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Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

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

HIGHLIGHTS OF THE 2023 INTERIM RESULTS

- Contracted sales reached RMB13.025 billion, aggregated sales area was 926,042 square meters and the average selling price was RMB14,066 per square meter;
- Revenue decreased by 51.6% to RMB6,098.7 million as compared to the corresponding period of 2022. Revenue from commercial operations and hotel operations increased by 13.4% to RMB365.1 million (corresponding period of 2022: RMB322.1 million);
- Gross profit and gross profit margin were RMB86.3 million and 1.4%, respectively, and gross profit and gross profit margin after deduction of the provision for impairment losses of properties under development and completed properties held for sale were RMB906.6 million and 14.9%, respectively;
- Net loss amounted to RMB2,843.6 million (corresponding period of 2022: net loss of RMB405.5 million); and
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (2022 Interim: Nil).

INTERIM RESULTS

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
REVENUE	5	6,098,745	12,609,317
Cost of sales		<u>(6,012,446)</u>	<u>(10,784,609)</u>
Gross profit		86,299	1,824,708
Other income and gains	5	23,745	772,000
Selling and distribution expenses		(229,516)	(410,684)
Administrative expenses		(182,898)	(339,612)
Other expenses		(660,095)	(41,522)
Fair value losses on investment properties		(138,024)	(127,225)
Finance costs	7	(1,270,566)	(1,105,735)
Share of profits/(losses) of:			
Joint ventures		(385,379)	(355,730)
Associates		124,720	(135,378)
(LOSS)/PROFIT BEFORE TAX	6	(2,631,714)	80,822
Income tax expense	8	(211,916)	(486,288)
LOSS FOR THE PERIOD		<u>(2,843,630)</u>	<u>(405,466)</u>
Attributable to:			
Owners of the parent		(2,655,397)	(691,025)
Non-controlling interests		(188,233)	285,559
		<u>(2,843,630)</u>	<u>(405,466)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic			
— For loss for the period		<u>RMB(0.80)</u>	<u>RMB(0.21)</u>
Diluted			
— For loss for the period		<u>RMB(0.80)</u>	<u>RMB(0.21)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	<u>(2,843,630)</u>	<u>(405,466)</u>
OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(2,843,630)</u>	<u>(405,466)</u>
Attributable to:		
Owners of the parent	(2,655,397)	(691,025)
Non-controlling interests	<u>(188,233)</u>	<u>285,559</u>
	<u>(2,843,630)</u>	<u>(405,466)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	30 June	31 December
	2023	2022
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	603,128	618,651
Investment properties	13,924,061	13,971,380
Right-of-use assets	27,234	32,736
Other intangible assets	6,160	7,550
Investments in joint ventures	2,782,578	3,124,617
Investments in associates	7,786,664	9,230,128
Deferred tax assets	1,152,910	1,141,385
	<u>26,282,735</u>	<u>28,126,447</u>
CURRENT ASSETS		
Inventories	216,803	156,439
Properties under development	30,041,586	36,360,756
Completed properties held for sale	8,532,837	5,459,328
Trade receivables	6,880	5,385
Prepayments, other receivables and other assets	11,960,581	12,626,940
Due from related parties	11,446,674	12,756,524
Financial assets at fair value through profit or loss	125,593	160,630
Tax recoverable	1,195,292	1,222,095
Cash and bank balances	3,978,623	4,858,420
	<u>67,504,869</u>	<u>73,606,517</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2023

		30 June	31 December
		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and bills payables	12	6,356,406	7,356,598
Other payables and accruals		4,160,446	4,177,803
Contract liabilities		25,536,581	26,250,397
Interest-bearing bank and other borrowings		5,949,049	6,155,668
Senior notes		10,683,641	10,409,067
Lease liabilities		48,164	46,833
Due to related parties		8,153,755	8,819,596
Tax payable		3,465,718	3,387,567
		<hr/>	<hr/>
Total current liabilities		64,353,760	66,603,529
		<hr/>	<hr/>
NET CURRENT ASSETS		3,151,109	7,002,988
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,433,844	35,129,435
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		5,862,651	7,726,403
Lease liabilities		1,295,008	1,327,587
Deferred tax liabilities		2,315,178	2,276,978
		<hr/>	<hr/>
Total non-current liabilities		9,472,837	11,330,968
		<hr/>	<hr/>
Net assets		19,961,007	23,798,467
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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (CONTINUED)**

30 June 2023

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	28,411	28,411
Share premium	1,888,469	1,888,469
Other reserves	<u>7,350,812</u>	<u>10,006,208</u>
	9,267,692	11,923,088
Non-controlling interests	<u>10,693,315</u>	<u>11,875,379</u>
Total equity	<u><u>19,961,007</u></u>	<u><u>23,798,467</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 12 July 2018.

The Company is an investment holding company. During the six months ended 30 June 2023, the Group is principally engaged in property development, commercial property investment and operations, and hotel operations.

In the opinion of the directors of the Company, the immediate holding company of the Company is Redsun Properties Group (Holdings) Limited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

Going concern basis

The Group recorded a net loss of RMB2,843,630,000 for the six months ended 30 June 2023. As at 30 June 2023, (i) the Group's total bank and other borrowings and senior notes amounted to RMB22,495,341,000, out of which RMB16,632,690,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,837,969,000; (ii) the Group had not repaid an aggregate amount of principal and interests of RMB7,083,702,000 for senior notes and bank and other borrowings and an aggregate amount of interests of RMB515,097,000 for certain senior notes and interest-bearing bank and other borrowings according to their scheduled repayment dates, triggering events of default for the corresponding senior notes and interest-bearing bank and other borrowings amounted to RMB5,491,608,000; and (iii) such events of default triggered cross-defaults of certain interest-bearing bank and other borrowings with an aggregate amount of RMB1,163,451,000, which were payable on demand if requested by the lenders.

The above conditions indicate the existence of a material uncertainty which cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

- (a) The Group has appointed financial advisors to assist it with a holistic restructuring of its offshore debts, in order to reach a consensual solution with all the stakeholders as soon as practicable.
- (b) The Group has been actively negotiating with several banks and financial institutions on the extension for repayments of certain borrowings.

- (c) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development.
- (d) The Group will continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.
- (e) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties.
- (f) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses.
- (g) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

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

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

- (a) successfully completing the holistic restructuring of its offshore debts;
- (b) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings;
- (c) successfully securing project development loans for qualified project development;
- (d) successfully obtaining additional new sources of financing as and when needed;
- (e) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;
- (f) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and
- (g) successfully disposing of the Group's equity interests in project development companies when suitable.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of 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 effect of these adjustments has not been reflected in the consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and impact of the new and revised IFRSs are described below:

- a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022. The amendments did not have any impact on the financial position or performance of the Group.
- d) Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- Property development
- Commercial property investment and operations
- Hotel operations

The Group's operations are mainly conducted in Mainland China. Management considered there is no reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

Six months ended 30 June 2023	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue				
Sales to external customers	<u>5,733,676</u>	<u>347,542</u>	<u>17,527</u>	<u>6,098,745</u>
Revenue				<u><u>6,098,745</u></u>
Segment results	(1,383,691)	(5,775)	1,838	(1,387,628)
<i>Reconciliation:</i>				
Bank interest income				19,974
Fair value loss on financial assets at fair value through profit or loss				(16,180)
Investment income				296
Finance costs (other than interest on lease liabilities)				(1,233,196)
Corporate and other unallocated expenses				<u>(14,980)</u>
Loss before tax				<u><u>(2,631,714)</u></u>

Six months ended 30 June 2022	Property development <i>RMB'000</i> (Unaudited)	Commercial property investment and operations <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue				
Sales to external customers	<u>12,287,267</u>	<u>310,073</u>	<u>11,977</u>	<u>12,609,317</u>
Revenue				<u><u>12,609,317</u></u>
Segment results	559,336	5,057	(2,149)	562,244
<i>Reconciliation:</i>				
Bank interest income				13,399
Fair value gain on financial assets at fair value through profit or loss				16,864
Gain on repurchase of senior notes				551,274
Investment income				8,551
Finance costs (other than interest on lease liabilities)				(1,063,617)
Corporate and other unallocated expenses				<u>(7,893)</u>
Profit before tax				<u><u>80,822</u></u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2023 and 31 December 2022.

	Property development <i>RMB'000</i> (Unaudited)	Commercial property investment and operations <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment assets				
30 June 2023	78,191,924	14,849,370	417,082	93,458,376
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>329,228</u>
Total assets				<u><u>93,787,604</u></u>
Segment liabilities				
30 June 2023	71,237,816	2,081,588	24,467	73,343,871
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>482,726</u>
Total liabilities				<u><u>73,826,597</u></u>
	Property development <i>RMB'000</i> (Audited)	Commercial property investment and operations <i>RMB'000</i> (Audited)	Hotel operations <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Segment assets				
31 December 2022	86,257,029	14,689,404	431,263	101,377,696
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>355,268</u>
Total assets				<u><u>101,732,964</u></u>
Segment liabilities				
31 December 2022	75,569,661	1,970,480	14,183	77,554,324
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>380,173</u>
Total liabilities				<u><u>77,934,497</u></u>

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2023 and 30 June 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)
Revenue from contracts with customers	5,764,529	12,318,238
Revenue from other sources		
Gross rental income	334,216	291,079
	<u>6,098,745</u>	<u>12,609,317</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

Segments	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sale of properties	5,673,739	—	—	5,673,739
Hotel operations	—	—	17,527	17,527
Project management services	59,937	—	—	59,937
Others	—	13,326	—	13,326
	<u>5,733,676</u>	<u>13,326</u>	<u>17,527</u>	<u>5,764,529</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	5,673,739	—	—	5,673,739
Services transferred over time	59,937	13,326	17,527	90,790
	<u>5,733,676</u>	<u>13,326</u>	<u>17,527</u>	<u>5,764,529</u>
Total revenue from contracts with customers	<u>5,733,676</u>	<u>13,326</u>	<u>17,527</u>	<u>5,764,529</u>

For the six months ended 30 June 2022

Segments	Property development <i>RMB'000</i> (Unaudited)	Commercial property investment and operations <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services				
Sale of properties	12,246,635	—	—	12,246,635
Hotel operations	—	—	11,977	11,977
Project management services	40,632	—	—	40,632
Others	—	18,994	—	18,994
Total revenue from contracts with customers	<u>12,287,267</u>	<u>18,994</u>	<u>11,977</u>	<u>12,318,238</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	12,246,635	—	—	12,246,635
Services transferred over time	40,632	18,994	11,977	71,603
Total revenue from contracts with customers	<u>12,287,267</u>	<u>18,994</u>	<u>11,977</u>	<u>12,318,238</u>

An analysis of the Group's other income and gains is as follows:

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Bank interest income	19,974	13,399
Gain on repurchase of senior notes	—	551,274
Investment income	296	8,551
Forfeiture of deposit	1,909	2,651
Government grants	400	1,179
Fair value gain on financial assets at fair value through profit or loss	—	16,864
Gain on disposal of associates and a joint venture	—	142,589
Others	1,166	35,493
	<u>23,745</u>	<u>772,000</u>

6. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Cost of inventories sold	5,012,425	10,193,313
Cost of services provided	179,723	93,856
Impairment losses recognized for properties under development and completed properties held for sale	820,298	515,043
Impairment losses on financial assets	625,471	935
Depreciation of items of property, plant and equipment	22,423	39,659
Depreciation of right-of-use assets	4,187	15,525
Amortisation of other intangible assets	1,359	2,070
Fair value loss on investment properties	138,024	127,225
Fair value losses/(gains) on financial assets at fair value through profit or loss	16,180	(16,864)
Loss on disposal of items of property, plant and equipment	6,497	15,430
Gain on disposal of associates and a joint venture	—	(142,589)
Loss on remeasurement of pre-existing interests in the Acquired Subsidiaries	—	9,258
Share of losses and profits of:		
Joint ventures	385,379	355,730
Associates	(124,720)	135,378
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	165,146	182,728
Pension scheme contributions and social welfare	18,646	40,349
Less: Amount capitalised	(66,165)	(86,356)
	<u>117,627</u>	<u>136,721</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans, other borrowings and senior notes	1,182,092	1,255,603
Interest on lease liabilities	37,370	42,118
Interest expense arising from revenue contracts	405,259	452,262
	<hr/>	<hr/>
Total interest expense	1,624,721	1,749,983
Less: Net foreign exchange losses on financing activities	445,929	410,473
Interest capitalised	(800,084)	(1,054,721)
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	1,270,566	1,105,735
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8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income currently arising in Hong Kong for the six months ended 30 June 2023 and 2022.

Subsidiaries of the Group operating in Mainland China are subject to the People's Republic of China ("PRC") corporate income tax rate of 25% for the period.

Land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Corporate income tax	76,344	392,367
LAT	108,896	65,708
Deferred tax	26,676	28,213
	<hr/>	<hr/>
Total tax charge for the period	211,916	486,288
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9. DIVIDENDS

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,338,614,000 (six months ended 30 June 2022: 3,338,471,602) in issue during the period.

Diluted loss per share for the six months ended 30 June 2023 was the same as the basic loss per share as the share options had an anti-dilutive effect on the basic loss per share during the period. For the six months ended 30 June 2022, diluted loss per share amounts are calculated by dividing the loss attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period, as used in the basic loss per share calculation, plus the weighted average number of ordinary shares that would be issued on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(2,655,397)</u>	<u>(691,025)</u>
	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	3,338,614,000	3,338,471,602
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>—</u>	<u>9,424,442</u>
	<u>3,338,614,000</u>	<u>3,347,896,044</u>

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

11. 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:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 month	3,578	3,751
1 to 3 months	1,050	824
3 to 6 months	648	796
6 to 12 months	1,590	—
Over 12 months	14	14
	<u>6,880</u>	<u>5,385</u>

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	4,416,130	5,867,845
Over 1 year	1,940,276	1,488,753
	<u>6,356,406</u>	<u>7,356,598</u>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

OVERVIEW AND OUTLOOK

Review for the First Half of 2023

According to the National Bureau of Statistics, in the first half of 2023, the GDP of China was RMB59,303.4 billion, representing a year-on-year increase of 5.5% at constant prices and remaining a leading economic recovery pace among major economies around the globe. In July 2023, the meeting of the Political Bureau of the CPC Central Committee stated that, since the beginning of this year, despite the recovering national economy and the overall improving recovery, there have been new difficulties and challenges to the current economic operation. In the real estate sector, as affected by unfavorable factors such as the slowdown of economic growth, the reduction of residents' willingness to consume housing and the industry scale reaching the peak in prior period, the transaction scale in the industry has narrowed, and most private enterprises were forced to enter a new development stage of slowing down turnover, tightening costs, streamlining scale and reducing liabilities.

In the first half of 2023, the sales area of commodity housing across the country was 600 million sq.m., representing a year-on-year decrease of 5.3% and the downward trend of the market is still prominent. In July 2023, the meeting of the Political Bureau of the CPC Central Committee clearly stated for the first time that there were significant changes in the relationship between supply and demand in the property market. At the same time, the four first-tier cities has also put in place follow-up policies, showing the possibility of further loosening on the policy end, and the overall transaction scale of new housing is expected to stabilize. However, under the current background of insufficient purchasing power and weak purchasing confidence, it is expected that it would be difficult to see a V-shaped reversal in the overall transaction volume in the market.

In the first half of 2023, after the rebound in February and March, the market continued to be sluggish, and only some popular cities remained normal in the land auction market, while the rest were relatively depressed. Differentiations appeared in the market regarding operating model, cities, products and enterprises. The historic turn of shifting from an incremental era to a flatlined era has been forcing companies to adjust their operating models.

Under the difficult environment in the industry, the Company upheld its core values of “professionalism and building credibility for the long term”, adhered to its original vision of “providing good products and services”, promoted the spirit of “three dares and three cooperations” (dare to think, dare to work, dare to try, be united, be together and fight together), faced the difficulties and had open and sincere communication, so as to perform well in the three combats of ensuring cash flow security, quality and efficacy enhancement and delivery. The Group adhered to the dual-driven synergic development

in property development and commercial real estate and kept its word, so as to actively revitalize its funds, ensure quality delivery, strengthening foothold and return to the essence of operation.

In the first half of 2023, the Group achieved contracted sales of RMB13.025 billion, representing a year-on-year decrease of 33.6%; revenue of RMB6.098 billion, representing a year-on-year decrease of 51.6%; and net loss of RMB2,843.6 million.

During the Reporting Period, the Company upheld the philosophy of “customer-oriented” and “Quality First and Customer First”. In the first half of the year, 40 batches of a total of 21,000 new housing with 2.56 million sq.m. were delivered, fulfilling the commitment of quality delivery. At the same time of achieving delivery, the project quality was guaranteed, and the quality of on-site service of the delivered projects was ensured, which continuously improved customer satisfaction. The Company performed its corporate responsibility and accountability to give confidence to customers and the market and keep its word to provide owners the beauty of homecoming with its “Redsun Life Heart Delivery”.

In terms of quality construction, the Company created residential products satisfying demands of different customers. By establishing the life-cycle “Redsun Life Heart Service System”, the Company constantly enhanced its product strength and service power by actions such as “Transparent Construction Site”, “Quality Delivery” and “Refresh Plan”.

During the Reporting Period, the official opening of Weifang Hong Yang Plaza created a new commercial signature and empowered urban renewal. Changzhou Hong Yang 1936 has been soliciting tenants and Xuzhou Xinsheng Hong Yang Plaza has been well-placed to bring new and diversified consumption experience for consumers.

During the Reporting Period, the Group continued to adopt robust financial management strategies and embark on various financial and operational tasks on cash flow, and at the same time constantly reduced finance costs, so as to ensure cash flow security.

OUTLOOK FOR THE SECOND HALF OF 2023

Looking ahead to the second half of 2023, most economies of the world will be facing tighter financial conditions and high debt level, with core inflation remaining at a relatively high level. The recovery of the world economy will continue to face the pressure of “inflation, interest rate hike and financial tightening”, and the global economic growth is expected to continue to slow down. In China, with the strengthening of macro policy control since the second quarter, the economy has shown initial signs of bottoming out and stabilization in the middle of the year, and the domestic economy is expected to rebound moderately in the second half of the year along the track of recovery. Under the general keynote of work of “seeking progress while maintaining stability”, expanding domestic demand, boosting confidence and preventing risks will be the main approaches to continually drive the sustainable improvement of economic operation, the continuous enhancement of endogenous momentum, the continuous improvement of social expectations and the continuous resolution of risks and hidden dangers for economic development in the second half of the year.

In the second half of 2023, it is expected that the real estate industry will continue to face great challenges and the depth of industry reshuffling will continue. The scale of transactions for new housing in first-tier cities may remain at a high level throughout the year, while core second-tier cities will continue to relax their regulatory policies, and market vitality is expected to continue. It will take a longer time for the markets in ordinary second-tier as well as third- and fourth-tier cities to recover, and the real estate market is likely to be in a weak state of recovery in general. Supported by a relatively accommodative housing policy, further rapid short-term declines in the market will probably be eased, but the recovery process may stay choppy compared to previous recovery cycles.

In the face of the continual downturn of the industry and market, for real estate enterprises, their top priority is still to survive and continue to fight hard battles as a long-term strategy. Under the circumstance of significant changes in the supply and demand relationship having occurred, enhancing internal competitiveness, enhancing core competitiveness, and creating value for customers is the direction of development to which real estate enterprises must adhere.

Based on a review of and insights into the new phase of the industry, the Group will adhere to its customer-oriented development direction, rising to challenges instead of backing down from challenges. The Group will continuously and thoroughly implement the spirit of “three dares and three cooperations” (dare to think, dare to work, dare to try, be united, be together and fight together). The Group will utilize bottom-line thinking and extreme-scenario thinking, unite in one spirit and stand together through difficult times, and will deeply examine the future needs of our customers, focusing on product strength, service capability and creativity to continually create value for its customers.

Looking ahead, the Group will remain confident, be determined and stay patient, and will firmly conduct its own work, walk along its path, open up new sources of income and cut down on expenses, and work hard.

The Group will adjust its sales strategy in accordance with the actual situation and actively expand its sales, taking into account the business mindset of “preserving the value of products and safeguarding assets”. On the investment side, the Group will promote cash flow through multiple channels; and on the risk control side, efforts will be made to help the Company realize cash inflow, reduce costs and increase efficiency.

The Company will ensure project delivery and continue to fulfil its delivery commitments. While ensuring the quantity of project delivery, the Company will also ensure the quality of delivery as well as the safety and stability of cash flow by controlling three major expenses, preventing risks, and keeping the expenditure within the limits of revenues. The Company will adjust the financing structure to further reduce financing costs. The Company will safeguard assets and ensure a limit for cash security, taking into account both the value of products and the preservation of assets, and revitalizing assets at the same time.

The Group will conduct a talent review and organizational structure review to keep the organization lean and flexible and identify outstanding and promising talents. The Group will also actively fulfill its social responsibility to enhance the comprehensive strength of its brand.

Looking ahead, the Group will insist on strengthening foothold, maintaining strategic focus, and returning to the essence of operation. The Group will stay tenacious and create value for our customers to achieve stable and sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

1. Sales of Properties

For the six months ended 30 June 2023, the Group achieved contracted sales of approximately RMB13.025 billion, representing a decrease of 33.6% as compared to RMB19.61 billion in the same period last year.

Details of the contracted sales of the Group for the six months ended 30 June 2023 are set out as below:

Region	Contracted Sales in Total Gross Floor Area sq.m.	Contracted Sales Amount RMB'000	Average Contracted Selling Price RMB/sq.m.
Xuzhou	126,271	1,288,258	10,202
Nanjing	98,463	2,145,195	21,787
Suzhou	76,117	1,324,926	17,406
Yancheng	55,910	638,251	11,416
Foshan	55,675	895,124	16,078
Xi'an	40,397	502,374	12,436
Wuxi	38,779	626,114	16,146
Chengdu	35,766	478,187	13,370
Huai'an	35,633	520,890	14,618
Weifang	34,428	288,641	8,384
Chongqing	34,089	302,239	8,866
Changzhou	33,610	510,841	15,199
Wenzhou	31,478	785,213	24,945
Wuhan	26,930	254,853	9,464
Zhenjiang	23,123	209,938	9,079
Nantong	22,144	295,429	13,341
Suqian	21,354	177,320	8,304
Ningbo	15,678	318,466	20,313
Anqing	14,735	110,783	7,518
Qingdao	14,095	173,291	12,294
Changsha	13,002	129,706	9,976
Xiangyang	12,720	83,899	6,596
Jiangmen	8,884	79,172	8,912
Guangzhou	7,972	154,546	19,387

Region	Contracted	Contracted	Average
	Sales in Total		
	Gross Floor	RMB'000	Selling Price
	Area		RMB/sq.m.
	sq.m.		
Yangzhou	7,675	127,756	16,645
Hefei	7,268	66,778	9,188
Nanchang	4,586	44,714	9,749
Huzhou	4,560	60,169	13,195
Zhengzhou	2,760	15,227	5,518
Hengyang	1,605	8,773	5,467
Chuzhou	829	7,876	9,503
Jinan	705	5,693	8,079
Hangzhou	154	5,256	34,178
Fuyang	144	1,257	8,750
Wuhu	119	1,219	10,263
Others	18,387	386,964	21,046
Total	926,042	13,025,333	14,066

2. Land Bank

As at 30 June 2023, the Group's total gross floor area of land bank was approximately 12,711,764 sq.m., including completed properties totaled 1,968,212 sq.m., rentable area held for investment totaled 966,596 sq.m. and properties under development totaled 9,776,956 sq.m.

Details of the land bank of the Group (including the land bank which is undergoing the acquisition process) as at 30 June 2023 are set out as below:

Region	Name of Project	Completed	Rentable	Total Gross	Total Area of	The Group's	Attributable	
		Total Gross	Area	Floor				
		Area of	Held for	Area under	Land Bank	Interest	Area	
		Land	Investment	Development				
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		(sq.m.)	
		for Sale						
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	16,799	80,000	215,671	312,470	95%	296,847
Bengbu	Huadi Hongyang Residence (華地弘陽府)	32,646	5,328	—	—	5,328	48%	2,531

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interest	Attributable Area (sq.m.)
			Total Gross Floor Area for Sale	Held for Investment	Floor Area under Development			
Bozhou	Verse of River and Mountain (formerly: Bozhou Land Lot No. 2017-217 (江山賦(原名稱: 亳州2017-217 號地塊)))	201,216	105,096	—	—	105,096	40%	42,038
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	11,993	—	—	11,993	40%	4,797
Changshu	Changshu Guli Tieqin Road Project (常熟古里鐵琴路項目)	40,805	—	—	87,464	87,464	32%	28,251
Changzhou	Commercial and Trading Peak (商貿雲峯)	50,921	68,196	—	—	68,196	57%	38,872
Changzhou	Phoenix East Phoenix One (formerly: Phoenix East Project) (鳳凰東錦鳳合鳴(原名稱: 鳳凰東項目))	115,615	28,767	30,086	77,428	136,281	49%	66,773
Changzhou	Golden Seal and Heaven Shire (金璽天郡)	88,719	30,154	—	—	30,154	50%	15,077
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	10,202	—	—	10,202	40%	4,081
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,524	—	11,690	—	11,690	70%	8,183
Changzhou	Yanlan Fenghua (燕瀾風華)	126,695	1,051	—	—	1,051	85%	893
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	—	85,030	4,835	89,866	100%	89,866
Changzhou	Changzhou Hong Yang 1936 (formerly: Sang Ma Land Lot CD) (常州弘陽1936(原名稱: 桑麻 CD地塊))	156,115	4,448	105,818	136,151	246,417	70%	172,492
Changzhou	Sanmao Longyun Tiancheng (formerly: Sanmao Land Lot) (三毛龍運天城(原名稱: 三毛地塊))	108,486	24,483	—	—	24,483	31%	7,675
Changzhou	Hong Yang Upper City Phase I — III (弘陽上城一一三期)	111,700	6,831	—	—	6,831	100%	6,831
Changzhou	Xi Xia Shu Yun Xi (西夏墅雲禧)	36,712	22,646	—	—	22,646	35%	7,960
Changzhou	Changzhou Yaoguan Yuhushanguan Garden (常州遙觀昱湖上觀花苑)	58,093	16,632	—	—	16,632	57%	9,480
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	2,741	—	—	2,741	95%	2,604
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	4,671	—	—	4,671	95%	4,437
Chengdu	Central Road Fanjin 108 (formerly: Central Road Project) (中環路梵錦108(原名稱: 中環路項目))	72,114	15,345	41,730	63,033	120,108	47%	56,492
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	853	—	—	853	48%	408

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interest	Attributable Area (sq.m.)
			Total Gross Floor Area for Sale	Area Held for Investment	Floor Area under Development			
Chengdu	Qionglai Hong Yang Weilai Shiguang (邛崃弘陽未來時光)	39,809	10,378	—	—	10,378	94%	9,762
Chengdu	Chengdu Xinglonghu Lakeside Yun Jing Garden (formerly: Tianfu Xinqu 42 mou) (成都興隆湖湖畔雲璟花園 (原名稱: 天府新區42畝))	28,432	—	—	79,751	79,751	32%	25,635
Chuzhou	Metropolitan Art Atmosphere (都會藝境)	60,189	7,689	—	—	7,689	33%	2,537
Chuzhou	Hong Yang Garden (弘陽苑)	8,782	1,851	—	—	1,851	100%	1,851
Chuzhou	Glory Residence (正榮府)	80,867	3,611	—	—	3,611	30%	1,083
Chuzhou	Garden In Times (Chuzhou Times Billow) (時光里花園(滁州時光瀾庭))	89,886	1,757	—	—	1,757	40%	703
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	13,625	—	—	13,625	47%	6,459
Danyang	Phoenix Terrace (鳳熹台)	88,498	15,751	—	—	15,751	20%	3,150
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	5,620	—	—	5,620	95%	5,339
Foshan	Benevolence Lake No. 1 (博愛湖一號)	44,156	4,485	8,011	—	12,496	95%	11,871
Foshan	Foshan Lakeside Mansion (formerly: Lv Dao Hu) (佛山綠島湖公館(原名稱: 綠島湖))	51,240	16,074	—	129,706	145,780	31%	45,254
Foshan	Nanyou Park No. 1 (南油公園一號)	67,582	—	—	176,419	176,419	31%	55,307
Foshan	Foshan Jihua North Joy River No. 1 (佛山季華北悅江一號)	33,220	—	—	89,035	89,035	47%	41,446
Foshan	Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府)	17,059	41,205	—	—	41,205	48%	19,964
Fuyang	Yingzhou Hong Yang Residence (潁州弘陽府)	38,297	11,733	—	—	11,733	45%	5,280
Guangzhou	Guangzhou Wanjing No. 1 (廣州灣璟壹號)	32,387	—	—	122,471	122,471	12%	14,538
Guangzhou	Zengcheng Times (增城時光薈)	53,392	—	—	186,536	186,536	17%	32,345
Haimen	Jianghai Road The One World (formerly: Jianghai Road Zuo An Gong Yuan) (江海路水岸觀瀾苑(原名稱: 江海路左岸公元))	75,028	5,616	—	—	5,616	67%	3,763
Haining	Longxing Road Beichen Yipin (formerly: Longxing Road Project) (隆興路北辰一品 (原名稱: 隆興路項目))	42,030	12,219	—	—	12,219	33%	4,063
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	1,931	—	—	1,931	30%	579
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	147,426	—	—	147,426	33%	49,019

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interest	Attributable Area (sq.m.)
			Total Gross Floor Area for Sale (sq.m.)	Area Held for Investment (sq.m.)	Floor Area under Development (sq.m.)			
Hangzhou	Hangzhou Binyao Mansion (formerly: Binjiang Pule Project) (杭州濱耀學府(原名稱:濱江浦樂項目))	44,633	—	—	102,836	102,836	26%	26,377
Hefei	Changfeng In Times (長豐時光里)	42,621	8,007	—	—	8,007	100%	8,007
Hefei	Yaohai Joy Residence (瑤海昕悅府)	37,254	3,634	—	—	3,634	80%	2,907
Hefei	Glance River Terrace (望江台)	139,536	24,103	—	—	24,103	25%	6,026
Hefei	Dongfangyin (東方印)	28,081	6,674	—	—	6,674	51%	3,404
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	3,237	—	—	3,237	38%	1,230
Hefei	Fengle Oriental Jade (formerly: Yaohai Prosper and Joy) (豐樂翡翠東方(原名稱:瑤海豐樂))	59,233	83,243	—	—	83,243	32%	26,887
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	68,871	—	—	68,871	29%	19,628
Hefei	Lujiang Lakeside Shade Mountain (廬江湖畔樾山)	161,263	67,228	—	270,343	337,571	48%	160,346
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅府)	36,912	26,044	—	—	26,044	95%	24,742
Huzhou	Ren Huang 43 Yan Lan Residence (仁皇43燕瀾府)	48,652	6,627	—	—	6,627	97%	6,458
Huzhou	Ren Huang 58 Yan Lan Residence (formerly: Huzhou Ren Huang No. 58#) (仁皇58燕瀾府(原名稱:湖州仁皇58#))	102,218	10,795	—	—	10,795	97%	10,520
Huzhou	Huzhou Southwest Development Zone Qinlan Residence (formerly: Huzhou South Taihu New District Project) (湖州西南開發區沁瀾府(原名稱:湖州南太湖新區項目))	30,200	—	—	78,204	78,204	36%	28,232
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	4,623	—	—	4,623	47%	2,152
Huai'an	Huai'an Fengdeng Road Jinyuefu (formerly: Huai'an Fengdeng Road) (淮安豐登路金樾府(原名稱:淮安豐登路))	41,476	—	—	129,626	129,626	32%	41,869
Huai'an	Huai'an Eco-City Grand One (淮安生態新城泓著大觀)	82,734	—	—	181,820	181,820	51%	92,001
Jinan	Jiqi Road Leisure's Mansion (formerly: Jiqi Road Project) (濟齊路君逸府(原名稱:濟齊路項目))	34,290	—	—	82,370	82,370	43%	35,213

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interest	Attributable Area (sq.m.)
			Total Gross Floor Area for Sale (sq.m.)	Area Held for Investment (sq.m.)	Floor Area under Development (sq.m.)			
Jiangmen	Liyue Guoyue Residence (formerly: Liyue Project) (禮樂國樾府(原名稱: 禮樂項目))	30,231	50,495	—	—	50,495	31%	15,830
Jiangyin	Yunting Joy Residence (雲亭昕悅府)	138,902	16,200	—	—	16,200	100%	16,200
Jiangyin	Xinqiao Leiden Town (formerly: Jing Garden of Superior Class) (新橋萊頓小鎮(原名稱: 上品璟苑))	203,609	28,212	—	—	28,212	20%	5,642
Jiangyin	Yunting Tangyue Jinyuan (formerly: Yunting Primary School Project) (雲亭棠樾錦園(原名稱: 雲亭小學項目))	92,953	18,889	—	—	18,889	48%	8,972
Jurong	Jurong C Ziyue Residence (formerly: Land Lot No. 2018-J1-06) (句容C紫悅府(原名稱: 2018-J1-06號地塊))	72,609	34,896	—	—	34,896	31%	10,940
Jurong	Jurong B Project (formerly: Jurong Land Lot No. B) (句容B項目(原名稱: 句容B地塊))	38,731	—	—	74,274	74,274	18%	13,406
Kaifeng	Zhong Yi Hu Yan Lan Residence (formerly: Kaifeng Yan Lan Residence) (中意湖燕瀾府(原名稱: 開封燕瀾府))	63,533	21,605	—	13,429	35,033	44%	15,415
Ma'anshan	Hexian Peacock City (和縣孔雀城)	97,340	2,146	—	—	2,146	20%	428
Meishan	Renshou In Times (仁壽時光里)	68,107	11,433	—	34,394	45,827	95%	43,536
Nanchang	Nanchang Hong Yang Residence (南昌弘陽府)	43,410	11,819	—	—	11,819	44%	5,227
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樾)	102,269	19,115	—	129,965	149,080	63%	93,473
Nanchang	Zhong Da Hong Yang (formerly: Qing Yun Pu) (中大弘陽(原名稱: 青雲譜))	29,452	24,275	—	—	24,275	47%	11,300
Nanchang	Wanli In Times (灣里時光里)	13,717	4,124	—	—	4,124	95%	3,918
Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	—	—	65,514	65,514	44%	28,972
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	4,992	—	—	4,992	100%	4,992
Nanjing	Shiguang Chunxiao (時光春曉)	32,246	449	—	—	449	49%	220
Nanjing	Binhuli (濱湖里)	52,763	5,426	—	—	5,426	51%	2,767
Nanjing	Qilin Garden in the East (麒麟領東苑)	67,810	448	—	—	448	33%	148
Nanjing	Yanlan Qijin (燕瀾七鎰)	57,503	3,482	—	—	3,482	49%	1,706
Nanjing	Shiguang Yinxiang (時光印象)	61,145	119	—	—	119	48%	57

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Nanjing	Gaoxin G27 Yinyue Residence (高新G27印悦府)	68,644	12,212	—	—	12,212	20%	2,442
Nanjing	Mountain and Lake View in Times (時光山湖)	14,338	826	—	—	826	25%	207
Nanjing	Shidai Tianyue (formerly: Nanjing Land Lot No. 2017G36)(時代天樾(原名稱：南京·2017G36地塊))	54,173	—	—	78,508	78,508	15%	11,776
Nanjing	Xiaolongwan Garden of Joy and Happiness (formerly: Land Lot No. 2017G57) (小龍灣悅禧苑(原名稱：2017G57地塊))	58,024	15,894	—	—	15,894	100%	15,894
Nanjing	Gaoxin Xingyuecheng Phase 2 (高新星悦城二期)	7,025	—	—	14,770	14,770	49%	7,163
Nanjing	Gaochun Pinglan Residence (formerly: Gaochun Land Lot No. 02-03) (高淳平瀾府(原名稱：高淳 02-03地塊))	102,787	13,437	—	—	13,437	12%	1,659
Nanjing	Solaris Jingcheng Store (旭日景城商舖)	1,371	—	4,450	—	4,450	100%	4,450
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商舖)	989	—	7,301	—	7,301	100%	7,301
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	—	491,888	—	491,888	100%	491,888
Nanjing	3rd-4th Floor of Redsun Tower (弘陽大廈3-4層)	277	—	4,964	—	4,964	100%	4,964
Nanjing	Lishui Times Joy Residence (formerly: Shiqiu Project) (溧水時光悦府(原名稱：石湫項目))	131,964	34,912	—	—	34,912	48%	16,915
Nanjing	Lukou Lakeside Mansion (formerly: Lukou Project) (祿口雲溪環園(原名稱：祿口項目))	73,686	21,125	—	—	21,125	47%	9,834
Nanjing	Puzhu North Road Shangshang Joy Garden (浦珠北路尚上悦苑)	7,232	5,934	—	—	5,934	70%	4,154
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悦尚宸)	41,931	10,632	—	—	10,632	48%	5,050
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	5,323	—	—	5,323	48%	2,528
Nanjing	Nanjing Times Avenue Lan Wan Jiu Zhu (formerly: Times Avenue Project) (南京時代大道攬灣玖築(原名稱：時代大道項目))	60,138	—	—	138,705	138,705	15%	20,806

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Nanjing	Nanjing Zhuangyuanfang Xiyue Garden (formerly: Lishui Zhuangyuanfang Project) (南京狀元坊熹樾花園(原名稱: 溧水狀元坊項目))	67,192	—	—	162,507	162,507	31%	50,946
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門樓堯美著)	14,670	4,080	—	—	4,080	83%	3,380
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悅府)	65,227	—	—	74,216	74,216	47%	34,548
Nanjing	Nanjing Jiangbei Core District Yuejiang Shidai (南京江北核心區越江時代)	66,057	—	—	179,419	179,419	25%	44,855
Nanjing	Nanjing Dachang Top Cloud Mansion (南京大廠雲珺美著)	18,130	—	—	50,807	50,807	48%	24,616
Nanjing	Nanjing Tangshan Yunchen Yuanlu (南京湯山雲辰原麓)	68,029	—	—	141,810	141,810	33%	46,797
Nanjing	Nanjing Qinhuai Chengdong Atmosphere of Mind (南京秦淮城東玖樾印象)	31,813	—	—	66,126	66,126	33%	21,822
Nantong	Yunyue Oriental (雲樾東方)	86,652	4,442	1,163	—	5,604	17%	953
Nantong	Upper Joy City (上悅城)	82,741	16,900	—	—	16,900	25%	4,225
Nantong	New Metropolitan (新都會)	109,890	8,154	—	—	8,154	13%	1,019
Nantong	Center Creation Metropolitan (中創大都會)	47,963	—	1,035	—	1,035	24%	243
Nantong	Sutong Yongjin Lanwan (蘇通雍錦瀾灣)	47,405	7,363	—	—	7,363	36%	2,658
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悅)	40,689	1,088	—	—	1,088	98%	1,064
Nantong	Nantong Gaotie Xincheng Honored Palace (formerly: Pingchao Gaotie Xincheng) (南通高鐵新城時光峯匯(原名稱: 平潮高鐵新城))	84,022	46,361	—	101,707	148,068	57%	84,399
Nantong	Nantong Fuxing Road Guanjianghai (formerly: Nantong Fuxing Road Project) (南通富興路觀江海(原名稱: 南通富興路項目))	69,966	21,954	—	—	21,954	19%	4,171
Nantong	Antai Road Jingchen Residence (安泰路環宸府)	53,761	—	—	116,056	116,056	29%	33,076

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Ningbo	Chen Po Du Yong Chao Yin Residence (formerly: Chen Po Du) (陳婆渡涌潮印府 (原名稱：陳婆渡))	40,148	4,163	—	—	4,163	31%	1,305
Ningbo	Cixi Chengdong Shangdongchen Residence (慈溪城東上東辰府)	84,775	—	—	186,366	186,366	50%	93,183
Pengzhou	Chinoiserie Mansion (formerly: Pengzhou 50+55 mou Project) (彭州玖峯(原名稱：彭 州 50+55畝項目))	70,603	—	—	155,287	155,287	66%	102,254
Qingdao	Jinshatan Beyond the Sea (金沙灘天賦雲海)	14,077	—	—	40,185	40,185	28%	11,452
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	—	—	190,754	190,754	35%	66,764
Rugao	Wanshou Road Zi Yun Ji (formerly: Wanshou Road Project) (萬壽路紫雲集 (原名稱：萬壽路項目))	89,669	11,035	—	—	11,035	29%	3,145
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	2,680	—	—	2,680	50%	1,340
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	95	—	—	95	100%	95
Suzhou	Xiangcheng Shangchen View Mansion (formerly: Fuyuan Road Project) (相城天 境上辰(原名稱：富元路項目))	154,101	59,916	—	227,496	287,412	76%	217,973
Suzhou	Suzhou Lumu Heaven Billow (蘇州陸慕天境 瀾庭)	37,963	—	—	81,149	81,149	48%	39,065
Suqian	Wutaishan Heyue Garden (五台山和樾花園)	139,947	—	—	371,486	371,486	19%	70,582
Taicang	Taicang Wutang River Luminaries (formerly: Wutang River Project) (太倉吳塘河明月辰 光(原名稱：吳塘河項目))	33,325	162	—	—	162	32%	52
Taizhou (泰州)	Taixing Jinjiang Residence (泰興襟江府)	56,230	6,289	—	—	6,289	100%	6,289
Tongxiang	Wuzhen Joy Court (formerly: Wuzhen Longxiang Avenue Project) (烏鎮昕悅棠 (原名稱：烏鎮龍翔大道項目))	42,811	3,262	—	—	3,262	95%	3,099
Weifang	Weifang Kuiwen North District Project (濰坊奎文北項目)	202,107	—	93,430	633,158	726,588	100%	726,588
Wenzhou	Huichang River Prosperous Seasons (formerly: Huichang River B03 Project) (會昌河潮啟 四季(原名稱：會昌河B03項目))	25,721	24,729	—	—	24,729	48%	11,746

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Wenzhou	Huichang River West Lakeside Seasons (formerly: Huichang River B07 Project) (會昌河西湖四季(原名稱: 會昌河B07項目))	19,967	—	—	52,565	52,565	48%	24,968
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱 ONE)	21,191	1,470	—	—	1,470	47%	684
Wenzhou	Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著)	41,342	—	—	80,682	80,682	24%	19,545
Wuxi	Hong Yang Sanwan Qing (弘陽三萬頃)	800,000	9,174	—	—	9,174	100%	9,174
Wuxi	Huishan Sunrise Joy Court (惠山昕悅棠)	85,122	4,512	—	—	4,512	100%	4,512
Wuxi	Liyuan The Art of Shine (formerly: Liyuan Project) (利源長江映(原名稱: 利源項目))	39,021	3,833	—	—	3,833	29%	1,092
Wuxi	Yangjian Platinum Residence (formerly: Yangjian Project) (羊尖鉞悅名邸(原名稱: 羊尖項目))	63,050	1,775	—	—	1,775	98%	1,740
Wuxi	Huishan Chengtie Zhan Time's Garden (formerly: Huishan Chengtie Zhan) (惠山城鐵站時光玖境(原名稱: 惠山城鐵站))	15,017	—	—	41,717	41,717	25%	10,304
Wuxi	Wuxi Qingyuan Avenue Time's Lakeside (formerly: Wuxi Qingyuan Avenue) (無錫慶源大道時光汎樾(原名稱: 無錫慶源大道))	57,962	—	—	112,537	112,537	48%	54,288
Wuxi	Jade Seal (formerly: Wuxi Yangshan) (無錫陽山悅陽九璽(原名稱: 無錫陽山))	28,166	—	—	44,427	44,427	29%	12,662
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	14,454	—	—	14,454	38%	5,493
Wuhan	NK1 Hong Yang Tian Yue (formerly: Yin Yue Residence) (NK1弘陽天悅(原名稱: 印月府))	106,207	—	—	163,514	163,514	95%	155,338
Wuhan	Wuhan Xiao Jun Shan Aesthetics of Life (formerly: Xiao Jun Shan) (武漢小軍山天璽尚院(原名稱: 小軍山))	128,129	—	—	370,338	370,338	45%	166,652
Wuhan	Wuhan Huangjia Hu Project (武漢黃家湖項目)	25,290	—	—	60,303	60,303	90%	54,423
Xi'an	Yan Liang Sunrise Joy Residence (閩良昕悅府)	24,649	5,905	—	—	5,905	48%	2,861

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Xi'an	Xi'an Jinghe New Town The Polaris Mansion (西安涇河新城北辰天樾)	95,017	—	—	271,699	271,699	32%	88,030
Xiangyang	Prime Watery Court (襄御瀾庭)	45,761	12,976	—	—	12,976	95%	12,327
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	3,851	—	256,151	260,002	48%	123,501
Xiangyang	Taiziwan Lu Yun Ting (太子灣路雲庭)	29,569	8,189	—	—	8,189	76%	6,224
Xuzhou	Fengming Residence (鳳鳴府)	104,284	10,561	—	—	10,561	76%	8,007
Xuzhou	Jiawang District Commercial Building in Xuzhou (徐州賈汪區商辦樓)	2,474	—	—	2,134	2,134	80%	1,707
Xuzhou	Hong Yang Vanke Jieli (弘陽萬科結廬)	181,244	10,212	—	—	10,212	33%	3,370
Xuzhou	Beautiful Scenery Residence (麗景府)	26,646	2,214	—	—	2,214	33%	738
Xuzhou	East Lake Joy Residence in Pengzu Avenue (彭祖大道東湖悅府)	70,905	18,730	—	—	18,730	19%	3,553
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	8,888	—	—	8,888	100%	8,888
Xuzhou	Phoenix Hill Puyue Residence (鳳凰山璞樾門第)	59,770	6,576	—	—	6,576	96%	6,320
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	3,277	—	465,977	469,254	51%	239,320
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	—	—	182,340	182,340	48%	88,344
Xuzhou	Xuzhou Songshan Road One Sino Long (formerly: Songshan Road Project) (徐州嵩山路山河龍胤(原名稱:嵩山路項目))	142,721	—	—	364,266	364,266	25%	91,067
Xuzhou	Xuzhou Damiao Heping Gongguan (formerly: Zhongtian Shiming Road Project) (徐州大廟和平公館(原名稱:中天仕名路項目))	55,614	—	—	168,449	168,449	48%	81,614
Xuzhou	Taoloushan Land Lot Project B (陶樓山B地塊項目)	25,157	—	—	63,517	63,517	48%	30,171
Xuzhou	Taoloushan Land Lot Project C (陶樓山C地塊項目)	24,514	—	—	67,973	67,973	48%	32,287
Yancheng	Begonia View Residence in Yanzhen Road (鹽枕路觀棠府)	69,049	7,452	—	—	7,452	31%	2,336
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅府)	103,847	18,726	—	62,802	81,528	32%	26,334
Yancheng	Haikuo Road Fenglin Residence (海闊路鳳麟府)	100,491	930	—	120,471	121,401	33%	40,366

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Yancheng	Yancheng Yandangshan Road Fengyue Residence (formerly: Yancheng Yandangshan Road Project) (鹽城雁蕩山路鳳樾府(原名稱: 鹽城雁蕩山路項目))	104,088	448	—	210,694	211,142	14%	30,193
Yangzhou	Yangzhou City Two Central Mansion (揚州二城和光昕悅)	23,234	—	—	42,233	42,233	64%	26,881
Yizheng	Yizheng 38 Yuedi Bay (儀徵38悅堤灣)	69,788	12,061	—	—	12,061	50%	6,031
Yizheng	Yizheng 39 Yuejiang Bay (formerly: Yizheng 39) (儀徵39悅江灣(原名稱: 儀徵39))	66,358	9,736	—	—	9,736	48%	4,625
Yizheng	Yizheng Yuelong Bay (儀徵悅龍灣)	27,589	9,110	—	—	9,110	98%	8,882
Zhangjiagang	Tang Qiao Xing Tang Residence (塘橋星唐府)	36,829	3,369	—	—	3,369	50%	1,685
Zhangjiagang	Daxin Sunrise Joy Masterpiece Residence (大昕悅名邸)	47,706	307	—	—	307	70%	215
Zhangjiagang	Jinfeng Beautiful in Ten (錦豐十里錦繡)	98,783	1,145	—	—	1,145	16%	188
Zhangjiagang	Tang Qiao Cloud Mansion (formerly: Tang Qiao Fumin Road Project) (塘橋雲築(原名稱: 塘橋富民路項目))	40,317	12,638	—	—	12,638	48%	6,003
Zhangjiagang	Zhangjiagang Chengdong Tangyue Royalty (formerly: Zhangjiagang Jiangcheng Road) (張家港城東棠樾世家(原名稱: 張家港蔣乘路))	44,590	—	—	107,662	107,662	43%	46,026
Changsha	Deyi In Times (德一時光里)	12,956	12,627	—	—	12,627	67%	8,397
Changsha	Black Stone Sunrise Joy Residence (formerly: Black Stone Project) (黑石昕悅府(原名稱: 黑石項目))	32,684	9,915	—	15,228	25,143	95%	23,886
Changsha	Changsha Wanhou Residence (formerly: Wanhou Road) (長沙萬侯府(原名稱: 萬侯路))	21,967	126	—	15,364	15,491	95%	14,716
Changsha	Changsha Wayao Road Sunrise Joy Court (formerly: Wayao Road) (長沙瓦窰路昕悅棠(原名稱: 瓦窰路))	34,269	—	—	44,336	44,336	48%	21,481
Changsha	Changsha Xinglian Road Natural Bustling (formerly: Xinglian Road) (長沙興聯路雲瀟賦(原名稱: 興聯路))	16,111	—	—	52,124	52,124	48%	24,759

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Zhenjiang	Zhenjiang Zhoujiazhuang Jingkou Times (鎮江周家莊京口時光)	16,168	—	—	42,463	42,463	48%	20,573
Zhenjiang	Xiaoni Hill No. 1 Four Seasons Magnificence (小牛山一號四季風華)	28,920	—	—	31,250	31,250	31%	9,797
Zhenjiang	Xiaoni Hill No. 2 Four Seasons Magnificence (小牛山二號四季風華)	20,536	5,682	—	—	5,682	33%	1,875
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	—	—	318,326	318,326	95%	302,410
Chongqing	Taojia Times Billow (formerly: Cypress View • Seattle) (陶家時光瀾庭(原名稱: 柏景•西雅圖))	89,273	34,770	—	47,367	82,137	100%	82,137
Chongqing	Shiqiaopu Tianchen Yipin (石橋鋪天宸一品)	8,749	6,728	—	—	6,728	50%	3,364
Chongqing	Bishan Sunrise Joy Residence (formerly: Bishan 295) (璧山昕悅府(原名稱: 璧山295))	106,259	49,042	—	28,593	77,635	45%	34,936
Chongqing	Guan Yin Tang Sunrise Joy Residence (觀音塘昕悅府)	14,785	5,962	—	—	5,962	48%	2,835
Chongqing	Beibei Utopia (formerly: Beibei Project) (北碚樾景臺(原名稱: 北碚項目))	109,540	19,131	—	37,286	56,417	47%	26,262
Chongqing	Chongqing Central Park Sunrise Joy Court (formerly: Central Park) (重慶中央公園昕悅棠(原名稱: 中央公園))	39,636	8,465	—	1,303	9,768	95%	9,280
Chongqing	Chongqing Babin Road Glistening River (formerly: Babin Road Project) (重慶巴濱路一曲晴江(原名稱: 巴濱路項目))	66,926	21,859	—	1,403	23,262	48%	11,270
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 71 mou Project (重慶界石曉風江南71畝項目)	47,039	—	—	81,228	81,228	24%	19,495
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 141 mou Project (重慶界石曉風江南141畝項目)	94,061	—	—	206,447	206,447	24%	49,061.72
		<u>12,666,888</u>	<u>1,968,212</u>	<u>966,596</u>	<u>9,776,956</u>	<u>12,711,764</u>		<u>6,521,923</u>

3. Commercial Operations

For the six months ended 30 June 2023, the Group's sales revenue from commercial operations amounted to approximately RMB347.54 million, representing an increase of 12.1% as compared to the corresponding period last year.

It was due to the increase in the rental unit prices of some properties.

4. Hotel Operations

For the six months ended 30 June 2023, the Group achieved sales revenue of approximately RMB17.53 million from its hotel operations, representing an increase of 46.3% as compared to the corresponding period last year.

It was due to the increase in occupancy rate following the end of the COVID-19 pandemic.

FINANCIAL REVIEW

1. Revenue

For the six months ended 30 June 2023, the Group's revenue amounted to approximately RMB6,098.7 million, representing a decrease of 51.6% from approximately RMB12,609.3 million for the same period last year. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales decreased by 53.3% to approximately RMB5,733.7 million as compared to the same period last year, accounting for 94.0% of the total recognized revenue; (ii) commercial operations increased by 12.1% to approximately RMB347.5 million as compared to the same period last year; and (iii) hotel operations increased by 46.3% to approximately RMB17.5 million as compared to the same period last year.

Details of recognized revenue are set out as follows:

	Six months ended 30 June				
	2023		2022		Year-on-year change (%)
	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	
Property sales	5,733,676	94.0	12,287,267	97.4	
Commercial operations	347,542	5.7	310,073	2.5	12.1
Hotel operations	17,527	0.3	11,977	0.1	46.3
Total	<u>6,098,745</u>	<u>100.0</u>	<u>12,609,317</u>	<u>100.0</u>	<u>(51.6)</u>

2. Cost of sales

For the six months ended 30 June 2023, the cost of sales of the Group was approximately RMB6,012.4 million, representing a decrease of 44.2% as compared to that of approximately RMB10,784.6 million for the same period last year. The decrease was primarily due to the decreased number of projects delivered during the year. Several projects delivered during the year included Changzhou Yaoguan Yuhushangguan Garden Project (常州遙觀昱湖上觀花苑項目), Nanjing Yaohuamen Qiyao Meizhu Project (南京堯化門樓堯美著項目), Yancheng Dongjin Road Sunrise Joy Residence Project (鹽城東進路昕悅府項目), Yancheng Haikuo Road Fenglin Residence Project (鹽城海闊路鳳麟府項目) and Nantong Gaotie Xincheng Honored Palace Project (南通高鐵新城時光峯匯項目).

3. Gross Profit and Gross Profit Margin

For the six months ended 30 June 2023, the Group's gross profit was approximately RMB86.3 million, representing a decrease of 95.3% from approximately RMB1,824.7 million for the corresponding period last year. Such decrease was primarily attributable to the decreased number of projects delivered during the year. For the six months ended 30 June 2023, the gross profit margin was 1.4%, a decrease from 14.5% for the corresponding period last year. The decrease in gross profit margin was mainly due to the decrease in the percentage of revenue recognized for products with higher gross profit margin as compared with the corresponding period last year, and the increase in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year.

4. *Changes in Fair Value of Investment Properties*

For the six months ended 30 June 2023, the Group recognized fair value loss on investment properties of approximately RMB138.0 million. The fair value loss on investment properties recorded were primarily due to a decrease of the overall capital value.

5. *Selling and Distribution Expenses*

For the six months ended 30 June 2023, the Group's selling and distribution expenses amounted to approximately RMB229.5 million, representing a decrease of 44.1% from approximately RMB410.7 million for the corresponding period last year. Such decrease was due to the decrease in the launch of new property projects of the Group in 2023.

6. *Administrative Expenses*

For the six months ended 30 June 2023, the Group's administrative expenses amounted to approximately RMB182.9 million, representing a decrease of 46.1% from approximately RMB339.6 million for the corresponding period last year. Such decrease was mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

7. *Share of Profits and Losses of Joint Ventures and Associates*

For the six months ended 30 June 2023, the Group's share of losses of joint ventures and associates amounted to approximately RMB260.7 million (corresponding period of 2022: share of loss of RMB491.1 million) mainly due to the increase in losses incurred by the joint ventures and associates held by the Group. The main cooperation projects with profit carried forward during the period included: Suzhou Xiangcheng Shangchen View Mansion Project (蘇州相城天境上辰項目), Nanjing Kangjian Road Glance River Joy Residence Project (南京康健路望江悅府項目), Rugao Wanshou Road Zi Yun Ji Project (如皋萬壽路紫雲集項目), Huai'an Heyi Road Yunhe Fenghua Project (淮安合意路運河風華項目) and Nantong Fuxing Road Guanjianghai Project (南通富興路觀江海項目).

8. Finance Costs

For the six months ended 30 June 2023, the Group's finance costs expended amounted to approximately RMB1,270.6 million, representing an increase of 14.9% from approximately RMB1,105.7 million for the corresponding period last year. Such change in finance costs was mainly due to the exchange loss on US\$-denominated borrowings of the Group during the Reporting Period.

9. Income Tax Expense

For the six months ended 30 June 2023, the Group's income tax expense amounted to approximately RMB103.0 million, representing a decrease of 75.5% from approximately RMB420.6 million for the corresponding period last year. The Group's income tax expense included provisions for the corporate income tax and land appreciation tax net of deferred tax during the year.

For the six months ended 30 June 2023, the provision made for land appreciation tax by the Group was approximately RMB108.9 million, as compared with approximately RMB65.7 million for the corresponding period last year.

10. (Loss)/Profit for the Reporting Period

As a result of the aforementioned factors, the loss before tax was RMB2,631.7 million (corresponding period of 2022: profit before tax: RMB80.8 million).

LIQUIDITY, FINANCE AND CAPITAL

1. Cash Position

As at 30 June 2023, the Group's cash and bank balances were approximately RMB3.98 billion (as at 31 December 2022: approximately RMB4.86 billion), of which, restricted cash amounted to RMB1.97 billion (as at 31 December 2022: RMB1.82 billion), and pledged deposits amounted to approximately RMB0.17 billion (as at 31 December 2022: RMB0.58 billion).

2. Borrowings and Pledged Assets

As at 30 June 2023, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB22.50 billion (as at 31 December 2022: approximately RMB24.29 billion), of which, interest-bearing bank and other borrowings were approximately RMB11.81 billion (as at 31 December 2022: approximately RMB13.88 billion) and senior notes were approximately RMB10.68 billion (as at 31 December 2022: approximately RMB10.41 billion).

The Group's total borrowings were repayable as follows:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Interest-bearing bank loans and other borrowings:		
Repayable within one year or on demand	5,949,049	6,155,668
Repayable in the second year	3,401,526	4,794,753
Repayable within three to five years	1,771,125	2,149,150
Repayable beyond five years	690,000	782,500
Sub-total	<u>11,811,700</u>	<u>13,882,071</u>
Senior notes:		
Repayable within one year or on demand	<u>10,683,641</u>	<u>10,409,067</u>
	<u>10,683,641</u>	<u>10,409,067</u>
Total borrowings	<u><u>22,495,341</u></u>	<u><u>24,291,138</u></u>

As at 30 June 2023, except for the borrowings in the amount of RMB11,670.4 million (as at 31 December 2022: RMB11,237.9 million) denominated in US\$, the remaining borrowings of the Group were denominated in RMB.

As at 30 June 2023, except for certain bank and other borrowings of RMB3,822,372,000 (as at 31 December 2022: RMB4,143,080,000) with fixed interest rates, all of the Group's bank and other borrowings bear interest at floating interest rates.

As at 30 June 2023, assets with an aggregate value of approximately RMB33,135.9 million (as at 31 December 2022: approximately RMB39,762.1 million) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

3. *Gearing Ratio*

As at 30 June 2023, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 92.8%, as compared with approximately 81.7% as at 31 December 2022. As at 30 June 2023, the Group's debt to asset ratio (total debts divided by total assets) was approximately 78.7%, as compared with approximately 76.6% as at 31 December 2022. As at 30 June 2023, the Group's current ratio (current assets divided by current liabilities) was approximately 1.05 times, as compared with approximately 1.11 times as at 31 December 2022.

As of 30 June 2023, cash to short-term debt ratio (cash and bank balances divided by short-term borrowings) was approximately 0.24 times, as compared with approximately 0.29 times as at 31 December 2022.

4. *Capital and Property Development Expenditure Commitments*

As at 30 June 2023, the Group had capital and property development expenditure commitments contracted but not provided for of approximately RMB5.88 billion (as at 31 December 2022: approximately RMB6.08 billion).

CORPORATE GOVERNANCE / OTHER INFORMATION

1. *Material Acquisitions and Disposals*

There was no material acquisition and disposal of subsidiaries, associated companies or joint ventures by the Group during the Reporting Period.

2. *Employment and Remuneration Policies*

As of 30 June 2023, the Group had 1,718 employees in total, of which 1,230 employees were engaged in the real estate development business, 408 employees were engaged in the commercial property operations and 80 employees were engaged in the hotel operations.

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialized training schemes.

3. *Events after the Reporting Period*

On 9 August 2023, Guangzhou Hongzong Real Estate Development Company Limited* (廣州市弘宗房地產開發有限公司) (an indirect non-wholly-owned subsidiary of the Company) (“**Hongzong Real Estate**”), Guangzhou Pearl River Industrial Real Estate Company Limited* (廣州珠寶地產有限公司) (“**PRI Real Estate**”) and Guangzhou Jingrun Real Estate Development Company Limited* (廣州璟潤房地產開發有限公司) (“**Project Company**”) entered into the equity and debt transfer agreement, pursuant to which Hongzong Real Estate agreed to sell and PRI Real Estate agreed to purchase the 34% equity interests in the Project Company held by Hongzong Real Estate (the “**Sale Shares**”) and the shareholder’s loan owed by the Project Company to Hongzong Real Estate in the amount of RMB479.3885 million (the “**Sale Loan**”) for an aggregate consideration of RMB295 million (the “**Disposal**”). Upon completion of the Disposal, the Group will cease to hold any interest in the Project Company.

For details of the above matters, please refer to the announcement of “MAJOR TRANSACTION - DISPOSAL OF 34% EQUITY INTERESTS IN PROJECT COMPANY” issued by the Company on 9 August 2023.

Save as disclosed above, the Group had no other significant event after the Reporting Period.

4. *Interim Dividend*

The Board has resolved that the Company will not declare any interim dividend for the Reporting Period (2022 Interim: Nil).

5. *Purchase, Sale or Redemption of Any of the Company's Listed Securities*

During the Reporting Period, there was no purchase, sale or redemption by the Group of any of the Company's listed securities.

6. *Currency Risk*

The Group primarily operates in the PRC and the majority of the Group's transactions were denominated and settled in RMB.

7. *Corporate Governance*

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. 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 of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance.

To the knowledge of the Directors, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code during the Reporting Period, and the Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

The Board of the Company comprised only one single gender which does not comply with the requirement under Rule 13.92 of the Listing Rules.

The Company will propose to appoint an additional director of a different gender to the Board who genuinely possesses the necessary skills, experience and caliber appropriate to the Company's business for the forthcoming year for the purpose of fulfilling and complying with the requirement under Rule 13.92 of the Listing Rules as soon as practicable.

8. *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**”) set out in Appendix 10 to the Listing Rules as its code for dealing in securities of the Company by the Directors.

After specific enquiries made to all Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the Reporting Period.

9. *Review of Interim Results by the Audit Committee*

The Board has established its audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3 in Part 2 of the CG Code.

The primary duties of our audit committee are to review and monitor the Group’s financial reporting process, risk management and internal control system, to provide recommendation and advice to the Board, and to perform other duties and responsibilities as may be assigned by the Board. Our audit committee consists of three members, including Mr. Leung Yau Wan John, Mr. Lee Kwok Tung Louis and Mr. Au Yeung Po Fung. Our audit committee is chaired by Mr. Leung Yau Wan John, who possesses appropriate professional qualifications.

Our audit committee has reviewed the Company’s unaudited condensed consolidated interim results for the six months ended 30 June 2023 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. Our audit committee has also discussed the matters of financial reporting.

10. Publication of Interim Results and 2023 Interim Report on the Websites of The Stock Exchange of Hong Kong Limited and the Company

This announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.rsunproperty.hk). The interim report of the Company for the six months ended 30 June 2023 will be despatched to the Company's shareholders and posted on the above websites in due course.

On behalf of the Board
Redsun Properties Group Limited
Zeng Huansha
Chairman

Hong Kong, 30 August 2023

As of the date of this announcement, the executive Directors are Mr. Zeng Huansha, Mr. Zeng Junkai and Mr. Lui Wai Pang; and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung.

** for identification purposes only*