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REDCO PROPERTIES GROUP LIMITED

力高地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1622)

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

FINANCIAL HIGHLIGHTS

- Contracted sales of properties for the Group's subsidiaries, associates and joint ventures for the six months ended 30 June 2023 amounted to RMB7,600 million
- Revenue for the six months ended 30 June 2023 amounted to RMB3,562.0 million
- Loss for the six months ended 30 June 2023 amounted to RMB216.7 million
- Loss attributable to owners of the Company for the six months ended 30 June 2023 amounted to RMB344.5 million
- Basic loss per share was RMB9.70 cents for the six months ended 30 June 2023 (30 June 2022: Basic earnings per share RMB0.09 cents)
- Land bank amounted to 14.5 million sq.m. as at 30 June 2023 (31 December 2022: 15.9 million sq.m.)
- Cash and cash equivalents and restricted cash as at 30 June 2023 amounted to RMB4,456.0 million (31 December 2022: RMB5,603.3 million)

The board (the “**Board**”) of directors (the “**Directors**”) of Redco Properties Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023, together with comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	3,561,981	9,969,286
Cost of sales		<u>(3,230,622)</u>	<u>(8,825,506)</u>
Gross profit		331,359	1,143,780
Other income, gains and losses, net	5	53,341	(109,544)
Selling and marketing expenses		(213,991)	(367,532)
General and administrative expenses		(291,106)	(452,325)
Decrease in fair value of investment properties		—	(7,957)
Impairment losses on financial assets and contract assets, net of reversal		<u>(8,343)</u>	<u>—</u>
Operating (loss) profit		<u>(128,740)</u>	<u>206,422</u>
Finance income	6	16,559	217,926
Finance costs	6	<u>(15,726)</u>	<u>(9,313)</u>
Finance income and costs, net	6	<u>833</u>	<u>208,613</u>
Share of results of investments accounted for using the equity method, net		<u>(5,209)</u>	<u>(13,843)</u>
(Loss) profit before income tax		(133,116)	401,192
Income tax expense	7	<u>(83,616)</u>	<u>(215,852)</u>
(Loss) profit for the period		<u><u>(216,732)</u></u>	<u><u>185,340</u></u>
(Loss) profit for the period attributable to:			
– Owners of the Company		(344,503)	3,370
– Non-controlling interests		<u>127,771</u>	<u>181,970</u>
		<u><u>(216,732)</u></u>	<u><u>185,340</u></u>
(Loss) earnings per share			
– Basic and diluted (expressed in RMB cents per share)	9	<u><u>(9.70)</u></u>	<u><u>0.09</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
(Loss) profit for the period	<u>(216,732)</u>	<u>185,340</u>
Other comprehensive expense for the period		
<i>Item that may not be reclassified subsequently to profit or loss:</i>		
– Currency translation differences	<u>(366,592)</u>	<u>(522,484)</u>
Total other comprehensive expense for the period	<u>(366,592)</u>	<u>(522,484)</u>
Total comprehensive expense for the period	<u><u>(583,324)</u></u>	<u><u>(337,144)</u></u>
Total comprehensive (expense) income attributable to:		
– Owners of the Company	<u>(708,664)</u>	<u>(515,940)</u>
– Non-controlling interests	<u>125,340</u>	<u>178,796</u>
	<u><u>(583,324)</u></u>	<u><u>(337,144)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		30 June	31 December
	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		796,975	835,090
Investment properties		1,630,848	1,630,848
Intangible assets		335,662	341,336
Investments accounted for using the equity method		730,138	828,783
Contract assets		637,773	639,773
Deferred income tax assets		984,494	1,019,224
		<u>5,115,890</u>	<u>5,295,054</u>
CURRENT ASSETS			
Completed properties held for sales		5,920,225	6,026,658
Properties under development for sales		29,557,268	33,588,067
Trade and other receivables and deposits	10	3,200,427	2,613,538
Prepayments	11	1,857,065	1,755,449
Income tax recoverable		1,232,251	1,201,021
Amounts due from non-controlling interests		2,275,886	2,447,217
Amounts due from associates		694,610	801,551
Amounts due from joint ventures		629,595	654,658
Restricted cash		3,114,989	3,706,775
Cash and cash equivalents		1,341,006	1,896,475
		<u>49,823,322</u>	<u>54,691,409</u>

		30 June	31 December
	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
CURRENT LIABILITIES			
Trade and other payables	12	13,674,085	14,132,881
Amounts due to non-controlling interests		4,912,413	5,360,737
Amounts due to associates		152,869	186,127
Amounts due to joint ventures		8,492	8,668
Income tax liabilities		1,326,747	1,410,480
Bank and other borrowings	13	15,128,976	15,220,491
Contract liabilities		12,578,743	15,636,108
		<u>47,782,325</u>	<u>51,955,492</u>
NET CURRENT ASSETS		<u>2,040,997</u>	<u>2,735,917</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,156,887</u>	<u>8,030,971</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		1,234,716	1,281,645
Bank and other borrowings	13	1,230,000	1,012,011
		<u>2,464,716</u>	<u>2,293,656</u>
NET ASSETS		<u>4,692,171</u>	<u>5,737,315</u>
CAPITAL AND RESERVES			
Share capital		139,632	139,632
Reserves		1,326,621	2,035,285
		<u>1,466,253</u>	<u>2,174,917</u>
Non-controlling interests		3,225,918	3,562,398
		<u>3,225,918</u>	<u>3,562,398</u>
SHAREHOLDERS' EQUITY		<u>4,692,171</u>	<u>5,737,315</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. General

Redco Properties Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 July 2008 as an exempted company with limited liability under the Companies Act of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

The principal activities of the Company and its subsidiaries (the “**Group**”) are property development, property management services, property investment services, project management services and healthcare services in the People’s Republic of China (the “**PRC**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is different from the Company’s functional currency of Hong Kong dollars (“**HK\$**”).

The English names of all the companies established in the PRC presented in these condensed consolidated financial statements represent the best efforts made by the directors of the Company (the “**Directors**”) for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. Basis of presentation of consolidated financial statements

(a) *Going concern assessment*

The Directors have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

For the six months ended 30 June 2023, the Group incurred a net loss attributable to the owners of the Company of approximately RMB344,503,000 (30 June 2022: a net profit attributable to the owners of the Company of approximately RMB3,370,000). In addition, as at 30 June 2023, the Group's total bank and other borrowings amounted to approximately RMB16,358,976,000 (31 December 2022: RMB16,232,502,000) and out of which, an amount of the Group's bank and other borrowings of approximately RMB15,128,976,000 (31 December 2022: RMB15,220,491,000) would fall due and be repayable within one year, while its cash and cash equivalents amounted to approximately RMB1,341,006,000 (31 December 2022: RMB1,896,475,000) only.

As described in note 13, as at 30 June 2023, the Group's bank and other borrowings amounting to approximately RMB3,761,841,000 (31 December 2022: RMB361,154,000) were defaulted due to overdue payment of principal and/or interest. Such event of default also resulted in cross-default of bank and other borrowings, including principal and interest amounting to approximately RMB9,155,347,000 (31 December 2022: RMB12,303,340,000) at the same date.

Moreover, the economic environment of the in real estate sector in the PRC may have unfavorable impact to the working capital available to the Group and the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In view of the aforementioned, 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 following measures and plans are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group has been actively negotiating with the Group's existing lenders and creditors on extending the repayment of principal and interest of certain overdue bank and other borrowings. In addition, the Group has also been actively negotiating with these lenders and creditors on the restructuring and/or renewal of certain indebtedness of the Group;

- (ii) The Group has been managing its debt structure and looking for new and additional funding opportunities and actively negotiating with existing and new lenders and creditors to obtain new financing at a reasonable cost. In addition, the Group has been actively communicating with relevant existing and new lenders and creditors so as to obtain additional sources of funds for its existing and new development projects;
- (iii) The Group will continue to implement measures to accelerate the pre-sale and sale of its properties under development for sale and completed properties held for sale at the expected sale prices and to speed up the collection of outstanding sales proceeds and contract assets;
- (iv) The Group will continue to enhance the payment collection progress in respect of the property sales and pre-sales through closely following up with the customers and communicating and coordinating with banks for the timely grant of individual mortgage loans to the customers in accordance with the timeline of cash flow projections prepared by the management;
- (v) The Group will continue to maintain continuous communication and endeavour to agree with major subcontractors and suppliers in arranging payments to these vendors and completing the construction progress as scheduled; and
- (vi) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of at least twelve months from 30 June 2023. They are of the opinion that, taking into account the abovementioned measures and plans the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its measures and plans, which are subject to multiple uncertainties as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) the successful execution and completion in restructuring and refinancing of the Group's existing outstanding bank and other borrowings, to revise the key terms and conditions of the original facility agreements and to extend the principal and interest payment schedules;

- (ii) the successful execution and completion in obtaining additional and new sources of financing from existing and new lenders and creditors as and when needed to meet its operational need and financial obligations and also to secure funds for its existing and new development projects;
- (iii) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development for sales and completed properties held for sales, to speed up the collection of outstanding sales proceeds and contract assets and to collect progress payments from customers in respect of the property sales and pre-sales;
- (iv) the Group's ability to successfully obtain support from its major subcontractors and suppliers so as to complete the construction progress as scheduled; and
- (v) the successful execution and implementation of the plans in controlling costs and containing capital expenditure so as to improve its cash position and generate greater positive cash inflows from its operations and businesses in the near future.

The Group's ability to obtain the abovementioned financing and operating funds depends on: (i) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; and (ii) whether the lenders and creditors of existing bank and other borrowings are agreeable to the terms and conditions for such extension, restructuring and/or renewal and the Group's ability to continuously comply with the relevant terms and conditions of bank and other borrowings.

Should the Group fail to achieve the abovementioned measures and plans, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which 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.

(b) The Incidents

As described in details in the announcement of the Company dated 30 June 2023, on 6 April 2023, the board of directors of Redco Healthy Living Company Limited ("**Redco Healthy**"), a listed subsidiary of the Company, has established an independent committee (the "**Redco Healthy's Independent**

Committee”) which only comprises independent non-executive directors of Redco Healthy to conduct an independent inquiry (the “**Redco Healthy’s Independent Inquiry**”) on three audit issues which are summarized as follows:

- (i) Audit issue I: Fund movements regarding certain cooperation arrangements with an entity (“**Party A**”) entered into by Redco Healthy and its subsidiaries (the “**Redco Healthy Group**”) relating to potential acquisitions of certain target companies (the “**Audit Issue I**”);
- (ii) Audit issue II: (a) The Redco Healthy Group’s payments of the refundable deposits in the amount of approximately RMB30.8 million in relation to the potential acquisitions of certain target companies (the “**Refundable Deposits**”); and (b) the Redco Healthy Group’s receipt of funds in the amount of RMB30 million each from two independent third parties which were transferred back to such parties on the same date (the “**Audit Issue II**”); and
- (iii) Audit issue III: Fund movements between the Redco Healthy Group and Redco Properties Group (the “**Audit Issue III**”, together with the Audit Issue I and Audit Issue II, the “**Incidents**”).

The Redco Healthy Independent Committee has engaged an independent professional adviser (the “**Redco Healthy Independent Professional Adviser**”) to assist with the Redco Healthy Independent Inquiry.

Pursuant to Redco Healthy’s announcement dated 31 January 2024, on 18 January 2024, the Redco Healthy Independent Professional Adviser issued a report in relation to its findings on the Redco Healthy Independent Inquiry. Key findings of the Redco Healthy Independent Inquiry have been published by Redco Healthy on 31 January 2024 (the “**Redco Healthy Key Findings**”).

In addition, pursuant to Company’s announcement dated 31 January 2024, on 18 January 2024, the independent professional adviser appointing by the Audit Committee of the Company (the “**Redco Properties Independent Professional Adviser**”) also issued a report in relation to its findings on the independent inquiry (the “**Redco Properties Independent Inquiry**”). Key findings of the Redco Properties Independent Inquiry have been published by the Company on 31 January 2024 (the “**Redco Properties Key Findings**”, together with the Redco Healthy Key Findings, the “**Key Findings**”).

(1) Audit Issue I

There were fund movements between the Redco Healthy Group and the Party A, including (i) the refundable earnest money in the amount of approximately RMB100 million (equivalent to approximately HK\$118 million) (the “**Earnest Money A**”) during the year ended 31 December 2022, which has been fully refunded to the Redco Healthy Group during the year ended 31 December 2022; and (ii) the refundable earnest money in the amount of RMB40.6 million (the “**Earnest Money B**”), which has been fully refunded to the Redco Healthy Group during the year ended 31 December 2023.

(2) Audit Issue II

During the year ended 31 December 2022, in respect of the potential acquisition of nine target companies (the “**Nine Target Companies**”), between October and December 2022, Redco Healthy Group has paid the Refundable Deposits approximately RMB30.8 million to the sellers of these Nine Target Companies. The Refundable Deposits have been fully refunded to the Redco Healthy Group during the year ended 31 December 2023.

(3) Audit Issue III

During the year ended 31 December 2022, there were fund movements between the Redco Healthy Group and Redco Properties Group ranging from RMB200 to RMB61.5 million. During the year ended 31 December 2022, the net fund movement from the Redco Healthy Group to Redco Properties Group amounted to approximately RMB107.5 million, which primarily comprised (i) settlement of non-trade accounts payable; (ii) the earnest money for the Tianjin project; (iii) the carpark sales refundable deposits; and (iv) the Redco Properties Group’s bridging loans.

As at 31 December 2022, the amount due (from) to the Group to the Redco Healthy Group amounted to approximately RMB73.84 million and details of which are set out in note 14.

Details of the above are set out in the Company’s announcements dated 30 June 2023, 25 July 2023, 28 September 2023, 31 December 2023 and 31 January 2024.

3. Basis of preparation of condensed consolidated financial statements and material accounting policy information

(a) Basis of preparation of condensed consolidated financial statements

This condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA and any public announcements made by the Company during the interim reporting period.

(b) Changes in accounting policies

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs and annual improvement effective for the financial year beginning on or after 1 January 2023.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2023 and currently relevant to the Group:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
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 Group has adopted these amendments of standards and the adoption of these amendments of standards do not have significant impacts on the Group's condensed consolidated interim financial information.

The Directors are in the process of assessing the financial impact of the adoption of the following new standards, amendment to existing standards and annual improvements. The Group will adopt the new standards, amendments to existing standards and annual improvements when they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2024

³ Effective for annual periods beginning on or after January 1, 2025

4. Revenue and segment information

(a) Revenue

Revenue mainly comprises of proceeds from sales of properties, provision of property management services and community value-added services, project management services, hotel operations and management services and community healthcare services and also rental income from leasing of properties.

Disaggregation of revenue from contracts with customers

An analysis of the Group's revenue by category for the six months ended 30 June 2023 and 2022 are as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Revenue from contracts with customers:</i>		
Sales of properties	3,315,900	9,769,494
Property management services and community value-added services	188,096	137,717
Project management services	10,455	31,203
Hotel income	38,703	16,909
Rental income	1,287	12,231
Healthcare services	7,540	1,732
	<u>3,561,981</u>	<u>9,969,286</u>

(b) Segment information

The Directors have been identified as the CODM. Management determines the operating segments based on the Group's internal reports, which are submitted to the Directors for performance assessment and resources allocation.

The Directors consider the business from a geographical perspective and assess the performance of property development in five reportable operating segments, namely Greater Western Taiwan Straits Economic Zone, Central and Western Regions, Bohai Economic Rim, Greater Bay Area and Others. The Group's construction and sea reclamation services are considered together with the property development segments and included in the relevant geographic operating segment. "Others" segment represents provision of design services to group companies, corporate support functions, property management services (services provided to both internal or external customers), project management services, healthcare services, rental income and investment holding business.

The accounting policies of the operating segments are the same as the Group's accounting policies.

The Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of depreciation of property, plant and equipment, share of results of investments accounted for using the equity method, finance income, finance costs and income tax credit (expense). Other information provided, except as noted below, to the Directors is measured in a manner consistent with that in the condensed consolidated financial statements.

Segment revenue, results, assets and liabilities

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Greater Bay Area RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2023						
(Unaudited)						
Segment revenue						
Revenue from contracts with customers						
– Recognised at a point in time	869,979	1,773,668	609,998	62,255	7,757	3,323,657
– Recognised over time	—	—	—	—	261,939	261,939
– Others	—	—	—	—	12,320	12,320
Less: Inter-segment revenue	—	—	—	—	(35,935)	(35,935)
Consolidated revenue from external customers	<u>869,979</u>	<u>1,773,668</u>	<u>609,998</u>	<u>62,255</u>	<u>246,081</u>	<u>3,561,981</u>
Segment results						
Segment results	(208,576)	425,932	(4,640)	87,000	(391,717)	(92,001)
Depreciation of property, plant and equipment	(24,053)	(642)	(1,211)	(218)	(10,615)	(36,739)
Operating profits (losses)	(232,629)	425,290	(5,851)	86,782	(402,332)	(128,740)
Share of results of investments accounted for using the equity method, net	(2,013)	(319)	(1,723)	(1,643)	489	(5,209)
Finance income	2,068	2,618	10,476	611	786	16,559
Finance costs	(4,251)	(1,488)	—	(6)	(9,981)	(15,726)
Income tax credit (expense)	11,861	(118,247)	27,988	3,044	(8,262)	(83,616)
Profit (loss) for the period	<u>(224,964)</u>	<u>307,854</u>	<u>30,890</u>	<u>88,788</u>	<u>(419,300)</u>	<u>(216,732)</u>
As at 30 June 2023 (Unaudited)						
Additions to:						
Property, plant and equipment	29	32	73	—	3,773	3,907
Investments accounted for using the equity method	—	—	—	77,440	—	77,440
Total segment liabilities	<u>(10,172,843)</u>	<u>(12,759,011)</u>	<u>(10,388,954)</u>	<u>(5,536,776)</u>	<u>(11,389,457)</u>	<u>(50,247,041)</u>
Total segment assets	<u>11,936,665</u>	<u>17,100,903</u>	<u>10,207,204</u>	<u>5,143,367</u>	<u>10,548,680</u>	<u>54,936,819</u>
Other unallocated corporate assets						2,393
Total consolidated assets						<u>54,939,212</u>
<i>Including investments accounting for using the equity method</i>	<u>58,204</u>	<u>264,626</u>	<u>111,708</u>	<u>163,783</u>	<u>131,817</u>	<u>730,138</u>

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Greater Bay Area RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2022						
(Unaudited)						
Segment revenue						
Revenue from contracts with customers						
– Recognised at a point in time	2,777,339	2,822,699	3,025,478	1,143,978	1,314	9,770,808
– Recognised over time	29,627	25	—	208	218,644	248,504
– Others	—	—	—	—	12,231	12,231
Less: Inter-segment revenue	—	—	—	(208)	(62,049)	(62,257)
Consolidated revenue from external customers	<u>2,806,966</u>	<u>2,822,724</u>	<u>3,025,478</u>	<u>1,143,978</u>	<u>170,140</u>	<u>9,969,286</u>
Segment results						
Segment results	(145,686)	65,535	266,562	211,060	(145,633)	251,838
Depreciation of property, plant and equipment	<u>(26,631)</u>	<u>(1,616)</u>	<u>(579)</u>	<u>(330)</u>	<u>(16,260)</u>	<u>(45,416)</u>
Operating profits (losses)	(172,317)	63,919	265,983	210,730	(161,893)	206,422
Share of results of investments accounted for using the equity method, net	(2,078)	(5,836)	(5,951)	—	22	(13,843)
Finance income	8,162	6,211	20,995	1,379	181,179	217,926
Finance costs	—	—	(47)	(243)	(9,023)	(9,313)
Income tax credit (expense)	<u>56,483</u>	<u>(79,744)</u>	<u>(86,332)</u>	<u>(91,544)</u>	<u>(14,715)</u>	<u>(215,852)</u>
Profit (loss) for the period	<u>(109,750)</u>	<u>(15,450)</u>	<u>194,648</u>	<u>120,322</u>	<u>(4,430)</u>	<u>185,340</u>
As at 31 December 2022 (Audited)						
Additions to:						
Property, plant and equipment	739	137	4,691	5	11,742	17,314
Investments accounted for using the equity method	—	—	—	—	755	755
Acquisition of subsidiaries – Investments accounted for using the equity method	—	103,637	—	—	—	103,637
Total segment liabilities	<u>(10,941,839)</u>	<u>(15,936,822)</u>	<u>(11,761,688)</u>	<u>(5,457,074)</u>	<u>(10,151,725)</u>	<u>(54,249,148)</u>
Total segment assets	<u>14,127,072</u>	<u>19,778,987</u>	<u>15,623,886</u>	<u>8,070,712</u>	<u>2,383,516</u>	<u>59,984,173</u>
Other unallocated corporate assets						2,290
Total consolidated assets						<u>59,986,463</u>
<i>Including investments accounting for using the equity method</i>	<u>60,217</u>	<u>261,650</u>	<u>113,431</u>	<u>165,160</u>	<u>228,325</u>	<u>828,783</u>

5. Other income, gains and losses, net

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Exchange gains (losses), net	49,656	(50,972)
Losses on disposals of investments accounted for using the equity method	(4,436)	(1,010)
Gains on disposals of property, plant and equipment	269	655
Losses on disposals of subsidiaries	(142)	(103,101)
Compensation income	—	12,800
Gain on exchange of senior notes	—	17,327
Others	7,994	14,757
	<u>53,341</u>	<u>(109,544)</u>

6. Finance income and costs, net

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income from banks	16,559	37,694
Gains on repurchases of senior notes (note 13)	—	180,232
	<u>16,559</u>	<u>217,926</u>
Finance costs on bank and other borrowings, including senior notes	634,830	857,738
Finance costs on loans from non-controlling interests	2,326	—
	<u>637,156</u>	<u>857,738</u>
Less: Amount capitalised in respect of qualifying assets	<u>(621,430)</u>	<u>(848,425)</u>
	<u>15,726</u>	<u>9,313</u>
Finance income and costs, net	<u>833</u>	<u>208,613</u>
Weighted average interest rate on capitalised borrowings (per annum)	<u>8.39%</u>	<u>9.49%</u>

7. Income tax expense

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC enterprise income tax	102,677	289,024
– PRC land appreciation tax	1,685	64,504
	<u>104,362</u>	<u>353,528</u>
Deferred taxation	<u>(20,746)</u>	<u>(137,676)</u>
	<u>83,616</u>	<u>215,852</u>

10. Trade and other receivables and deposits

	<i>Notes</i>	30 June 2023	31 December 2022
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables	(a)	215,833	173,196
Less: Impairments		<u>(46,803)</u>	<u>(38,460)</u>
		<u>169,030</u>	<u>134,736</u>
<i>Other receivables comprise:</i>			
– Interest receivables		12,130	11,220
– Receivables in relation to the disposal of assets and liabilities held for sales		3,024	—
– Others receivables		3,221,049	2,635,239
<i>Deposits comprise:</i>			
– Refundable Deposits for Nine Target Companies	(b)	1,000	30,803
– Deposits with local real estate associations		174,755	174,815
– Deposits with labour department		7,802	15,088
– Deposits with treasury bureau		<u>10,990</u>	<u>10,990</u>
		3,430,750	2,878,155
Less: Impairments		<u>(399,353)</u>	<u>(399,353)</u>
		<u>3,031,397</u>	<u>2,478,802</u>
		<u><u>3,200,427</u></u>	<u><u>2,613,538</u></u>

Notes:

(a) Trade receivables

Trade receivables mainly arise from sales of properties and provision of property management services.

Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. Credit terms are generally granted to certain customers and the customers are required to settle the receivables according to the sale and purchase agreements.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

Trade receivables from sales of properties of nil (31 December 2022: RMB24,029,000) are secured by the properties sold. The carrying amounts of trade receivables approximates their fair values and are interest-free.

The following is an aging analysis of trade receivables presented based on revenue recognition date.

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0 - 30 days	158,137	146,912
31 - 60 days	1,817	1,935
61 - 90 days	1,627	2,516
91 - 180 days	9,338	4,847
Over 180 days	44,914	16,986
	<u>215,833</u>	<u>173,196</u>

(b) Refundable Deposits for the Nine Target Companies

During the year ended 31 December 2022, the Redco Healthy Group proposed to acquire Nine Target Companies, between October and December 2022, the Redco Healthy Group has paid the Refundable Deposits of approximately RMB30.8 million to certain parties in order to secure the exclusive right to the potential acquisition of the Nine Target Companies for nine months.

In 2023, the Refundable Deposits have been fully refunded to the Redco Healthy Group.

11. Prepayments

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Prepayments comprise:		
– Prepaid other taxes	1,549,868	1,549,986
– Prepayments for construction costs	307,197	205,463
	<u>1,857,065</u>	<u>1,755,449</u>

12. Trade and other payables

		30 June	31 December
	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables	(a)	5,311,877	6,286,309
Accruals and other payables		5,680,826	5,181,005
Amounts due to shareholders	(b)	87,935	86,131
Other taxes payables		2,412,308	2,498,789
Dividend payables		6,331	4,648
Salary payables		18,698	17,800
Interest payables		150,499	51,862
Rental deposits received		5,611	6,337
		<u>13,674,085</u>	<u>14,132,881</u>

Notes:

(a) Trade payables

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

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0 to 30 days	3,674,180	4,562,989
31 to 60 days	98,167	222,064
61 to 90 days	91,496	168,198
Over 90 days	1,448,034	1,333,058
	<u>5,311,877</u>	<u>6,286,309</u>

The carrying amounts of the Group's trade payables approximate their fair values due to their short maturities.

(b) Amounts due to shareholders

As at 30 June 2023, the amounts to from shareholder are interest-free, unsecured and repayable within 1 year with repayment on demand clause.

13. Bank and other borrowings

	<i>Notes</i>	30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Bank and other borrowings comprise:			
– Senior notes, including accrued interests	(a)	7,363,835	6,861,218
– Bank borrowings	(b)	<u>8,995,141</u>	<u>9,371,284</u>
		<u><u>16,358,976</u></u>	<u><u>16,232,502</u></u>
The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements			
Within one year or demand		12,537,922	12,674,851
More than one year, but not more than two years		2,788,838	2,475,166
More than two years, but not more than five years		841,074	881,898
More than five years		<u>191,142</u>	<u>200,587</u>
		16,358,976	16,232,502
The carrying amounts of bank and other borrowings that become immediately due and payable due to breach of loan covenants and/or contain a repayment on demand clause which was shown under current liabilities			
		<u>(15,128,976)</u>	<u>(15,220,491)</u>
Amounts shown under non-current liabilities		<u><u>1,230,000</u></u>	<u><u>1,012,011</u></u>

Notes:

(a) Senior notes

The Group have issued the following senior notes which are listed in Singapore Exchange Securities Trading Limited:

Senior note	Interest rate	Issue date	Maturity date	Par value	Outstanding balance	
					30-Jun-2023	31-Dec-2022
					<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	<i>(Audited)</i>
13% Senior Note due 2023	13%	27 March 2020	27 May 2023	US\$150,000,000	5,523	5,103
11% Senior Note due 2022	11%	6 August 2020	6 August 2022	US\$320,800,000	73,864	72,154
9.9% Senior Note due 2024	9.9%	17 November 2020	17 February 2024	US\$266,000,000	2,054,443	1,889,283
10.5% Senior Note due 2023	10.5%	6 July 2021	5 January 2023	RMB600,000,000	586,482	585,822
8% Senior Note due 2023	8%	25 March 2022	23 March 2023	US\$184,944,000	1,273,601	1,206,977
13% Senior Note due 2023	13%	8 April 2022	7 April 2023	US\$146,720,000	1,101,690	1,027,271
11% Senior Note due 2023	11%	8 April 2022	6 August 2023	US\$262,288,000	2,035,444	1,861,507
11% Senior Note due 2023 II	11%	6 August 2022	6 August 2023	US\$31,000,000	232,788	213,101
Total					<u>7,363,835</u>	<u>6,861,218</u>

During the year ended 31 December 2022, the Company repurchased certain 11% Senior Note due 2022, 9.9% Senior Note due 2024, 8% Senior Note due 2022, 8% Senior Note due 2023, 13% Senior Note due 2023 and 10.5% Senior Notes due 2023. The aggregated par value repurchased by the Company amounted to approximately US\$59,800,000 (equivalent to approximately RMB403,403,000) and RMB43,000,000 and the resulted net gains of approximately RMB203,901,000 were credit to profit and loss.

The interest of these senior notes is payable semi-annually in arrears.

The Company, at its option, can redeem these senior notes in whole or in part prior to their maturity at the redemption price as defined in the agreements of these notes. The Company, at the option of bond holders, shall repurchase the 13% Senior Notes due 2023 prior to its maturity at the repurchase price as defined in the agreements of the note.

The aforementioned early redemption options are regarded as embedded derivatives not closely related to the host contract. The Directors consider that their fair value was insignificant on recognition and at 30 June 2023 (2022: same).

The Group's senior notes as at 30 June 2023 totalling approximately RMB7,363,835,000 (31 December 2022: RMB6,861,218,000) are guaranteed by the Company and secured by the Group's equity interests in certain subsidiaries, and subject to the fulfilment of covenants relating to certain of the Group's financial indicators. The Group regularly monitors its compliance with these covenants.

Default of senior notes

As at 30 June 2023, the Group did not repay a senior note at carrying value and interests of approximately RMB3,041,160,000 (31 December 2022: RMB72,154,000) ("**Overdue Senior Note**") in accordance with the contractual repayment schedules. Pursuant to the terms of the Overdue Senior Note, the Overdue Senior Note would be immediately due and payable upon the written request by note holders holding the requisite percentage in aggregate principal amount of the Overdue Senior Note.

Other than the Overdue Senior Note, senior notes at an aggregate carrying value and interest of approximately RMB4,322,675,000 (31 December 2022: RMB6,789,064,000) ("**Cross-default Senior Notes**") contained a cross-default clause, under which Cross-default Senior Notes were considered cross defaulted if the Group failed to make principal payments of bank and other borrowings exceeding a prescribed amount. Pursuant to the terms of the Cross-default Senior Notes, the Cross-default Senior Notes would be immediately due and payable upon the written request by note holders holding the requisite percentage in aggregate principal amount of the Cross-default Senior Notes. Accordingly, the Group's senior notes at an aggregate carrying value and interests of approximately RMB7,363,835,000 (31 December 2022: RMB6,861,218,000) have been presented as current liabilities as at 30 June 2023.

(b) Bank borrowings

As at 30 June 2023, the Group's bank borrowings of approximately RMB2,122,158,000 (31 December 2022: RMB2,170,870,000), were secured by certain properties under development for sale with the carrying amount of approximately RMB25,158,961,000 (31 December 2022: RMB24,532,019,000), property, plant and equipment of approximately RMB565,666,000 (31 December 2022: RMB616,628,000) and investment properties of approximately RMB725,788,000 (31 December 2022: RMB725,788,000) The Group's bank borrowings of approximately RMB5,352,987,000 (31 December 2022: RMB5,528,994,000) were guaranteed by the Company and secured by the Group's equity interests in certain subsidiaries and assignment of insurance policy.

Bank borrowings bear interest from 4.54% to 24.00% (31 December 2022: 1.50% to 24.00%) per annum.

The carrying amounts of the Group's bank borrowings approximate their fair values as the impact of discounting is not significant or the borrowings carry floating rate of interests that are at market rate.

Default of bank borrowings

The Group did not repay certain bank borrowings at an aggregate carrying value and interests of approximately RMB720,681,000 (31 December 2022: RMB289,000,000) (“**Overdue Borrowings**”) in accordance with the contractual repayment schedules. Pursuant to the terms of the Overdue Borrowings, the Overdue Borrowings would be immediately repayable if requested by the respective lenders.

Other than the Overdue Borrowings, the Group’s bank borrowings at an aggregate carrying value and interests of approximately RMB4,832,672,000 (31 December 2022: RMB5,514,276,000) (“**Cross-default Borrowings**”) contained a cross-default clause in the respective financing agreements, under which Cross-default Borrowings were considered defaulted if any bank and other borrowings of the Group had been defaulted. Pursuant to the terms of the Cross-default Borrowings, the Cross-default Borrowings would be immediately due if requested by the lenders.

14. Related Party transactions

Amounts due (from) to Redco Healthy Group, other than trade payables

During the year ended 31 December 2022, there were numerous fund movements between the Group (excluding Redco Healthy Group, the “**Redco Properties Group**”) and the Redco Healthy Group and the Redco Healthy Group had cash outflows to and inflows from the Redco Properties Group amounted to approximately RMB200 million and RMB61.5 million, respectively.

An analysis of the amounts due (from) to Redco Healthy Group, other than trade payables is as follows:

As at 30 June 2023

	<i>RMB’000</i>
Amounts due to Redco Healthy Group, other than trade payables	74,794
Amounts due from Redco Healthy Group, other than trade payables	(2,243)
	<hr/>
Amounts due to Redco Healthy Group, other than trade payables	<u>72,551</u>

As at 31 December 2022

	<i>RMB'000</i>
Amounts due to Redco Healthy Group, other than trade receivables	74,116
Amounts due from Redco Healthy Group, other than trade receivables	<u>(277)</u>
Amounts due to Redco Healthy Group, other than trade receivables	<u><u>73,839</u></u>

All these transactions and balances were eliminated in the condensed consolidated financial statements of the Company.

15. Comparative figures

Certain comparative figures have been reclassified in order to conform to the current period's presentation.

16. Events after the reporting period

Other than as disclosed elsewhere in these consolidated financial statements, the Company did not have any significant events after the end of the reporting period.

BUSINESS OVERVIEW

In the first half of 2023, global macroeconomic turbulence intensified due to the Federal Reserve's interest rate hikes, which fueled inflationary pressures, alongside persistent geopolitical conflicts and banking crises in Europe and the United States, casting a shadow over the global economic recovery. Nonetheless, China's economy has shown a trend of overall improvement after the stable transition of epidemic prevention and control. However, the domestic real estate market still faced significant challenges as fundamental issues such as weak sales, inventory pressure and financing difficulties persist, alongside the deep-seated impacts of declining household income expectations and inadequate market demand and confidence, contributing to the ongoing liquidity crisis for property developers.

In the first half of the year, the PRC government continued to adhere to the policy of “housing is for living in, not for speculation” and “the implementation of city-specific policies” approach, emphasizing the need for “actively ensuring timely deliveries of presold houses, protecting people's livelihoods, and maintaining stability”, thereby sustaining the easing style from the previous year while intensifying regulatory efforts. Local governments at all levels have introduced a number of easing policies, which exceeded expectations. However, the scope of adjustments was relatively concentrated in second- and third-tier cities with limited regulations. Such initiative has not been able to effectively boost market confidence, and the real estate market was still undergoing marginal repair.

In the first half of 2023, the sales market experienced an initial surge followed by a downturn. The real estate market's sentiment and sales data surged considerably during the first season led by implemented policies and released demand for properties previously suppressed by the epidemic. However, starting from the second season, the momentum of demand and market confidence weakened, as economic downward pressure gradually intensified, leading to another downturn in the sales market. In the first half of 2023, the domestic real estate development investment amounted to RMB5.855 trillion, representing a year-on-year decrease of 7.9%; the sales area of commercial housing amounted to 595.15 million square meters (“sq.m.”), representing a year-on-year decrease of 5.3%, of which the sales area of residential housing decreased by 2.8%.

Facing the turbulent situation in the industry, the Company has strengthened risk control and made every effort to maintain stable and efficient operations. Being customer-centered and long-termism, it puts “improved products and guaranteed delivery” as the top priority. The successful delivery of multiple projects in Hefei, Quanzhou, Jinan, Nanchang, Xi’an, Taizhou and other cities has definitely reflected our corporate responsibility. According to market fluctuations and regional characteristics, the sales strategy of each project is adjusted promptly and flexibly to facilitate sales collection, mobilize available resources, and ensure the safety of funds and the achievement of guaranteed delivery.

PROPERTY DEVELOPMENT AND INVESTMENT PROJECTS

As at 30 June 2023, the Group's property portfolio comprised 106 property development and investment projects with an aggregate gross floor area (the "GFA") of 14,466,573.5 sq.m. under various stages of development remaining unsold in various cities in the PRC. The following table sets forth a summary of our property development and investment projects as at 30 June 2023:

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
JIANGXI REGION			
Spain Standard 力高國際城	466,665.3	861,274.2	3,069.3
Riverside International 濱江國際	37,346.0	163,999.9	1,469.3
Bluelake County 瀾湖郡	135,285.0	286,794.7	14,139.9
Imperial Mansion 君御華府	41,993.3	103,594.8	1,480.1
Bluelake International 瀾湖國際	47,151.0	113,323.0	1,948.2
The Garden of Spring 十里春風	30,378.0	15,278.0	11,273.3

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Delight Scenery 悦景臺	62,455.0	123,856.6	15,309.9
YONG Lake Scenic Center 雍湖景畔	132,505.0	412,507.2	165,946.1
Life Sunshine Town 生命陽光城	33,396.4	50,181.8	50,181.8
The Phoenix – Phase I 鳳凰新天一期	16,295.3	78,177.8	8,983.4
The Phoenix – Phase II 鳳凰新天二期	39,030.5	155,617.8	123,514.1
One Riverside Glory 君譽濱江一期	52,896.0	158,124.3	39,539.0

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Two Riverside Glory 君譽濱江二期	42,301.0	100,623.2	69,595.1
Leisure's Mansion 君逸府	49,335.6	135,797.5	51,687.8
Rivera Mansion 雍江府	101,008.5	311,874.2	253,176.6
Mid-Levels Villa 半山墅	46,415.4	115,473.7	115,473.7
Zhonghui Acadany House 中輝學府	61,052.7	159,030.3	159,030.3
Royal Impression 君譽印象	49,780.5	148,609.6	148,609.6
Violet Pavilion 紫雲台	134,667.3	191,973.0	191,973.0
River Forest West Side Phase I 江樾府項目西區一期	21,326.9	47,016.4	47,016.4
River Forest East Side Phase I 江樾府項目東區一期	32,708.9	75,302.1	75,302.1
Royal County 尚郡	44,137.0	112,713.0	112,713.0
Royal River Mansion 御江府	23,569.1	45,841.7	45,841.7

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
TIANJIN REGION			
Sunshine Coast 陽光海岸	481,394.0	1,445,893.2	727,670.8
Land Lot Nos. A1 and A2 A1及A2號地塊	69,336.2	55,469.0	55,469.0
Perfection Ocean 理想海	159,465.9	316,654.0	203,105.6
Luminescence Ocean 拾光海	68,827.0	130,921.7	23,604.7
HUNAN REGION			
Changsha Phoenix 長沙鳳凰新天	18,002.1	128,168.2	105,151.3
Hangao Academy Mansion 漢高學士府	67,613.7	252,117.1	174,555.2
Royal Terrace 雍璽台	111,027.5	432,514.0	432,514.0
Kingdom Forest 江山樾	131,773.8	452,380.0	452,380.0

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
ZHEJIANG REGION			
Cloud Metropolis 雲都會	132,701.0	467,684.9	271,427.0
Peach Creek Villa 桃溪雲廬	25,475	61,679.8	14,980.4
Glory Joy Palace 耀悅雲庭	78,512.0	241,627.7	84,725.0
Lagoon Palace 潭影雲廬	82,512.2	113,512.2	113,512.2
Hanru Pavilion 翰如府	30,894.0	98,201.4	98,201.4
Fenghua Garden 峰華苑	64,011.0	163,058.4	163,058.4
JIANGSU REGION			
Peaceful Sea 靜海府	56,499.6	108,074.0	22,608.3
Jade Grand Mansion 璞悅新邸	41,533.0	126,600.9	126,600.9
Violet Mist Land 紫雲朗境	88,043.0	244,037.1	244,037.1
Leisure's Maneion 君逸府	199,538.0	515,389.9	515,389.9
Time Spring Palace 時光汎樾	57,962.0	144,394.0	144,394.0

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Yanshan Impression 燕山映	61,021.0	163,483.6	163,483.6
Phoenix Isle 鳳嶼山河	102,511.2	185,928.8	185,928.8
Leisure's Mansion 君逸府	16,402.8	37,171.5	37,171.5
SHANDONG REGION			
Bluelake County 瀾湖郡	68,066.0	256,658.6	1,739.0
Royal Family 君御世家	30,682.0	131,919.7	18,516.7
Imperial Mansion 君御華府	44,966.0	125,742.3	8,202.4
Redco Visionary 力高未來城一期	90,616.9	311,327.2	25,766.6
Redco Visionary II 力高未來城二期	236,992.1	607,995.8	394,349.5
Spring Villa 雍泉府	268,113.0	596,669.4	325,989.6
Jiyang II 濟陽大二期	166,967.4	389,510.0	389,510.0
Grand Mansion 君悅首府	60,940.0	175,440.0	175,440.0
Leisure's Mansion 君逸府	34,290.0	111,702.9	20,598.9

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Sunshine Coast - Phase I 陽光海岸－第一期	51,693.7	93,512.7	6,593.3
Sunshine Coast - Phase II 陽光海岸－第二期	21,371.0	34,388.3	1,292.9
Sunshine Coast - Phase III 陽光海岸－第三期	33,142.0	81,358.2	2,825.7
Sunshine Coast - Phase IV 陽光海岸－第四期	63,411.0	213,814.7	89,236.8
Sunshine Coast - Phase V 陽光海岸-第五期	99,194.0	199,574.0	65,090.8
Sunshine Coast - Phase VI 陽光海岸-第六期	60,578.0	286,042.0	286,042.0
Sunshine Coast - Phase VII 陽光海岸-第七期	50,954.0	267,967.0	267,967.0
Cathay Palace 泰和府	57,991.0	182,230.0	89,009.0
Imperial Mansion 瑞璽公館	100,511.8	279,024.0	279,024.0
Delight Mansion 清悅華府	133,352.0	375,577.5	375,577.5
Visionary B2 Lot 未來城B2部分地塊	10,734.0	50,489.0	50,489.0
Visionary A7 Lot 未來城A7部分地塊	23,651.0	75,335.0	75,335.0

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
ANHUI REGION			
Mix Kingdom Redco 力高•共和城	395,596.4	823,818.0	65,787.5
Prince Royal Family 君御世家	88,025.5	300,887.9	22,306.0
Royal International 君御國際	43,873.0	114,894.0	14,000.9
Bluelake City 瀾湖前城	76,058.8	229,941.8	33,053.8
Majestic Residence 天悦府	67,931.0	198,138.0	55,159.5
Huaan Southern City 南華安城	165,601.7	496,943.5	496,943.5
Cloud Terrace 雲湖印	47,925.5	130,636.2	30,043.3
Royal Universe 君御天下	83,478.3	147,308.9	15,074.5
Leisure's Mansion 君逸府	47,098.0	123,142.0	38,353.6

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Zhengwu Future 政務未來	61,873.3	194,654.0	194,654.0
Leisure' s Mansion 君逸府	107,513.0	217,286.0	217,286.0
HUBEI REGION			
Redco Courtyard 雍湖灣	100,411.0	112,217.4	81,679.3
Redco Majestic Residence 力高天悦府一期	53,392.4	198,071.9	52,674.7
Redco Majestic Residence II 力高天悦府二期	42,512.8	157,435.2	157,435.2
Yangxin Causeway Bay Plaza 陽新銅鑼灣廣場	161,064.9	485,260.3	485,260.3
SHAANXI REGION			
Royal City - Phase I 御景灣- 第一期	69,466.8	205,541.0	4,490.6
Majestic Mansion 天悦華府	88,319.8	171,000.0	64,587.6

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Royal Redco 力高君樾	46,855.5	90,131.7	90,131.7
GUANGDONG REGION			
Royal International 力高君御花園	33,035.3	138,833.9	11,271.4
Royal Family 君御世家	30,819.6	90,493.7	2,163.3
Bluelake Landmark 瀾湖峯景	28,113.0	69,275.2	11,641.9
Center Mansion 君熙府	17,428.0	74,617.7	10,676.8
Royal Mansion 君譽府	13,611.1	36,217.4	22,849.7
Bluelake Mansion 瀾湖公館	12,543.8	41,452.0	41,452.0
Sky Palace 雲築花園	48,179.0	220,954.9	139,711.5
Sky Terrace 雲峰閣	27,820.0	85,791.7	31,852.2
Leisure's Mansion (Huizhou) 君逸府(惠州)	24,956.0	100,123.0	37,717.2
Blissful Bay 悦環灣	71,946.0	258,947.2	217,162.5

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Jiangmen Leisure's Mansion 江門君逸府	65,359.0	228,798.2	198,390.4
Riverside One 濱湖壹號	340,175.6	969,560.0	969,560.0
Zengcheng Project 增城項目	29,306.0	153,177.0	153,177.0
Eco Garden 頤尚嘉園	51,714.1	193,458.0	193,458.0
Pearl Mira 印玥萬璟	74,745.9	246,418.0	246,418.0
FUJIAN REGION			
Bayview 觀悅灣	18,306.0	53,034.1	1,161.1
Enjoy Peak 悅峰臺	13,336.0	58,647.7	9,847.7
Leisure's Mansion 君逸府	40,279.0	151,406.0	13,804.8
Mount Yuelan 越瀾山	186,656	518,725.2	518,725.2
Royal Central 君譽中央	15,376.0	48,596.1	5,054.6

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Emperor Palace 君樽府	30,108.0	70,182.2	22,213.2
Qianxihui Square 仟喜薈廣場	154,359.1	473,504.5	473,504.5
TOTAL			<u>14,466,573.5</u>

1. Information for “site area” is based on relevant land use rights certificates, land grant contracts, tender documents, or other relevant agreements (as the case may be).
2. “Total GFA” is based on surveying reports, construction works commencement permits and/or construction works planning permits or the relevant land grant contract and/or public tender, listing-for-sale or auction confirmation letter.
3. “Total GFA under various stages of development remaining unsold” includes the GFA of the completed projects remaining unsold, GFA of projects under development and the GFA of projects for future development.

Financial Review

Revenue

Revenue for the six months ended 30 June 2023 decreased by 64.3% to approximately RMB3,562.0 million from approximately RMB9,969.3 million for the six months ended 30 June 2022. The decrease in total revenue was caused by the decrease in the GFA delivered. Total GFA delivered decreased by 66.5% to 384,417 sq. m for the six months ended 30 June 2023 from 1,145,870 sq. m for the six months ended 30 June 2022.

The following table sets out a breakdown of the Group's revenue, GFA delivered and recognised average selling price ("ASP") by geographical segments for the periods indicated:

	For the six months ended 30 June					
	2023	2022	2023	2022	2023	2022
	<i>Revenue</i>		<i>GFA Delivered</i>		<i>Recognised ASP</i>	
	<i>(RMB'000)</i>		<i>(sq. m.)</i>		<i>(RMB per sq. m.)</i>	
	<i>(Unaudited)</i>					
Greater Western						
Taiwan Straits						
Economic Zone	869,979	2,777,339	101,592	357,354	8,563	7,772
Central and Western						
Regions	1,773,668	2,822,699	191,120	292,946	9,280	9,636
Bohai Economic Rim	609,998	3,025,478	84,960	375,293	7,180	8,062
Greater Bay Area	62,255	1,143,978	6,745	120,277	9,230	9,511
Others						
– Healthcare service	7,540	1,732	—	—	—	—
– Property management services	188,096	137,717	—	—	—	—
– Project management services	10,455	31,203	—	—	—	—
– Rental income	1,287	12,231	—	—	—	—
– Hotel services	38,703	16,909	—	—	—	—
Total	<u>3,561,981</u>	<u>9,969,286</u>	<u>384,417</u>	<u>1,145,870</u>	<u>8,626</u>	<u>8,526</u>

A summary of the segment results is set forth below:

- Greater Western Taiwan Straits Economic Zone: segment revenue for the Greater Western Taiwan Straits Economic Zone decreased significantly by 68.7% to approximately RMB870.0 million for the six months ended 30 June 2023 from approximately RMB2,777.3 million for the six months ended 30 June 2022. Such decrease was primarily attributable to the decrease in the GFA delivered for projects in Jiangxi during the six months ended 30 June 2023.
- Central and Western Regions: segment revenue for the Central and Western Regions decreased by 37.2% to approximately RMB1,773.7 million for the six months ended 30 June 2023 from approximately RMB2,822.7 million for the six months ended 30 June 2022. Such decrease was primarily attributable to the decrease in the GFA delivered for certain projects in Hefei during the six months ended 30 June 2023.
- Bohai Economic Rim: segment revenue for the Bohai Economic Rim decreased by 79.8% to approximately RMB610.0 million for the six months ended 30 June 2023 from approximately RMB3,025.5 million for the six months ended 30 June 2022. Such decrease was primarily due to the decrease in the GFA delivered for projects in Yantai, Shandong during the six months ended 30 June 2023.
- Greater Bay Area: segment revenue for the Greater Bay Area decreased by 94.6% to approximately RMB62.3 million for the six months ended 30 June 2023 compared to approximately RMB1,144 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in the GFA delivered for projects in Zhanjiang, Huizhou and Jiangmen during the six months ended 30 June 2023.
- Others: It mainly represents property management services provided by UG Property Management, which is principally engaged in the provision of property management services to the Group's projects, value-added services to non-property owners and community value-added services. The project management services income mainly refers to the acquisition advisory service and financing service to our joint venture project companies.

Cost of sales

Cost of sales decreased by 63.4% to approximately RMB3,230.6 million for the six months ended 30 June 2023 from approximately RMB8,825.5 million for the six months ended 30 June 2022. Such decrease was primarily due to the significant decrease in the GFA delivered for the six months ended 30 June 2023.

Gross profit

Gross profit decreased by 71.0% to approximately RMB331.4 million for the six months ended 30 June 2023 from approximately RMB1,143.8 million for the six months ended 30 June 2022. The gross profit margin decreased to 9.3% for the six months ended 30 June 2023 from 11.5% for the six months ended 30 June 2022. The decrease was primarily due to the combined effect of the decrease in GFA delivered, increase in the average land acquisition cost per sq.m. of the GFA and increase in ASP of the GFA delivered during the six months ended 30 June 2023.

Other gains / loss, net

The Group recognized a net other gains of approximately RMB53.3 million during the six months ended 30 June 2023, mainly representing financial exchange gains of RMB49.7 million and incidental gain from other operations.

Selling and marketing expenses

Selling and marketing expenses decreased by 41.8% to approximately RMB214.0 million for the six months ended 30 June 2023 from approximately RMB367.5 million for the six months ended 30 June 2022. Selling and marketing expenses mainly represent expenses incurred in the promotion of the Group's properties and the sales commission to the sales teams. Such decrease was mainly due to the decrease in the sales agency fee as there was an decrease in the contracted sales during the six months ended 30 June 2023.

General and administrative expenses

General and administrative expenses decreased by 35.6% to approximately RMB291.1 million for the six months ended 30 June 2023 from approximately RMB452.3 million for the six months ended 30 June 2022. Such decrease was primarily due to the decrease in the number of the Group's property development projects located in different cities and the cost saving strategy adopted by the Group during the six months ended 30 June 2023.

Fair value loss/gain on investment properties

The Group recognized a fair value loss of investment properties of approximately RMB8.0 million for six months period ended 30 June 2022. The fair value loss on investment properties mainly represented the decrease in the value on the commercial properties of The Phoenix- Phase II in Nanchang for the six months ended 30 June 2022. There was no change in fair value on investment properties during the six months ended 30 June 2023.

Impairment losses on financial assets and contract assets, net of reversal

The impairment losses on financial assets and contract assets of approximately RMB8.3 million recorded during the six months ended 30 June 2023 was mainly due to the impairment of trade receivable.

Operating loss / profit

As a result of the foregoing, operating profit decreased by 162.4% to operating loss of approximately RMB128.7 million for the six months ended 30 June 2023 from operating profit of approximately RMB206.4 million for the six months ended 30 June 2022.

Finance income

Finance income decreased by 92.4% to approximately RMB16.6 million for the six months ended 30 June 2023 from approximately RMB217.9 million for the six months ended 30 June 2022. Such decrease was primarily attributable to the absence of income from senior notes repurchase during the six months ended 30 June 2023 as compared to that of RMB180.2 million recorded during the six months ended 30 June 2022.

Finance costs

Finance costs increased by 68.9% to approximately RMB15.7 million for the six months ended 30 June 2023 from approximately RMB9.3 million for the six months ended 30 June 2022. Such increase was mainly due to the decrease in interest expense which is eligible to be capitalised to projects under development for the six months ended 30 June 2023.

Share of loss of investments accounted for using the equity method, net

Share of loss of investments accounted for using the equity method, net decreased by 62.4% to approximately RMB5.2 million for the six months ended 30 June 2023 from approximately RMB13.8 million for the six months ended 30 June 2022.

Loss / profit before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB133.1 million for the six months ended 30 June 2023 as compared with profit before income tax of approximately RMB401.2 million for the six months ended 30 June 2022.

Income tax expense

Income tax expense decreased by 61.3% to approximately RMB83.6 million for the six months ended 30 June 2023 from approximately RMB215.9 million for the six months ended 30 June 2022. Such decrease was primarily due to the decreased profit of the Group for the six months ended 30 June 2023.

Loss / profit for the six months ended 30 June 2023

As a result of the foregoing, the Group recorded a loss for the six months ended 30 June 2023 of approximately RMB216.7 million as compared with profit for the six months ended 30 June 2022 of approximately RMB185.3 million. The turnaround from profit to loss was mainly attributable to the unfavorable macro market environment in the PRC and the downturn of the real estate industry, leading to a relatively low gross profit margin of the projects being recognized during the six months ended 30 June 2023.

Loss / profit for the six months ended 30 June 2023 attributable to owners of the Company and non-controlling interests

As a result of the foregoing, the Company recorded a loss of approximately RMB344.5 million for the six months ended 30 June 2023 from a profit of approximately RMB3.4 million for the six months ended 30 June 2022. Profit attributable to non-controlling interests decreased to approximately RMB127.8 million for the six months ended 30 June 2023 as compared with approximately RMB182.0 million for the six months ended 30 June 2022. The turnover from profit to loss was mainly attributable to (i) the unfavorable macro market environment and the downturn of the real estate industry in the PRC, resulting in a lower gross profit margin of the projects being recognized for the six months ended 30 June 2023; and (ii) absence in gain in relation to the repurchases of senior notes for the six months ended 30 June 2023.

Liquidity and Capital Resources

Cash Position

The Group had cash and cash equivalents of approximately RMB1,341.0 million (31 December 2022: RMB1,896.5 million) and restricted cash of approximately RMB3,115.0 million (31 December 2022: RMB3,706.8 million) as at 30 June 2023. As at 30 June 2023, the Group's cash and cash equivalents were mainly denominated in RMB.

Borrowings

As at 30 June 2023, the Group had borrowings of approximately RMB16,359.0 million (31 December 2022: RMB16,232.5 million) which were denominated in RMB, US\$ and HK\$.

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Bank and other borrowings comprise:		
– Senior notes, including accrued interests	7,363,835	6,861,218
– Bank borrowings	8,995,141	9,371,284
	<u>16,358,976</u>	<u>16,232,502</u>
The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements		
Within one year or demand	12,537,922	12,674,851
More than one year, but not more than two years	2,788,838	2,475,166
More than two years, but not more than five years	841,074	881,898
More than five years	191,142	200,587
	<u>16,358,976</u>	<u>16,232,502</u>
The carrying amounts of bank and other borrowings that become immediately due and payable due to breach of loan covenants and/or contain a repayment on demand clause which was shown under current liabilities	<u>(15,128,976)</u>	<u>(15,220,491)</u>
Amounts shown under non-current liabilities	<u>1,230,000</u>	<u>1,012,011</u>

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Analysed as:		
– Fixed-rates bank and other borrowings	10,282,771	9,979,941
– Variable-rates bank and other borrowings	6,076,205	6,252,561
	<u>16,358,976</u>	<u>16,232,502</u>
Analysed as:		
– Secured	16,346,053	16,214,150
– Unsecured	12,923	18,352
	<u>16,358,976</u>	<u>16,232,502</u>

Other performance indicators

Net debt to equity ratio

As at 30 June 2023, the Group's net debt to equity ratio was 253.7% (31 December 2022: 185.3%). It is calculated as net debt divided by total equity. Net debt is calculated as total borrowing less cash and bank balance (including cash and cash equivalents and restricted cash). Total equity is as shown in the condensed consolidated balance sheet.

Net current assets and current ratio

As at 30 June 2023, the Group's net current assets amounted to approximately RMB2,040.9 million (31 December 2022: RMB2,735.9 million). The Group's current ratio, which is calculated as current assets divided by current liabilities, was approximately 1.04 times as at 30 June 2023 (31 December 2022: 1.05 times).

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses incurred, including interest capitalised by average borrowings during this period) decreased to 8.56% for the six months ended 30 June 2023 from 9.49% for the six months ended 30 June 2022.

Contingent liabilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities as at the dates below:

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<u>11,240,654</u>	<u>15,448,377</u>

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure their obligations of such purchasers for repayment. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificates to the purchasers which will generally occur with the period ranging from six months to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is obliged to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and to take over the possession of the related properties. The Group's guarantees period starts from the date of grant of mortgage. The Directors consider that the carrying values of the financial guarantees is immaterial.

There were certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings as at 30 June 2023 and 31 December 2022. The Directors consider that the subsidiaries are sufficiently financially resourced to fulfil their obligations.

The Group provided certain joint ventures and associates with guarantees in respect of their borrowings. As at 30 June 2023, the amount of the guarantees utilized by such borrowings drawn down was approximately RMB1,136,534,000 (31 December 2022: RMB1,331,772,000).

On 29 December 2020, the Company provided a third party with guarantee in respect of its borrowing amounting to US\$75,000,000 (equivalent to approximately RMB519,231,000). The maximum guarantee exposure represents the total amount of liability should all borrowers under financial guarantee contracts default. With reference to valuation carried out carrying out by an independent qualified professional valuer, the Directors are of the view that the fair value of this financial guarantee, as at dates of initial recognition, was considered insignificant. At the end of the reporting period, the Directors have performed assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts and thus, no loss allowance was recognised in the profit or loss during the both years.

Save as disclosed above, the Group and the Company had no other significant financial guarantees as at 30 June 2023 and 31 December 2022.

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

Employees and Remuneration policies

As at 30 June 2023, the Group had 3,277 employees (31 December 2022: 3,635 employees). For the six months ended 30 June 2023, the remuneration of the Group's employees (including Directors' emoluments) amounted to approximately RMB266.1 million. The remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. Further, the Group adopted a share option scheme on 14 January 2014. Further information of such share option scheme is available in the interim report of the Company for the six months ended 30 June 2023. The Group provided on-the-job training, induction courses together with other training programmes for the employees at different positions to raise their professionalism during the six months ended 30 June 2023.

Charge on assets

As at 30 June 2023, the Group had aggregate banking facilities of approximately RMB19,247.9 million (31 December 2022: RMB19,461.5 million) for overdrafts, bank loans and trade financing. The unutilised banking facilities as at 30 June 2023 amounted to approximately RMB2,888.9 million (31 December 2022: RMB3,229.0 million).

As at 30 June 2023 and 31 December 2022, the borrowings of the Group were secured by (i) corporate guarantees of the Company; (ii) certain land and properties under development for sale provided by the Group's subsidiaries; (iii) an investment property; and (iv) the Group's equity interests in certain subsidiaries.

The Group's senior notes are guaranteed by certain subsidiaries of the Company which are located in the PRC and secured by shares of certain subsidiaries of the Company which are incorporated outside the PRC.

Significant investments held, material acquisitions and disposals of subsidiaries and associated companies

No other significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2023.

Future plans for material investments or capital assets

The Company did not have any plans of significant investments or capital assets as at the date of this announcement.

Important events affecting the Group after 30 June 2023

As a result of the Incidents (as detailed under note 2(b) to the consolidated financial statements in this announcement), the Group was unable to publish its annual results for the two years ended 31 December 2023 and interim results for the period ended 30 June 2023. The trading of the Company's shares have been suspended since 29 March 2023. In view of, among others, the Incidents and the delay in publication of the financial results of the Group, the Stock Exchange has provided certain resumption guidance (the "**Resumption Guidance**") on the Group for the purpose of the resumption of trading of the Company's shares, which included (among others) conducting a forensic investigation and announcing the investigation findings. On 31 January 2024, the Company announced the findings of such investigation. Currently, the Company is in the process of fulfilling other conditions under the Resumption Guidance. Details of the above matters are disclosed in the Company's announcements dated 29 March 2023, 31 March 2023, 31 May 2023, 30 June 2023, 25 July 2023, 31 August 2023, 28 September 2023, 29 December 2023, 31 January 2024 and 28 March 2024.

Since 30 June 2023 and up to the date of this announcement, the downturn in the real estate industry in the PRC has had an impact on the Group's going concern assessment as detailed in the note 2 to the consolidated financial statements contained in this announcement.

OUTLOOK

Apart from the increasing complexity and uncertainty of external environment, new challenges have emerged for China's economy. At the meeting of the Political Bureau of the Central Committee (中央政治局) held in July, it was reemphasized that "adhering to the general principle of seeking progress while maintaining stability" and pointed out that the economic recovery will advance wave upon wave with twists and turns. China's economy has tremendous resilience and great potential for development, and the long-term economic fundamentals remain unchanged.

In the new development stage, facing the new situation caused by changes in the property industry, the Party Central Committee also clearly proposed that "adapting to the new situation that major changes have taken place in the relationship between supply and demand in China's real estate market. Real-estate policies should be adjusted and optimized in a timely manner". Policy easing is expected to continue in the second half of the year, providing the new first-tier and first-tier cities more room for regulation and control. "One district, one policy"(一區一政) may become a new focus for regulation and control to boost market confidence and meet rigid and improved housing demand. The Group believes that, with consecutive publishment and implementation of more supportive policies, property industry will gradually access new track of sound development and operation.

In the second half of 2023, the Group will continue to operate with its focus on risk prevention and control and long-term development, keep stability of enterprise operation, improve operational efficiency and continue to take ensuring delivery of buildings as its primary obligation, to fulfil corporate responsibilities. The Group will pay close attention to market changes and policy situation and implement full and fine management to facilitate project sales and payment collection. Meanwhile, the Group will closely follow industry structure adjustment and take initiative, to grasp new development opportunities. It is believed that under the support of various parties and effort of all employees, the Group could prove itself in a practical and tenacious manner and work together for a long-term development with high quality.

CHANGE OF AUDITOR

PricewaterhouseCoopers (“**PwC**”) has tendered its resignation as the auditor of the Company with effect from 30 June 2023. The Board resolved to appoint Yongtuo Fuson CPA Limited as the new auditor of the Company to fill the causal vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcement of the Company dated 30 June 2023 and 25 July 2023.

CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions as set out in Part 2 of 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**”) in force during the year ended 31 December 2023 (i.e. the new Appendix C1 to the Listing Rules with effect from 31 December 2023) (the “**Corporate Governance Code**”) for the six months ended 30 June 2023.

In 2023, in view of the Incidents and the Resumption Guidance, the Company engaged a professional party to conduct a review on its internal control system. As of the date of this announcement, the review is still ongoing and the Company will publish the internal control findings in due course after the review has been completed.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining and improving a high standard of corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules in force during the year ended 31 December 2022 (i.e. the new Appendix C3 to the Listing Rules with effect from 31 December 2023) (the “**Model Code**”). Upon specific enquiries made, all Directors have confirmed that they have complied with the Model Code for the six months ended 30 June 2023.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 June 2023.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) which comprises three independent non-executive Directors, namely, Mr. Chau On Ta Yuen SBS, BBS, Dr. Tam Kam Kau GBS, SBS, JP and Mr. Yip Tai Him, with Mr. Yip Tai Him being the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023.

PUBLICATION OF THE 2023 INTERIM RESULTS ANNOUNCEMENT AND 2023 INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.redco.cn). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Redco Properties Group Limited
Wong Yeuk Hung
Chairman

Hong Kong, 24 April 2024

As at the date of this announcement, the executive Directors are Mr. Wong Yeuk Hung JP, Mr. Huang Ruoqing and Mr. Tang Chengyong and the independent non-executive Directors are Mr. Chau On Ta Yuen SBS, BBS, Dr. Tam Kam Kau GBS, SBS, JP and Mr. Yip Tai Him.