned GFA of approximately 926,264 sq.m. held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with strategic values to generate sustainable and stable revenue. As at 30 June 2023, the Group had investment properties with a total GFA of approximately 21,613 sq.m.

Property Portfolio Summary

Intended use ⁽¹⁾	Total GFA completed <i>(sq.m.)</i>	GFA under development <i>(sq.m.)</i>	Total GFA held for future development <i>(sq.m.)</i>
Mid-rise	879,339	83,147	320,660
High-rise	1,250,951	529,624	234,812
Townhouses	27,612	196,834	—
Multi-story garden apartments	576,743	124,427	16,771
Retail outlets	194,251	266,243	112,936
SOHO apartments	6,931	15,984	15,791
Hotels	—	108,743	—
Parking spaces	240,472	318,825	207,873
Ancillary ⁽²⁾	7,115	22,789	17,421
Total GFA	3,183,414	1,666,616	926,264
Attributable GFA⁽³⁾	3,000,281	1,402,140	809,957

Notes:

- (1) Includes the portion of GFA held by the Group as public facilities (not saleable or leaseable).
- (2) Includes primarily public facilities which are not saleable or leaseable.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interest in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

Completed Projects

The following table sets forth a summary of information on the Group's completed projects and corresponding project phases, if any, as at 30 June 2023:

Project	Location	Project type	Actual completion date	Site area <i>(sq.m.)</i>	Completed GFA <i>(sq.m.)</i>	Saleable/ Leaseable		GFA sold <i>(sq.m.)</i>	Other GFA ⁽¹⁾ <i>(sq.m.)</i>	Ownership interest ⁽²⁾ <i>(%)</i>
						GFA remaining unsold <i>(sq.m.)</i>	GFA held for investment <i>(sq.m.)</i>			
Jinzhong										
1. East Lake Mall (東湖井)	Jinzhong City, Shanxi Province (山西省晉中市)	Retail outlets	July 2000	1,330	17,886	–	10,610	7,276	–	100.00
2. Grand International Mall & Apartments (君豪國際)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	–	100.00
3. Blossom Gardens (錦綉新城)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential	April 2007	5,261	39,080	–	–	39,080	–	100.00
4. Xin Xing International Cultural Town (新興國際文教城)										
Phase I	Jinzhong City, Shanxi Province (山西省晉中市)	Residential	December 2005	5,600	24,602	–	–	24,602	–	100.00
Phase II	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	April 2012	17,968	93,061	–	–	92,910	151	100.00
Phase III	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	December 2009	255,918	545,047	2,327	–	542,720	–	100.00
Phase IV	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	July 2016	30,987	71,103	747	–	70,356	–	100.00
Phase V	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	July 2016	22,578	50,438	3,266	–	46,137	1,035	100.00
5. Upper East Gardens (上東庭院)										
Phase I	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	November 2006	19,361	47,926	–	–	47,926	–	100.00
Phase II	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	December 2011	24,343	75,889	–	–	75,889	–	100.00
6. Riverside Gardens – Zuoquan (左權濱河嘉園)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	December 2007	73,035	98,545	–	–	97,990	555	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable GFA		GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership interest ⁽²⁾ (%)
						remaining unsold (sq.m.)	held for investment (sq.m.)			
7. SOLO Apartments (尚座公寓)	Jinzhong City, Shanxi Province (山西省晉中市)	Commercial/ Complex	September 2009	2,411	9,783	257	—	9,526	—	100.00
8. Riverside Gardens — Heshun (和順濱河小區)										
Stage I	Jinzhong City, Shanxi Province (山西省晉中市)	Residential	June 2008	60,100	62,508	—	—	62,168	340	100.00
Stage II	Jinzhong City, Shanxi Province (山西省晉中市)	Residential	October 2012	5,898	51,217	—	—	51,217	—	100.00
9. Mandarin Gardens — Taigu (太谷文華庭院)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	May 2011	30,690	51,525	—	—	51,525	—	100.00
10. Shuncheng Street Underground Space (順城街地下空間)	Jinzhong City, Shanxi Province (山西省晉中市)	Retail outlets	August 2015	—	897	—	—	897	—	100.00
11. Yijun Community (願郡小區)										
Phase I (portion)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential	November 2020	25,661	78,927	16,960	—	61,135	832	51.00
12. Xiyuan (熙苑)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	November 2021	46,603	58,971	4,405	—	54,566	—	33.66
13. Chenxing Yijun (辰興願郡)										
Stage I (portion)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	January 2022	19,056	35,676	17,409	—	17,803	464	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable GFA		GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership interest ⁽²⁾ (%)
						remaining unsold (sq.m.)	held for investment (sq.m.)			
Taiyuan										
1. Yosemite Valley Town – Taiyuan (龍城優山美郡)										
Southern District, Phase I	Taiyuan City, Shanxi Province (山西省太原市)	Residential/ Commercial	December 2014	117,128	406,165	18,450	–	387,715	–	100.00
Northern District, Phase I	Taiyuan City, Shanxi Province (山西省太原市)	Residential/ Commercial	November 2016	108,005	397,867	12,393	–	315,095	70,379	100.00
Phase II (portion)	Taiyuan City, Shanxi Province (山西省太原市)	Residential/ Commercial	June 2020	86,318	246,891	13,182	–	233,709	–	100.00
Mianyang (綿陽)										
1. Yosemite Valley Town (優山美郡)	Mianyang City, Sichuan Province (四川省綿陽市)	Residential/ Commercial	May 2012	74,124	126,329	5,288	–	119,196	1,845	83.89
2. Elite Gardens (天禦)	Mianyang City, Sichuan Province (四川省綿陽市)	Residential/ Commercial	September 2014	68,529	116,816	1,265	–	114,864	687	83.89
3. Chang Xing Star Gardens (長興星城) Phase I	Mianyang City, Sichuan Province (四川省綿陽市)	Residential/ Commercial	June 2017	68,150	288,450	5,442	–	281,687	1,321	83.89
Phase II	Mianyang City, Sichuan Province (四川省綿陽市)	Residential/ Commercial	November 2020	36,158	122,271	4,674	–	116,666	931	83.89
Total				1,212,677	3,183,414	115,146	18,851	2,970,877	78,540	
Attributable GFA⁽³⁾				1,129,401	3,000,281	101,228	18,851	2,802,840	77,362	

Notes:

- (1) Includes the GFA held by the Group as public facilities (not saleable or leaseable).
- (2) Calculated based on the Group's actual ownership interests in the respective project companies.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

Properties under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 30 June 2023:

Project	Location	Project type	Site area (sq.m.)	Actual/ estimated completion date	Under development			Held for future development		
					GFA under development (sq.m.)	Saleable/ leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with land use right certificate not yet obtained (sq.m.)	Ownership interest ⁽¹⁾ (%)
Jinzhong (晉中)										
1. Phase I of Longtian (龍田項目一期)			129,049		449,634	427,999	30,059	—	—	51.00
Stage I	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial/ Parking Space	14,346	December 2023	78,954	74,203	30,059	—	—	51.00
Stage II	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial/ Parking Space	24,367	December 2023	110,725	101,385	—	—	—	51.00
Stage III	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial/ Parking Space	26,682	December 2023	126,120	121,061	—	—	—	51.00
Stage IV	Jinzhong City, Shanxi Province (山西省晉中市)	Commercial/ Parking Space	13,422	December 2023	28,819	28,819	—	—	—	51.00
Stage V	Jinzhong City, Shanxi Province (山西省晉中市)	Commercial/ Parking Space	50,232	December 2023	105,016	102,531	—	—	—	51.00
2. Yijun Community (猗郡小區)			79,203		33,374	—	—	154,347	—	51.00
Stage I (portion)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential	21,102	December 2023	33,374	—	—	—	—	51.00
Stage II	Jinzhong City, Shanxi Province (山西省晉中市)	Commercial	16,410	August 2024	—	—	—	44,157	—	51.00
Stage III	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	41,691	August 2024	—	—	—	110,190	—	51.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Site area (sq.m.)	Actual/ estimated completion date	Under development			Held for future development		Ownership interest ⁽¹⁾ (%)
					GFA under development (sq.m.)	Saleable/ leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with land use right certificate not yet obtained (sq.m.)	
3. Chenxing Yijun (辰興頤郡)			178,230		95,348	92,599	46,199	356,400	—	100.00
Stage I (portion)	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	37,545	December 2023	95,348	92,599	46,199	—	—	100.00
Stage II	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	37,462	December 2024	—	—	—	99,500	—	100.00
Stage III	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	85,669	December 2024	—	—	—	209,300	—	100.00
Stage IV	Jinzhong City, Shanxi Province (山西省晉中市)	Residential/ Commercial	17,554	December 2024	—	—	—	47,600	—	100.00
4. Shiguang Zhicheng (時光之城)	Jinzhong City, Shanxi Province (山西省晉中市)	Commercial	28,296	December 2024	112,383	53,880	—	—	—	100.00
5. Jinxiu SOHO (錦綉中心)	Jinzhong City, Shanxi Province (山西省晉中市)	Commercial	3,461	December 2024	20,506	—	—	—	—	100.00
Taiyuan										
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)			107,038		358,948	334,732	226,889	—	—	100.00
Phase II (portion)	Taiyuan City, Shanxi Province (山西省太原市)	Residential/ Commercial	24,917	December 2023	129,448	118,086	80,045	—	—	100.00
Phase III	Taiyuan City, Shanxi Province (山西省太原市)	Residential/ Commercial	60,273	November 2024	216,881	216,646	146,844	—	—	100.00
Phase IV	Taiyuan City, Shanxi Province (山西省太原市)	Primary school	21,848	September 2023	12,619	—	—	—	—	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Site area (sq.m.)	Actual/ estimated completion date	Under development				Held for future development	
					GFA under development (sq.m.)	Saleable/ leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with land use right certificate not yet obtained (sq.m.)	Ownership interest ⁽¹⁾ (%)
Haikou (海口)										
1. Shangpinhui (尚品匯)	Haikou City, Hainan Province (海南省海口市)	Commercial	43,795	October 2023	98,140	55,876	6,526	—	—	100.00
2. Jiangdong Shangyuan (江東上院)	Haikou City, Hainan Province (海南省海口市)	Residential/ Commercial	57,446	December 2024	56,425	—	—	17,240	—	100.00
Wuzhishan (五指山)										
1. Yijun (億郡)			92,522		136,422	12,293	—	—	—	100.00
Phase I	Wuzhishan City, Hainan Province (海南省五指山市)	Commercial	28,745	November 2023	48,013	1,559	—	—	—	100.00
Phase II	Wuzhishan City, Hainan Province (海南省五指山市)	Residential	23,827	May 2024	35,274	—	—	—	—	100.00
Phase III	Wuzhishan City, Hainan Province (海南省五指山市)	Residential	18,244	May 2024	26,666	10,734	—	—	—	100.00
Phase IV	Wuzhishan City, Hainan Province (海南省五指山市)	Residential	21,706	May 2024	26,469	—	—	—	—	100.00
Xishuangbanna (西雙版納)										
1. Chenxing International Health City (辰興國際健康城)			223,780		132,861	—	—	145,781	—	100.00
Stage I	Xishuangbanna Autonomous Prefecture, Yunnan Province (雲南省西雙版納 傣族自治州)	Residential/ Commercial	51,965	November 2025	37,396	—	—	—	—	100.00
Stage II	Xishuangbanna Autonomous Prefecture, Yunnan Province (雲南省西雙版納 傣族自治州)	Residential/ Commercial	171,815	December 2026	95,465	—	—	145,781	—	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project type	Site area (sq.m.)	Actual/ estimated completion date	Under development			Held for future development		Ownership interest ⁽¹⁾ (%)
					GFA under development (sq.m.)	Saleable/ leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with land use right certificate not yet obtained (sq.m.)	
Mianyang (綿陽)										
1. Jinhutingyuan (金湖庭院)			154,367		172,575	133,720	105,848	252,496	—	83.89
Phase I	Mianyang City, Sichuan Province (四川省綿陽市)	Residential/ Commercial	62,672	December 2023	172,575	133,720	105,848	—	—	83.89
Phase II	Mianyang City, Sichuan Province (四川省綿陽市)	Residential/ Commercial	91,695	December 2025	—	—	—	252,496	—	83.89
Total			1,097,187		1,666,616	1,111,099	415,521	926,264	—	
Attributable GFA⁽²⁾					1,402,140	879,837	383,740	809,957	—	

Notes:

- (1) Calculated based on the Group's actual ownership interests in the respective project companies.
- (2) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of information on the Group's investment properties as at 30 June 2023:

Project	Type of property	Total GFA held	Effective leased	Occupancy	Rental income for the six months	
		for investment	GFA	rate	ended 30 June	2022
		(sq.m.)	(sq.m.)	(%)	2023	
					(RMB million)	
Grand International Mall & Apartments (君豪國際)	Retail outlets	8,241	—	—	—	—
East Lake Mall (東湖井)	Retail outlets	10,610	5,431	51.2	0.6	0.5
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail outlets	2,762	2,313	83.7	1.7	0.9
Total		21,613	7,744	—	2.3	1.4

The table below sets forth a summary of the Group's land bank as at 30 June 2023 by geographical location:

	Completed	Under development	Future development	Total land bank ⁽¹⁾	Percentage of total land bank	Average land cost
	Saleable/Leasable GFA remaining unsold (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	54,452	711,245	510,747	1,276,444	47.1	853.9
Taiyuan	44,025	358,948	—	402,973	14.9	393.5
Mianyang	16,669	172,575	252,496	441,740	16.3	1,063.9
Haikou	—	154,565	17,240	171,805	6.3	2,183.2
Wuzhishan	—	136,422	—	136,422	5.1	1,145.2
Xishuangbanna	—	132,861	145,781	278,642	10.3	1,006.9
Total	115,146	1,666,616	926,264	2,708,026	100.0	834.6

Note:

- (1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of the Group's land bank as at 30 June 2023 by type of property:

	Completed	Under development	Held for future development	Total land bank ⁽¹⁾	Percentage of total land bank
	Saleable/ Leasable GFA remaining unsold <i>(sq.m.)</i>	GFA under development <i>(sq.m.)</i>	Planned GFA <i>(sq.m.)</i>	Total GFA <i>(sq.m.)</i>	<i>(%)</i>
Mid-rise	18,453	83,147	320,660	422,260	15.6
High-rise	12,204	529,624	234,812	776,640	28.7
Townhouses	1,472	196,834	—	198,306	7.3
Multi-story garden apartments	3,408	124,427	16,771	144,606	5.3
Available-for-sale office/commercial properties	39,172	266,243	112,936	418,351	15.5
SOHO apartments	58	15,984	15,791	31,833	1.2
Hotels	—	108,743	—	108,743	4.0
Parking spaces	40,379	318,825	207,873	567,077	20.9
Ancillary facilities ⁽²⁾	—	22,789	17,421	40,210	1.5
Total	115,146	1,666,616	926,264	2,708,026	100.0

Notes:

(1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

(2) Includes primarily public facilities which are not saleable.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB240.2 million, representing a decrease of approximately 52.9% as compared with approximately RMB509.8 million for the corresponding period of last year. The decrease was mainly because the decrease in total GFA of completed properties delivered during the Reporting Period.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB237.9 million, representing a decrease of approximately 53.1% as compared with approximately RMB507.7 million for the corresponding period of last year. The decrease was mainly because the decrease in total GFA of completed properties delivered during the Reporting Period.

Sales and Services Cost

The Group's sales and services cost decreased by approximately 55.8% from approximately RMB394.8 million for the six months ended 30 June 2022 to approximately RMB174.6 million for the six months ended 30 June 2023, which was mainly due to a corresponding decrease in cost of sales and services with the decrease in revenue.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB65.6 million, representing a decrease of approximately 43.0% from approximately RMB115.0 million for the six months ended 30 June 2022. The Group's gross profit margin during the Reporting Period was approximately 27.3%, representing an increase of 4.7 percentage points as compared with approximately 22.6% for the corresponding period of last year.

During the Reporting Period, the Group's gross profit on property development was approximately RMB64.2 million, representing a decrease of approximately 43.8% as compared with approximately RMB114.2 million for the six months ended 30 June 2022. The decrease in the gross profit on property development of the Group was mainly due to the decrease in revenue during the Reporting Period.

During the Reporting Period, the gross profit margin of property development of the Group was approximately 27.0%, representing an increase of 4.5 percentage points as compared with a gross profit margin of approximately 22.5% for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

The Group's other income and gains amounted to approximately RMB3.8 million during the Reporting Period, representing a decrease of approximately 53.5% as compared with approximately RMB8.2 million for the six months ended 30 June 2022. The decrease was primarily due to the decrease in interest income of third-party loans and rental income during the Reporting Period.

Net Profit Attributable to Owners of the Parent of the Company

During the Reporting Period, the net profit attributable to owners of the parent of the Company was approximately RMB4.8 million, representing a decrease of approximately 46.2% from approximately RMB9.0 million for the six months ended 30 June 2022. The decrease in the net profit attributable to owners of the parent of the Company was mainly due to the decrease in the total GFA of completed properties delivered and the increase in interests on short-term borrowings during the Reporting Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 64.5% from approximately RMB28.5 million for the six months ended 30 June 2022 to approximately RMB10.1 million for the Reporting Period, and the decrease was primarily due to the decrease in revenue from property development during the Reporting Period which had resulted in corresponding decrease in selling and distribution expenses incurred during the Reporting Period.

Administrative Expenses

The Group's administrative expenses increased by approximately 3.1% from approximately RMB19.3 million for the six months ended 30 June 2022 to approximately RMB19.9 million for the Reporting Period, primarily due to the increase in office expenses and travel expenses during the Reporting Period.

Finance Costs

The Group's finance costs increased by approximately 69.4% from approximately RMB9.8 million for the six months ended 30 June 2022 to approximately RMB16.5 million for the Reporting Period, primarily due to the increase in interest-bearing short-term bank borrowings during the Reporting Period.

Income Tax Expenses

The Group's income tax expenses decreased by approximately 22.1% from approximately RMB26.5 million for the six months ended 30 June 2022 to approximately RMB20.7 million for the Reporting Period, primarily due to the substantial decrease in deferred income tax as a result of the increase in advance housing payment from Longtian Project in Jinzhong during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period decreased by approximately 60.0% from approximately RMB35.4 million for the six months ended 30 June 2022 to approximately RMB14.2 million for the Reporting Period.

Cash Position

As at 30 June 2023, the Group's cash and cash equivalents amounted to approximately RMB143.0 million, representing a decrease of approximately 57.3% as compared with approximately RMB334.8 million as at 31 December 2022 primarily due to the increase in restricted cash during the Reporting Period.

Net Operating Cash Flow

The Group recorded a negative operating cash flow of approximately RMB66.3 million as at 30 June 2023 as compared with a positive operating cash flow of approximately RMB95.4 million as at 30 June 2022.

Borrowings

The Group had outstanding bank borrowings of approximately RMB3,089.0 million as at 30 June 2023, and the Group had outstanding bank borrowings of approximately RMB3,155.1 million as at 31 December 2022.

Pledged Assets

Certain of the Group's borrowings were secured by properties under development, investment properties, as well as property, plant and equipment, or a combination of the above items. As at 30 June 2023, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB1,936.8 million, while the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB2,127.0 million as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Guarantees and Contingent Liabilities

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at 30 June 2023, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,873.8 million, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB2,012.9 million as at 31 December 2022.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2023.

Gearing Ratio

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB3,089.0 million and total equity of approximately RMB1,777.0 million, the gearing ratio of the Group was approximately 174% (31 December 2022: approximately 179%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The decrease in gearing ratio was mainly due to the decrease of interest-bearing bank borrowings and the increase of total equity during the Reporting Period.

Foreign Currency Risk

The Group operates primarily in the PRC and most of its revenues and expenses are settled in RMB. The Group is exposed to foreign currency risks because its bank balances are denominated in HK dollar and the value of which will fluctuate with exchange rate fluctuations. The exchange rate between RMB and HK dollar may fluctuate as a result of various factors, such as changes in China's political and economic conditions. The Board expects that the fluctuation of the RMB exchange rate will not have a material adverse effect on the Group. The Group does not have a hedging policy in relation to the foreign currency risk.

Material Acquisitions and Disposals and Significant Investments

Save as otherwise disclosed, the Group did not have any material acquisition and disposal and significant investment during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Significant Events during the Reporting Period

On 24 May 2023, the shareholders of the Company approved the proposed amendments to the existing memorandum and articles of association of the Company and the adoption of the amended and restated memorandum and articles of association in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company by way of special resolution at the annual general meeting of the Company. For details of the amendments to the memorandum and articles of association, please refer to the announcements of the Company dated 24 March 2023 and 24 May 2023, and the circular dated 28 April 2023.

Second amended and restated memorandum of association and articles of association of the Company has become effective on 24 May 2023 and has been published on the websites of the Stock Exchange and the Company.

Events after the Reporting Period

Save as otherwise disclosed, as of the date of this report, the Group did not have any other significant events after the Reporting Period.

Future Plans for Material Investments or Capital Assets

The Company will continue to invest in property development projects and acquire suitable land parcels in selected cities as it sees fit. It is expected that internal resources and bank borrowings will be sufficient to meet the required funding requirements. Save as disclosed in the prospectus and above, the Group did not have any future plans for material investments as at the date of this report.

Employees and Remuneration Policies

As at 30 June 2023, the Group had 233 employees. As of 30 June 2023, the Group incurred employee costs of approximately RMB14.0 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans operated by the municipal and provincial governments, including housing provident funds, pension, medical, occupational injury and unemployment benefit plans.

Interim Dividend

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

CORPORATE GOVERNANCE AND OTHER MATTERS

CORPORATE GOVERNANCE PRACTICE

The Company is always committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company and protecting the interests of all shareholders. The Company is fully aware that transparency and accountability in corporate governance are crucially important to the shareholders. The Board considers that sound corporate governance maximizes the shareholders' interest.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has complied with the CG Code during the Reporting Period.

To ensure that the Company complies with the CG Code, the Company will constantly review and strengthen its corporate governance practice and enhance its internal control in reliance on the assistance of its legal advisors as to PRC and Hong Kong laws.

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's businesses, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, while the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess professional qualifications and related management experience in areas of financial accounting, corporate governance, etc. and contribute to the Board with their professional opinions.

Mr. Bai Xuankui ("**Chairman Bai**") is an executive Director and the chairman of the Board. He is responsible for the management of the Board and the overall strategic planning, business development and corporate governance functions. The Company believes that Chairman Bai, who has been serving as a Director and the chairman since its establishment, can facilitate the Company in formulating appropriate development strategies. Regarding business operations, the Company's senior management, which comprises experienced and high-caliber individuals from various sectors, will ensure decisions made by the Board are thoroughly implemented.

CORPORATE GOVERNANCE AND OTHER MATTERS

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries with all Directors, each of them has confirmed that he has complied with the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

SUFFICIENCY OF PUBLIC FLOAT

As of the date of this report, based on information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Stock Exchange.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua. The Audit Committee is chaired by Mr. Tian Hua.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including the review of the interim results for the six months ended 30 June 2023. The Audit Committee considered that the interim results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE AND OTHER MATTERS

DISCLOSURE OF INTERESTS

Interests and/or Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 30 June 2023, the interests and short positions of the following Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered into the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in the Shares of the Company

Name of Director/ chief executive	Capacity/ Nature of interest	Number of shares held	Percentage of shareholdings (Note 1)
Mr. Bai Xuankui ("Mr. Bai") ^(Note 2)	Settlor of a discretionary trust	346,944,000	57.82%
Mr. Bai Wukui ^(Note 3)	Interest of a controlled corporation	64,944,000	10.82%
Mr. Bai Guohua ^(Note 4)	Beneficiary of a discretionary trust	346,944,000	57.82%
Mr. Dong Shiguang ("Mr. Dong") ^(Note 5)	Interest of a controlled corporation	10,481,740	1.74%

Notes:

- As at 30 June 2023, the total number of issued shares of the Company was 599,999,989 shares.
- The shares were held by White Dynasty Global Holdings Limited ("White Dynasty BVI") in the capacity of a legal beneficial owners, which was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited ("White Empire BVI") in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust (the "Family Trust") established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian ("Mrs. Bai"), and other beneficiaries to be nominated by the trustee from time to time. Since Mr. Bai was the settlor of the Family Trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by White Legend Global Holdings Limited ("White Legend BVI") in the capacity of a legal beneficial owner. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui held the entire issued share capital of White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- The shares were held by White Dynasty BVI in the capacity of a legal beneficial owner. Since (i) Mr. Bai Guohua was a beneficiary of the Family Trust; and (ii) Mr. Bai Guohua was a person acting in accordance with the instructions from Mr. Bai, the settlor of the Family Trust, at all times, hence Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO.

CORPORATE GOVERNANCE AND OTHER MATTERS

5. The shares were held by Honesty Priority Global Holdings Limited (“**Honesty Priority BVI**”) in the capacity of a legal beneficial owner. Since Mr. Dong owned 34.87% shares in Honesty Priority BVI, Mr. Dong was deemed to be interested in the shares held by Honesty Priority BVI under the SFO.

Long Positions in the Shares of Associated Corporations of the Company

Name of Director/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholdings
Mr. Bai	White Dynasty BVI ^(Note 1)	Settlor of a discretionary trust	10,000	100%
Mr. Bai	White Empire BVI ^(Note 1)	Settlor of a discretionary trust		100%
Mr. Bai Guohua	White Dynasty BVI ^(Note 1)	Beneficiary of a discretionary trust	10,000	100%
Mr. Bai Guohua	White Empire BVI ^(Note 1)	Beneficiary of a discretionary trust		100%

Note:

1. White Dynasty BVI was a corporate controlling shareholder of the Company and was wholly-owned by White Empire BVI in the capacity of a legal beneficial owner. White Empire BVI was a company limited by guarantee incorporated in the British Virgin Islands and the trustee of the Family Trust which was held for the benefits of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time, and Mr. Bai was the settlor of the Family Trust.

As at 30 June 2023, save as disclosed above, none of the Directors or chief executives of the Company had any interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER MATTERS

Interests and/or Short Positions in the Shares and Underlying Shares of the Company Held by Substantial Shareholders

As at 30 June 2023, to the best knowledge of the Company and the Directors, the following persons (other than Directors or chief executives of the Company) had interests and/or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO:

Long Positions in the Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Number of shares held	Percentage of shareholdings ^(Note 1)
White Dynasty BVI ^(Note 2)	Beneficial owner	346,944,000	57.82%
White Empire BVI ^(Note 2)	Interest of a controlled corporation	346,944,000	57.82%
White Legend BVI ^(Note 3)	Beneficial owner	64,944,000	10.82%
Mrs. Bai ^(Note 4)	Beneficiary of a discretionary trust	346,944,000	57.82%
Ms. Zhang Lindi ^(Note 5)	Interest of spouse	346,944,000	57.82%
Ms. Gan Xuelin ^(Note 6)	Interest of spouse	64,944,000	10.82%
Hwabao Trust Co., Ltd.	Trustee	62,160,000	10.36%

Notes:

- As at 30 June 2023, the Company had a total number of 599,999,989 shares in issue.
- White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the Family Trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the Family Trust.
- White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the Family Trust, Mrs. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Zhang Lindi was the wife of Mr. Bai Guohua. Since Mr. Bai Guohua was a beneficiary of the Family Trust, Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO, therefore, Ms. Zhang Lindi was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Gan Xuelin was the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI.

As at 30 June 2023, save as disclosed above, the Company was not aware of any other persons (other than Directors and chief executive of the Company) who had interests and/or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER MATTERS

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 12 June 2015. The maximum number of shares that may be issued pursuant to the share option scheme is 50,000,000 shares, equivalent to 10% of the issued shares of the Company after completion of the global offering and 8.33% of the issued shares of the Company as at the date of this interim report. Since the adoption, the Company has not granted any share options under the Share Option Scheme.

CHANGE IN THE INFORMATION OF THE DIRECTORS

Since the publication of 2022 annual report of the Company, there is no change in the information of the Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
REVENUE	5	240,155	509,828
Cost of sales		(174,583)	(394,784)
Gross profit		65,572	115,044
Other income and gains	5	3,823	8,217
Selling and distribution expenses		(10,131)	(28,533)
Administrative expenses		(19,861)	(19,268)
Reversal on provision on expected credit loss on financial assets, net		2,277	—
Other expenses		(128)	(2,483)
Finance costs		(16,525)	(9,754)
Share of profits and losses of: Joint ventures		1,048	955
PROFIT BEFORE TAX	6	26,075	64,178
Income tax expense	7	(20,661)	(26,536)
PROFIT FOR THE PERIOD		5,414	37,642
Attributable to:			
Owners of the parent		4,823	8,957
Non-controlling interests		591	28,685
		5,414	37,642
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted — for profit for the period		RMB0.01	RMB0.01

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	5,414	37,642
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,524	2,150
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	1,524	2,150
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	9,619	(5,842)
Income tax effect	(2,405)	1,458
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	7,214	(4,384)
	7,214	(4,384)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	8,738	(2,234)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,152	35,408
Attributable to:		
Owners of the parent	13,561	6,723
Non-controlling interests	591	28,685
	14,152	35,408

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	54,431	57,517
Investment properties		121,000	121,000
Right-of-use assets		1,120	1,142
Properties under development	14	202,646	202,758
Intangible assets		6	8
Investment in joint ventures		5,997	4,949
Equity investments designated at fair value through other comprehensive income	15	55,446	45,827
Time deposit	17	4,376	4,376
Deferred tax assets		232,152	221,994
Total non-current assets		677,174	659,571
CURRENT ASSETS			
Properties under development	14	9,616,831	9,383,865
Completed properties held for sale	16	1,037,292	1,143,239
Inventories		24,739	25,738
Trade receivables	10	2,364	8,579
Prepayments, other receivables and other assets	11	759,953	844,947
Tax recoverable		65,961	66,709
Pledged deposits	17	14,948	11,818
Restricted cash	17	367,190	211,756
Cash and cash equivalents	17	142,979	334,775
Total current assets		12,032,257	12,031,426
CURRENT LIABILITIES			
Trade and bills payables	12	1,093,442	1,289,815
Other payables and accruals		2,370,595	2,568,794
Contract liabilities		4,109,127	3,652,823
Interest-bearing bank and other borrowings	18	1,171,642	1,005,392
Tax payable		242,881	234,237
Total current liabilities		8,987,687	8,751,061
NET CURRENT ASSETS		3,044,570	3,280,365
TOTAL ASSETS LESS CURRENT LIABILITIES		3,721,744	3,939,936

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	18	1,917,380	2,149,724
Deferred tax liabilities		27,338	27,338
Total non-current liabilities		1,944,718	2,177,062
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital		4,855	4,855
Reserves		1,537,587	1,524,026
		1,542,442	1,528,881
Non-controlling interests		234,584	233,993
TOTAL EQUITY		1,777,026	1,762,874

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent										Total equity RMB'000
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Asset revaluation RMB'000	Fair value reserve of financial assets at fair value through other comprehensive RMB'000	Exchange fluctuation RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2023 (audited)	4,855	344,141	102,552	177,666	23,331	(82,357)	16,733	941,960	1,528,881	233,993	1,762,874
Profit for the period	-	-	-	-	-	-	-	4,823	4,823	591	5,414
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	7,214	-	-	7,214	-	7,214
Exchange differences on translation of foreign operations	-	-	-	-	-	-	1,524	-	1,524	-	1,524
Total comprehensive income for the period	-	-	-	-	-	7,214	1,524	4,823	13,561	591	14,152
At 30 June 2023 (unaudited)	4,855	344,141*	102,552*	177,666*	23,331*	(75,143)*	18,257*	946,783*	1,542,442	234,584	1,777,026

* These reserve accounts comprise the consolidated reserves of RMB1,537,587,000 at 30 June 2023 in the condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent										Total equity RMB'000
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Asset revaluation RMB'000	Fair value reserve of financial assets at fair value through other comprehensive RMB'000	Exchange fluctuation RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2022 (audited)	4,855	344,141	102,552	172,804	23,331	(76,079)	12,445	936,378	1,520,427	193,533	1,713,960
Profit for the period	–	–	–	–	–	–	–	8,957	8,957	28,685	37,642
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(4,384)	–	–	(4,384)	–	(4,384)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	2,150	–	2,150	–	2,150
Total comprehensive income for the period	–	–	–	–	–	(4,384)	2,150	8,957	6,723	28,685	35,408
At 30 June 2022 (unaudited)	4,855	344,141	102,552	172,804	23,331	(80,463)	14,595	945,335	1,527,150	222,218	1,749,368

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,075	64,178
Adjustments for:		
Depreciation of property, plant and equipment	4,552	4,724
Depreciation of right-of-use assets	22	22
Amortisation of intangible assets	2	31
Loss on disposal of items of property, plant and equipment	—	—
Other interest income from financial assets at fair value through profit or loss	—	—
Share of profits of joint ventures and an associate	(1,048)	(955)
Finance costs	16,525	9,754
Interest income	(1,199)	(4,166)
	44,929	73,588
Decrease/(increase) in properties under development	(154,236)	430,667
Decrease/(increase) in completed properties held for sale	105,947	(319,531)
Decrease/(increase) in inventories	999	(28)
Increase in trade receivables	6,215	(878)
Decrease/(increase) in prepayments, other receivables and other assets	77,056	(189,524)
(Increase)/decrease in pledged deposit	(3,130)	1,287
Increase in restricted bank balance	(155,434)	(42,058)
(Decrease)/increase in trade and bills payables	(196,374)	22,785
Increase in other payables and accruals	(232,646)	13,382
(Decrease)/increase in contract liabilities	456,304	123,944
Cash generated from operations	(50,370)	113,634
Tax paid	(15,894)	(18,185)
Net cash flows from operating activities	(66,264)	95,449

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(1,469)	(100)
Loss on disposal of items of property, plant and equipment	5	—
Purchase of intangible assets	—	—
Purchases of financial assets at fair value through profit or loss	—	—
Proceeds from disposal of financial assets at fair value through profit or loss	—	—
Proceeds from disposal of an associate	—	—
Income from financial assets at fair value through profit or loss	—	—
Interest received	1,199	4,166
Net cash flows from investing activities	(265)	4,066
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other loans	259,500	74,600
Repayment of bank loans	(320,595)	(92,389)
Principal portion of lease payments	—	—
Interest paid	(65,696)	(95,997)
Net cash flows from/(used in) financing activities	(126,791)	(113,786)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(193,320)	(14,271)
Cash and cash equivalents at beginning of period	334,775	240,373
Effect of foreign exchange rate changes, net	1,524	2,150
CASH AND CASH EQUIVALENTS AT END OF PERIOD	142,979	228,252
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	529,493	451,857
Less: Pledged deposits	19,324	21,846
Restricted cash	367,190	201,759
	142,979	228,252

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in property development with focus on development projects of residential and commercial properties.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 Interim Financial Reporting. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, wealth management products and equity investment which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial statements.

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

The adoption of these new or amended HKFRSs did not have any material impact on the Group's accounting policies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the six months ended 30 June 2023 and 2022.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<i>Revenue from contracts with customers</i>	237,865	508,426
<i>Revenue from other sources</i>		
Property leasing income	2,290	1,402
	240,155	509,828

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Type of goods or services		
Sale of properties	237,865	507,686
Sale of construction materials	—	740
Total revenue from contracts with customers	237,865	508,426
Timing of revenue recognition		
Goods transferred at a point in time	237,865	508,426
Other income		
Bank interest income	1,199	579
Interest income from third parties	—	3,586
Gross rental income	1,771	3,471
Others	853	581
	3,823	8,217

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Cost of properties sold	173,684	393,509
Cost of construction materials sold	—	1,275
Depreciation of property, plant and equipment	4,552	4,612
Depreciation of right-of-use assets	22	22
Amortisation of intangible assets	2	15
Lease payments not included in the measurement of lease liabilities	44	397
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	7,953	7,898
Pension scheme contributions	815	661
Staff welfare expense	1,515	1,081
	10,283	9,640
Bank interest income	(1,199)	(579)
Interest income from third parties	—	(3,586)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The major components of the Group's income tax expense are as follows:

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current tax:		
Income tax charge	23,130	26,289
Land appreciation tax	10,094	3,561
Deferred tax	(12,563)	(3,314)
Total tax charge for the period	20,661	26,536

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	4,823	8,957

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

	For the six months ended 30 June	
	2023 '000 (unaudited)	2022 '000 (unaudited)
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	600,000	600,000

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2023 and 2022.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of RMB1,469,000 (the six months ended 30 June 2022: RMB100,000).

During the six months ended 30 June 2023, the Group disposed of assets with a cost of RMB5,000 (the six months ended 30 June 2022: no asset disposal cost).

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within 3 months	804	6,296
3 to 6 months	—	—
6 to 12 months	—	610
Over 12 months	1,560	1,673
	2,364	8,579

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

On 30 October 2020, a wholly owned indirect subsidiary of the Company disposed 49% equity interests in an associate, Xishuangbanna Yunchen Real Estate Co., Ltd. to Xishuangbanna Global Sunac Tourism Development Co., Ltd. (“**Global Sunac**”) at a consideration of approximately RMB95.35 million. Global Sunac is a subsidiary of Sunac China Holdings Limited (“**Sunac China**”), which is listed in Main Board of the Hong Kong Stock Exchange Limited. Pursuant to the disposal agreement, the consideration is payable within 12 months from the date of the disposal agreement. As at 31 December 2022, amount of RMB89,697,000 (2021: RMB89,697,000) was still outstanding, management of the Company are hesitated the ability and the incentives of Sunac China Group to repay the outstanding balances and considered the possibility of recovery was remote. Therefore, a lifetime ECL (Stage 3) of RMB89,697,000 was recognised during the year ended 31 December 2022.

As of 30 June 2023, the Group has taken legal action against Sunac China Group for the settlement of the outstanding receivables. Up to the date of this report, the case is still under relevant legal procedures.

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables at the end of the Reporting Period, based on the payment due dates, is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Less than 1 year	335,487	751,216
1 to 2 years	323,371	255,878
2 to 3 years	228,727	145,201
3 to 4 years	87,659	17,143
4 to 5 years	11,700	57,476
Over 5 years	106,498	62,901
	1,093,442	1,289,815

13. DIVIDENDS

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Carrying amount at beginning of period/year	9,586,623	9,917,408
Additions	300,591	820,517
Transfer to completed properties held for sale (note 16)	(67,737)	(1,151,302)
Carrying amount at end of period/year	9,819,477	9,586,623
Less: Current portion	(9,616,831)	(9,383,865)
Non-current portion	202,646	202,758

Properties under development expected to be recovered:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within one year	4,813,945	2,014,034
After one year	5,005,532	7,572,589
	9,819,477	9,586,623

At 30 June 2023, certain of the Group's properties under development with a carrying value of approximately RMB1,822,922,000 (31 December 2022: RMB2,126,817,000) were pledged to secure bank loans granted to the Group (note 18).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Listed equity investment, at fair value	55,446	45,827

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

16. COMPLETED PROPERTIES HELD FOR SALE

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Carrying amount at beginning of period/year	1,143,239	821,338
Transfer from properties under development (note 14)	67,737	1,151,302
Transfer to cost of properties sold	(173,684)	(818,913)
Impairment during the period/year	—	(10,488)
Carrying amount at end of period/year	1,037,292	1,143,239

The aggregated carrying value of certain of the Group's completed properties held for sale as at 30 June 2023 was approximately RMB88,139,000 (31 December 2022: RMB66,531,000) (note 18).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Total cash and bank balances, including pledged deposits	529,493	562,725
Less: Pledged deposits	(19,324)	(16,194)
Restricted cash	(367,190)	(211,756)
Cash and cash equivalents	142,979	334,775

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	RMB'000
31 December 2022 (audited)			
Current			
bank loans — secured	4.15 – 7.50	2023	121,973
Current portion of long term bank loans — secured	5.23 – 8.65	2023	883,419
			1,005,392
Non-current			
Bank loans — secured	5.23 – 8.65	2024–2028	2,149,724
			3,155,116
30 June 2023 (unaudited)			
Current			
Bank loans — secured	4.15 – 7.50	2023	142,773
Current portion of long term bank loans — secured	5.23 – 8.65	2023	1,028,869
			1,171,642
Non-current			
Bank loans — secured	6.00 – 8.65	2024–2028	1,917,380
			3,089,022

Notes:

- (i) The bank borrowings of approximately RMB29,130,000 (31 December 2022: RMB29,680,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB18,108,422 (2022: RMB18,108,422) (note 16) and are guaranteed by two subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (ii) The bank borrowings of approximately RMB50,000,000 (31 December 2022: nil) are secured by the pledge of certain of the Group's properties under development and the Group's completed properties held for sale of RMB26,280,778 (2022: nil) (note 14) and RMB21,608,543 (2022: nil) (Note 16) respectively.
- (iii) The bank borrowings of approximately RMB99,000,000 (31 December 2022: RMB100,000,000) are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

- (iv) The bank borrowings of approximately RMB1,450,000,000 (31 December 2022: RMB1,450,000,000) are secured by a 100% equity interest of a subsidiary of the Group and are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (v) The bank borrowings of approximately RMB191,630,000 (31 December 2022: RMB191,680,000) are secured by the pledge of certain of the Group's properties under development of RMB63,700,000 (2022: RMB63,700,000) (note 14) and a 100% equity interest of a subsidiary of the Group and are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (vi) The bank borrowings of approximately RMB233,200,000 (31 December 2022: RMB233,300,000) are secured by the pledge of certain of the Group's properties under development of RMB251,700,000 (2022: RMB251,700,000) (note 14) and a 100% equity interest of a subsidiary of the Group and are guaranteed by a subsidiary of the Group, a director of the Company and the Company's controlling shareholder.
- (vii) The bank borrowings of approximately RMB91,500,000 (31 December 2022: RMB93,270,000) are secured by the pledge of certain of the Group's properties under development of RMB100,900,000 (2021: RMB100,900,000) (note 14) and are guaranteed by a subsidiary of the Group, two directors of the Company and the Company's controlling shareholder.
- (viii) The bank borrowings of approximately RMB48,900,000 (31 December 2022: RMB49,000,000) are secured by the pledge of the Group's investment properties of RMB25,759,965 (2022: nil) and are guaranteed by two subsidiaries of the Group, a director of the Company, an employee of the Company and the Company's controlling shareholder.
- (ix) The bank borrowings of approximately RMB35,000,000 (31 December 2022: RMB35,000,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB36,000,000 (2022: RMB36,000,000) (note 16) and are guaranteed by two subsidiaries of the Group.
- (x) The bank borrowings of approximately RMB4,373,157 (31 December 2022: RMB4,373,157) are secured by the certificate of time deposit of a subsidiary of the Group.
- (xi) The bank borrowings of approximately RMB48,000,000 (31 December 2022: RMB48,000,000) are secured by the pledge of certain of the Group's properties under development and the Group's completed properties held for sale of RMB62,300,000 (2022: RMB62,300,000) (note 14) and RMB12,422,217 (2022: RMB12,422,217) (note 16) respectively and are guaranteed by a subsidiary of the Group, two directors of the Company, an employee of the Company and the Company's controlling shareholder.
- (xii) The bank borrowings of approximately RMB259,000,000 (31 December 2022: RMB280,000,000) are secured by the pledge of certain of the Group's properties under development of RMB439,667,043 (2022: RMB410,467,002) (note 14) and are guaranteed by a subsidiary of the Group and a director of the Company.
- (xiii) The bank borrowings of approximately RMB8,600,000 (31 December 2022: RMB8,600,000) are secured by the pledge of certain of the Group's properties under development of RMB37,849,506 (2022: RMB37,820,797) (note 14) and are guaranteed by a subsidiary of the Group and a director of the Company.
- (xiv) The bank borrowings of approximately RMB9,300,000 (31 December 2022: RMB9,300,000) are secured by the pledge of certain of the Group's properties under development of RMB27,949,883 (2022: RMB27,928,682) (note 14) and are guaranteed by a subsidiary of the Group and a director of the Company.
- (xv) The bank borrowings of approximately RMB50,000,000 (31 December 2022: nil) are secured by the pledge of certain of the Group's properties under development of RMB85,474,503 (2022: nil) (note 14) and a 100% equity interest of a subsidiary of the Group and are guaranteed by two subsidiaries of the Group and a director of the Company.
- (xvi) The bank borrowings of approximately RMB178,000,000 (31 December 2022: RMB178,000,000) are guaranteed by a company controlled by the non-controlling shareholder of a subsidiary of the Group, a subsidiary of the Group and a director of the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS (CONTINUED) *(continued)*

Notes: *(continued)*

- (xvii) The bank borrowings of approximately RMB9,500,000 (31 December 2022: RMB9,600,000) are guaranteed by two subsidiaries of the Group, a director of the Company, an employee of the Company and the Company's controlling shareholder.
- (xviii) The bank borrowings of approximately RMB45,000,000 (31 December 2022: Nil) are guaranteed by two subsidiaries of the Group, a director of the Company, an employee of the Company and the Company's controlling shareholder.
- (xix) The bank borrowings of approximately RMB248,888,889 (31 December 2022: RMB284,444,444) are secured by the pledge of certain of the Group's properties under development of RMB727,100,000 (2022: RMB727,100,000) (note 14) and are guaranteed by a subsidiary of the Group.

19. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Contracted, but not provided for:		
Property development activities	771,837	1,207,875
Capital contribution payable to joint ventures	252,950	252,950
	1,024,787	1,460,825

20. CONTINGENT LIABILITIES

At 30 June 2023 and 31 December 2022, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	1,873,836	2,012,850

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. CONTINGENT LIABILITIES *(continued)*

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends at the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the Reporting Period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

21. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship
Mr. Bai Xuankui	Director, the ultimate controlling shareholder
Mr. Bai Guohua	Director, the ultimate controlling shareholder
Mr. Bai Wukui	Director, the ultimate controlling shareholder
Mr. Dong Shiguang	Director
Ms. Bai Lihua	The daughter of Mr. Bai Xuankui
Shanghai Xuanyu Investment Management Center Co., Ltd.	Company controlled by Mr. Bai Xuankui
Shanxi Wanjia Property Management Co., Ltd. (" Shanxi Wanjia ")	Company controlled by the daughter of Mr. Bai Xuankui
Shanxi Wanzhong Heating Co., Ltd. (" Shanxi Wanzhong ")	Company controlled by the daughter of Mr. Bai Xuankui
Xi'an Agile Consulting Co., Ltd. (" Xi'an Agile ")	Shareholder of a subsidiary
Shanxi Greentown Property Service Co., Ltd. (" Shanxi Greentown Property ")	A joint venture

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS *(continued)*

- (a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following transactions with related parties during the Reporting Period:

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
Property management service from:		
Shanxi Greentown Property	220	630
Shanxi Wanjia	23	368
	243	998
Interest expense from:		
Shanghai Xuanyu	—	1,237
Shanxi Wanzhong	1,508	1,178
	1,508	2,415

- (b) Other transactions with related parties:

Mr. Bai Xuankui has guaranteed certain of the Group's bank loans up to RMB2,554,860,000 (31 December 2022: RMB2,508,530,000) as at the end of the Reporting Period (note 18).

Mr. Bai Wukui has guaranteed certain of the Group's bank loans up to RMB335,400,000 (31 December 2022: RMB337,170,000) as at the end of the Reporting Period (note 18).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties:

The Group had the following balances with its related parties during the Reporting Period:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Due from joint ventures	529	529
Due from related parties	46,220	33,326
Due to related parties	209,533	257,597
Due to directors	59,196	93
Due to joint ventures	2,963	3,057

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Short term employee benefits	906	1,167
Pension scheme contributions	51	55
Total compensation paid to key management personnel	957	1,222

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	55,446	—	—	55,446

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	45,827	—	—	45,827



CHEN XING