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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 2024**

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 amounted to RMB3,773.5 million
- Loss for the six months ended 30 June 2024 amounted to RMB631.1 million
- Loss attributable to owners of the Company for the six months ended 30 June 2024 amounted to RMB519.8 million
- Land bank amounted to 11.4 million sq.m. as at 30 June 2024 (31 December 2023: 12.9 million sq.m.)
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

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 2024, together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	3,773,471	3,561,981
Cost of sales		<u>(4,035,567)</u>	<u>(3,230,622)</u>
Gross profit		(262,096)	331,359
Other income, gains and losses, net	5	(46,802)	53,341
Selling and marketing expenses		(94,742)	(213,991)
General and administrative expenses		(205,852)	(291,106)
Impairment losses on financial assets, net of reversal		<u>(13,808)</u>	<u>(8,343)</u>
Operating loss		<u>(623,300)</u>	<u>(128,740)</u>
Finance income		3,700	16,559
Finance costs		<u>(34,112)</u>	<u>(15,726)</u>
Finance income and costs, net	6	<u>(30,412)</u>	<u>833</u>
Share of results of investments accounted for using the equity method, net		<u>(20,903)</u>	<u>(5,209)</u>
Loss before income tax		(674,615)	(133,116)
Income tax credit (expense)	7	<u>43,470</u>	<u>(83,616)</u>
Loss for the period		<u><u>(631,145)</u></u>	<u><u>(216,732)</u></u>
(Loss) profit for the period attributable to:			
– Owners of the Company		(519,804)	(344,503)
– Non-controlling interests		<u>(111,341)</u>	<u>127,771</u>
		<u><u>(631,145)</u></u>	<u><u>(216,732)</u></u>
Loss per share			
– Basic and diluted (expressed in RMB cents per share)	9	<u><u>(14.64)</u></u>	<u><u>(9.70)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loss for the period	<u>(631,145)</u>	<u>(216,732)</u>
Other comprehensive expense for the period		
<i>Item that may not be reclassified subsequently to profit or loss:</i>		
– Currency translation differences	<u>(239,134)</u>	<u>(366,592)</u>
Total other comprehensive expense for the period	<u>(239,134)</u>	<u>(366,592)</u>
Total comprehensive expense for the period	<u><u>(870,279)</u></u>	<u><u>(583,324)</u></u>
Total comprehensive (expense) income attributable to:		
– Owners of the Company	<u>(758,375)</u>	<u>(708,664)</u>
– Non-controlling interests	<u>(111,904)</u>	<u>125,340</u>
	<u><u>(870,279)</u></u>	<u><u>(583,324)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		30 June	31 December
	<i>Notes</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		538,338	570,549
Investment properties		1,290,079	1,290,079
Intangible assets		324,432	329,988
Investments accounted for using the equity method		632,065	1,335,148
Contract assets		620,435	622,435
Deferred income tax assets		462,687	461,369
		<u>3,868,036</u>	<u>4,609,568</u>
CURRENT ASSETS			
Completed properties held for sales		6,059,753	5,119,369
Properties under development for sales		28,118,031	30,304,580
Trade and other receivables and deposits	10	3,118,704	2,743,299
Prepayments		1,665,673	1,674,813
Income tax recoverable		1,414,069	1,320,137
Amounts due from non-controlling interests		1,940,485	2,001,987
Amounts due from associates		461,270	463,505
Amounts due from joint ventures		629,517	629,264
Restricted cash		1,358,940	1,805,214
Cash and cash equivalents		243,045	792,264
		<u>45,009,487</u>	<u>46,854,432</u>

		30 June	31 December
	<i>Notes</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
CURRENT LIABILITIES			
Trade and other payables	11	15,404,194	14,118,926
Amounts due to non-controlling interests		4,473,781	4,780,015
Amounts due to associates		518,984	488,956
Amounts due to joint ventures		4,053	3,777
Income tax liabilities		1,606,094	1,594,985
Bank and other borrowings	12	15,397,253	14,913,558
Contract liabilities		7,900,629	10,682,200
		<u>45,304,988</u>	<u>46,582,417</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(295,501)</u>	<u>272,015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,572,535</u>	<u>4,881,583</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		1,152,317	1,157,951
Bank and other borrowings	12	302,700	675,209
		<u>1,455,017</u>	<u>1,833,160</u>
NET ASSETS		<u><u>2,117,518</u></u>	<u><u>3,048,423</u></u>
CAPITAL AND RESERVES			
Share capital		139,632	139,632
Reserves		(431,413)	327,285
		<u>(291,781)</u>	<u>466,917</u>
Non-controlling interests		2,409,299	2,581,506
		<u>2,409,299</u>	<u>2,581,506</u>
SHAREHOLDERS' EQUITY		<u><u>2,117,518</u></u>	<u><u>3,048,423</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 condensed 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 2024, the Group incurred a net loss attributable to the owners of the Company of approximately RMB519,804,000 (30 June 2023: a net loss attributable to the owners of the Company of approximately RMB344,503,000). As of 30 June 2024, the Group recorded net current liabilities of RMB295,501,000 (31 December 2023: net current assets of RMB272,015,000). In addition, as at 30 June 2024, the Group's total bank and other borrowings amounted to approximately RMB15,699,953,000 (31 December 2023: RMB15,588,767,000) and out of which, an amount of the Group's bank and other borrowings of approximately RMB15,397,253,000 (31 December 2023: RMB14,913,558,000) would fall due and be repayable within one year, while its cash and cash equivalents (excluding restricted cash) amounted to approximately RMB243,045,000 (31 December 2023: RMB792,264,000) only.

As described in note 12, as at 30 June 2024, the Group's bank and other borrowings amounting to approximately RMB11,328,267,000 (31 December 2023: RMB8,717,610,000) 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 RMB2,974,507,000 (31 December 2023: RMB5,346,642,000) on the same date.

Moreover, the economic environment of the 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 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 control 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 2024. 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 2024. 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 (a subsidiary of the Company, "**Redco Healthy**") and together with its subsidiaries, "**Redco Healthy Group**") 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 summarised as follows:

- (i) Audit issue I: Fund movements regarding certain cooperation arrangements with an entity (“**Party A**”) entered into by 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 the Group excluding Redco Healthy Group (“**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 appointed 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 were 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, the Redco Healthy Group proposed to acquire nine target companies (the “**Nine Target Companies**”) and between October and December 2022, Redco Healthy Group paid a total amount of approximately RMB30.8 million as refundable and interest-free deposits to the sellers of these Nine Target Companies. In November 2023, the Refundable Deposits were fully refunded to the Redco Healthy Group.

(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 a property project of Redco Properties Group in Tianjin; (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 Redco Properties Group, other than trade receivables from and payables to the Redco Healthy Group amounted to approximately RMB73.84 million.

Details of the above are set out 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

The condensed consolidated financial statements for the six months ended 30 June 2024 have 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 financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2023, 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 these condensed consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024 and currently relevant to the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
HK Int 5 (revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause (amendment)

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 financial statements.

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

The Group derives revenue from transfer of goods and services by category of major product lines and business:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Revenue from contracts with customers:</i>		
Sales of properties	3,528,916	3,315,900
Property management services and community value-added services	190,430	188,096
Project management services	186	10,455
Hotel income	36,391	38,703
Healthcare services	3,266	7,540
	<hr/>	<hr/>
	3,759,189	3,560,694
<i>Revenue from other sources:</i>		
Rental income	14,282	1,287
	<hr/>	<hr/>
	<u>3,773,471</u>	<u>3,561,981</u>

(b) Segment information

The Directors have been identified as the chief operating decision maker (“**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 2024 (Unaudited)						
<i>Segment revenue</i>						
Revenue from contracts with customers						
– Recognised at a point in time	38,659	2,703,921	413,816	372,520	6,064	3,534,980
– Recognised over time	—	—	—	—	243,534	243,534
– Others	—	—	—	—	14,282	14,282
Less: inter-segment revenue	—	—	—	—	(19,325)	(19,325)
Consolidated revenue from external customers	<u>38,659</u>	<u>2,703,921</u>	<u>413,816</u>	<u>372,520</u>	<u>244,555</u>	<u>3,773,471</u>
<i>Segment results</i>						
Segment results	(109,561)	(244,691)	(118,095)	(51,988)	(69,774)	(594,109)
Depreciation of property, plant and equipment	(16,843)	(283)	(126)	(117)	(11,822)	(29,191)
Operating loss	(126,404)	(244,974)	(118,221)	(52,105)	(81,596)	(623,300)
Share of results of investments accounted for using the equity method, net	(486)	(10,507)	(248)	(9,469)	(193)	(20,903)
Finance income	984	1,421	262	334	699	3,700
Finance costs	(9,948)	(1,495)	(6,165)	—	(16,504)	(34,112)
Income tax credit (expense)	13,665	4,027	37,396	553	(12,171)	43,470
Loss for the period	<u>(122,189)</u>	<u>(251,528)</u>	<u>(86,976)</u>	<u>(60,687)</u>	<u>(109,765)</u>	<u>(631,145)</u>
As at 30 June 2024 (Unaudited)						
<i>Additions to:</i>						
Property, plant and equipment	—	—	1	—	322	323
<i>Total segment liabilities</i>	<u>(6,561,029)</u>	<u>(9,305,191)</u>	<u>(9,614,211)</u>	<u>(9,850,956)</u>	<u>(11,428,618)</u>	<u>(46,760,005)</u>
<i>Total segment assets</i>	<u>8,044,101</u>	<u>12,165,310</u>	<u>11,047,063</u>	<u>10,672,814</u>	<u>6,946,010</u>	<u>48,875,298</u>
Other unallocated corporate assets						2,225
Total consolidated assets						<u>48,877,523</u>
<i>Including investments accounting for using the equity method</i>	<u>19,713</u>	<u>247,597</u>	<u>73,516</u>	<u>160,475</u>	<u>130,764</u>	<u>632,065</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 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 (loss) profits	(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)
(Loss) profit 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 31 December 2023 (Audited)						
Additions to:						
Property, plant and equipment	426	928	207	24	29,374	30,959
– Investments accounted for using the equity method	—	—	686,000	—	77,441	763,441
Total segment liabilities	<u>(10,351,431)</u>	<u>(12,776,250)</u>	<u>(9,034,226)</u>	<u>(5,252,924)</u>	<u>(11,000,746)</u>	<u>(48,415,577)</u>
Total segment assets	<u>12,064,186</u>	<u>16,443,061</u>	<u>12,173,492</u>	<u>7,721,678</u>	<u>3,059,196</u>	<u>51,461,613</u>
Other unallocated corporate assets						2,387
Total consolidated assets						<u>51,464,000</u>
<i>Including investments accounting for using the equity method</i>	<u>20,199</u>	<u>253,435</u>	<u>759,765</u>	<u>169,141</u>	<u>132,608</u>	<u>1,335,148</u>

5. Other income, gains and losses, net

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Exchange (loss) gain, net	(44,725)	49,656
Gain (loss) on disposals of investments		
accounted for using the equity method	14,667	(4,436)
Gain on disposals of property, plant and equipment	395	269
Loss on disposals of subsidiaries	(19,708)	(142)
Others	2,569	7,994
	<u>(46,802)</u>	<u>53,341</u>

6. Finance income and costs, net

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income from banks	3,700	16,559
Finance costs on bank and other borrowings, including senior notes	765,226	634,830
Finance costs on loans from non-controlling interests	—	2,326
	765,226	637,156
Less: amount capitalised in respect of qualifying assets	(731,114)	(621,430)
	34,112	15,726
Finance income and costs, net	(30,412)	833
Weighted average interest rate on capitalised borrowings (per annum)	10.45%	8.39%

7. Income tax (credit) expense

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC enterprise income tax	13,505	102,677
– PRC land appreciation tax	(50,023)	1,685
	(36,518)	104,362
Deferred tax credit	(6,952)	(20,746)
	(43,470)	83,616

Subsidiaries established and operating in the PRC are subject to PRC enterprise income tax at the rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

10. Trade and other receivables and deposits

	<i>Note</i>	30 June 2024	31 December 2023
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables	(a)	286,182	224,702
Less: impairment		<u>(63,710)</u>	<u>(49,192)</u>
		<u>222,472</u>	<u>175,510</u>
<i>Other receivables comprise:</i>			
– Interest receivables		12,008	11,923
– Others receivables		3,086,546	2,755,452
<i>Deposits comprise:</i>			
– Deposits with local real estate associations		167,262	169,997
– Deposits with labour department		7,871	7,794
– Deposits with treasury bureau		<u>10,990</u>	<u>10,990</u>
		3,284,677	2,956,156
Less: impairment		<u>(388,445)</u>	<u>(388,367)</u>
		<u>2,896,232</u>	<u>2,567,789</u>
		<u><u>3,118,704</u></u>	<u><u>2,743,299</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 sales 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.

As at 30 June 2024, trade receivables from sales of properties of approximately RMB6,058,000 (31 December 2023: RMB3,240,000) are secured by the properties sold. The carrying amounts of trade receivables approximates their fair values and are interest-free.

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

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0 - 30 days	202,127	161,578
31 - 60 days	6,012	1,575
61 - 90 days	2,310	1,803
91 - 180 days	16,514	13,972
Over 180 days	59,219	45,774
	<u>286,182</u>	<u>224,702</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 *Financial Instruments*. A loss allowance of approximately RMB63,710,000 (31 December 2023: RMB49,192,000) was provided for the six months ended 30 June 2024, which was mainly resulted from the proceeds from property management services. The expected loss rate on proceed from sales of property is minimal, given there is no history of significant defaults from customers and insignificant impact from forward-looking estimates.

11. Trade and other payables

		30 June	31 December
	<i>Notes</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables	(a)	6,371,574	5,718,748
Accruals and other payables		5,422,542	5,034,395
Amounts due to shareholders	(b)	87,352	86,945
Other taxes payables		2,595,353	2,697,443
Dividend payables		4,750	4,716
Salary payables		19,779	23,982
Interest payables		892,389	546,899
Rental deposits received		10,455	5,798
		<u>15,404,194</u>	<u>14,118,926</u>

Notes:

(a) Trade payables

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

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0 to 30 days	4,310,021	4,088,200
31 to 60 days	51,180	41,653
61 to 90 days	113,275	93,232
Over 90 days	1,897,098	1,495,663
	<u>6,371,574</u>	<u>5,718,748</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 2024 and 31 December 2023, the amounts due to shareholders are interest-free, unsecured and repayable within 1 year with repayment on demand clause.

12. Bank and other borrowings

	<i>Notes</i>	30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Bank and other borrowings comprise:			
– Senior notes, including accrued interests	(a)	7,759,231	7,366,579
– Bank borrowings	(b)	<u>7,940,722</u>	<u>8,222,188</u>
		<u>15,699,953</u>	<u>15,588,767</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		15,389,637	14,905,305
More than one year, but not more than two years		300,172	377,388
More than two years, but not more than five years		7,215	302,537
More than five years		<u>2,929</u>	<u>3,537</u>
		15,699,953	15,588,767
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>(15,397,253)</u>	<u>(14,913,558)</u>
Amounts shown under non-current liabilities		<u>302,700</u>	<u>675,209</u>
Analysed as:			
– Fixed-rates bank and other borrowings		10,331,588	10,063,341
– Variable-rates bank and other borrowings		<u>5,368,365</u>	<u>5,525,426</u>
		<u>15,699,953</u>	<u>15,588,767</u>
Analysed as:			
– Secured	(c)	15,699,263	15,580,069
– Unsecured		<u>690</u>	<u>8,698</u>
		<u>15,699,953</u>	<u>15,588,767</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 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
13% Senior Note due 2023	13%	27 March 2020	27 May 2023	US\$150,000,000	5,786	5,429
11% Senior Note due 2022	11%	6 August 2020	6 August 2022	US\$320,800,000	76,781	72,530
9.9% Senior Note due 2024	9.9%	17 November 2020	17 February 2024	US\$266,000,000	2,217,352	2,112,442
10.5% Senior Note due 2023	10.5%	6 July 2021	5 January 2023	RMB600,000,000	616,062	586,481
8% Senior Note due 2023	8%	25 March 2022	23 March 2023	US\$184,944,000	1,307,905	1,251,831
13% Senior Note due 2023	13%	8 April 2022	7 April 2023	US\$146,720,000	1,153,907	1,082,859
11% Senior Note due 2023	11%	8 April 2022	6 August 2023	US\$262,288,000	2,136,734	2,023,617
11% Senior Note due 2023 II	11%	6 August 2022	6 August 2023	US\$31,000,000	244,704	231,390
Total					<u>7,759,231</u>	<u>7,366,579</u>

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 agreement 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 as at 31 December 2023.

The Group's senior notes as at 30 June 2024 totalling approximately RMB7,759,231,000 (31 December 2023: RMB7,366,579,000) 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 2024, the Group did not repay a senior note at carrying value and interests of approximately RMB7,759,231,000 (31 December 2023: RMB5,254,137,000) (“**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.

As at 31 December 2023, other than the Overdue Senior Note, senior notes at an aggregate carrying value and interest of approximately RMB2,112,442,000 (“**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 RMB7,759,231,000 (31 December 2023: RMB7,366,579,000) have been presented as a current liabilities as at 30 June 2024.

(b) Secured bank borrowings

As at 30 June 2024, the Group’s bank borrowings of approximately RMB5,224,595,000 (31 December 2023: RMB5,193,882,000), were secured by certain properties under development for sale with the carrying amount of approximately RMB23,484,089,000 (31 December 2023: RMB26,951,975,000), property, plant and equipment of approximately RMB316,086,000 (31 December 2023: RMB332,663,000) and investment properties of approximately RMB368,393,000 (31 December 2023: RMB368,393,000) The Group’s bank borrowings of approximately RMB3,592,078,000 (31 December 2023: RMB5,498,081,000) were guaranteed by the Company and secured by the Group’s equity interests in certain subsidiaries.

Bank borrowings bear interest from 4.00% to 24.00% (31 December 2023: 3.44% 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 RMB3,569,036,000 (31 December 2023: RMB3,463,473,000) (“**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 RMB2,974,507,000 (31 December 2023: RMB3,234,200,000) (“**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.

(c) Secured bank and other borrowings

As at 30 June 2024, the Group’s bank and other borrowings were secured by certain property, plant and equipment, investment properties and properties under development for sales amounted to approximately RMB316,086,000, RMB368,393,000 and RMB23,484,089,000 (31 December 2023: RMB332,663,000, RMB368,393,000 and RMB26,951,975,000), respectively and were also guaranteed by the Company and secured by the Group’s equity interests in certain subsidiaries and associates.

13. Events after the reporting period

Other than as disclosed elsewhere in these condensed 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 2024, the international situation became more complex and volatile with existing factors such as the generally weak market sentiment, intensifying geopolitical crisis and disparities in development between different regions. However, the global economy has seen a moderate rebound and normalisation and showed a firmer footing in light of the ongoing and stabilised macro economy and the gradual recovery of international trade.

In the face of internal and external challenges, the China's economy showed strong resilience. In the first half of 2024, the gross domestic product of China was RMB61.7 trillion, representing a steady increasing rate of 5%. In terms of investment, consumption and export, the exports witnessed a steady recovery but the investment rate fell. The consumption indicator pointed to sluggish consumption mainly because real estate consumption declined sharply. To this end, the domestic effective demand still needs to be boosted and the foundation for economic recovery also needs to be consolidated.

For the real estate industry, it saw a 19% year-on-year decrease in new home sales area to 480 million square metres (“**sq.m.**”) in the first half of 2024, and the sales fell 25% year-on-year to RMB4.7 trillion, which illustrates the market still faces considerable downward pressure. The central government and local government successively introduced various policies including supply-demand end and policies end, to stimulate the market, and in response to which measures including reduction in the down payment ratio and housing loan interest rates, loosening or cancelling of property purchase restrictions, trade-in and provision of purchase subsidies were implemented. While the market's downward trend saw a slowdown, there was no significant improvement in the price reduction. The industry as a whole is still at the bottom stage.

In the face of an unstable market environment, the Group firmly sticks to its strategies, tackles difficulties in a united manner and strives to deliver quality products. In the first half of 2024, the Group delivered several projects in different cities and adopted a cautious operation plan and strengthened lean management to improve fund utilisation efficiency. It also made use of all feasible measures to accelerate sales and funds collection, so as to support the Group's operation in the long run.

PROPERTY DEVELOPMENT AND INVESTMENT PROJECTS

As at 30 June 2024, the Group's property portfolio comprised 91 property development and investment projects with an aggregate gross floor area (the "GFA") of 11,420,491 sq.m. under various stages of development remaining unsold in various cities in the PRC. The following table sets forth a summary of the Group's property development and investment projects as at 30 June 2024:

Project	Site area⁽¹⁾	Total GFA⁽²⁾	Total GFA under various stages of development remaining unsold⁽³⁾
	(sq. m.)	(sq. m.)	(sq. m.)
JIANGXI REGION			
Spain Standard 力高國際城	466,665	861,274	3,069
Riverside International 濱江國際	37,346	164,000	1,469
Bluelake County 瀾湖郡	135,285	286,795	14,140

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Bluelake International 瀾湖國際	47,151	113,323	1,121
The Garden of Spring 十里春風	30,378	15,278	11,273
Delight Scenery 悦景臺	62,455	123,857	15,270
YONG Lake Scenic Center 雍湖景畔	132,505	412,507	164,149
Life Sunshine Town 生命陽光城	33,396	50,182	50,182
The Phoenix – Phase I 鳳凰新天一期	16,295	78,178	8,294
The Phoenix – Phase II 鳳凰新天二期	39,030	155,618	123,514
One Riverside Glory 君譽濱江一期	52,896	158,124	38,819
Two Riverside Glory 君譽濱江二期	42,301	100,623	69,062

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Leisure's Mansion 君逸府	49,336	135,797	50,487
Rivera Mansion 雍江府	101,009	311,874	252,390
Royal Impression 君譽印象	49,781	148,610	148,610
River Forest West Side Phase I 江樾府項目西區一期	21,327	47,016	47,016
River Forest East Side Phase I 江樾府項目東區一期	32,709	75,302	75,302
Royal Country 尚郡	44,137	112,713	112,713
Royal River Mansion 御江府	23,569	45,842	45,842

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	1,445,893	671,048
Land Lot Nos. A1 and A2 A1及A2號地塊	69,336	55,469	55,469
Perfection Ocean 理想海	159,466	316,654	202,120
Luminescence Ocean 拾光海	68,827	130,922	21,730
HUNAN REGION			
Changsha Phoenix 長沙鳳凰新天	18,002	128,168	77,694
Hangao Academy Mansion 漢高學士府	67,614	252,117	142,071
Royal Terrace 雍璽台	111,028	432,514	398,950
Kingdom Forest 江山樾	131,774	452,380	452,380

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	467,685	271,352
Peach Creek Villa 桃溪雲廬	25,475	61,680	14,957
Glory Joy Palace 耀悦雲庭	78,512	241,628	74,904
Lagoon Palace 潭影雲廬	82,512	113,512	113,512
Hanru Pavilion 翰如府	30,894	98,201	98,201
Fenghua Garden 峰華苑	64,011	163,058	163,058

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
JIANGSU REGION			
Jade Grand Mansion 璞悦新邸	41,533	126,601	126,601
Violet Mist Land 紫雲朗境	88,043	244,037	169,044
Leisure's Mansion (Chuzhou) 君逸府 (滁州)	199,538	515,390	515,390
Time Spring Palace 時光汎樾	57,962	144,394	46,056
Yanshan Impression 燕山映	61,021	163,484	20,665
Phoenix Isle 鳳嶼山河	102,511	185,929	133,842
Leisure's Mansion (Wuxi) 君逸府 (無錫)	16,403	37,171	37,171

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
SHANDONG REGION			
Bluelake County 瀾湖郡	68,066	256,659	1,739
Royal Family 君御世家	30,682	131,920	18,517
Imperial Mansion 君御華府	44,966	125,742	8,202
Redco Visionary 力高未來城一期	90,617	311,327	31,691
Redco Visionary II 力高未來城二期	236,992	607,996	396,236
Spring Villa 雍泉府	268,113	596,669	321,096
Jiyang II 濟陽大二期	166,968	389,510	389,510
Grand Mansion 君悅首府	60,940	175,440	175,440
Leisure's Mansion 君逸府	34,290	111,703	20,024

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	51,694	93,513	6,593
Sunshine Coast - Phase II 陽光海岸－第二期	21,371	34,388	1,293
Sunshine Coast - Phase III 陽光海岸－第三期	33,142	81,358	2,826
Sunshine Coast - Phase IV 陽光海岸－第四期	63,411	213,815	88,545
Sunshine Coast - Phase V 陽光海岸－第五期	99,194	199,574	61,924
Sunshine Coast - Phase VI 陽光海岸－第六期	60,578	286,042	286,042
Sunshine Coast - Phase VII 陽光海岸－第七期	50,954	267,967	267,967
Visionary B2 Lot 未來城B2部分地塊	10,734	50,489	50,489
Visionary A7 Lot 未來城A7部分地塊	23,651	75,335	75,335

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	823,818	65,788
Prince Royal Family 君御世家	88,026	300,888	21,204
Royal International 君御國際	43,873	114,894	14,001
Bluelake City 瀾湖前城	76,059	229,942	29,774
Majestic Residence 天悦府	67,931	198,138	55,160
Cloud Terrace 雲湖印	47,925	130,636	28,613
Royal Universe 君御天下	83,478	147,309	15,028
Leisure's Mansion (Hefei) 君逸府(合肥)	47,098	123,142	37,196
Zhengwu Future 政務未來	61,873	194,654	194,654
Leisure's Mansion (Luan) 君逸府(六安)	107,513	217,286	217,286

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
HUBEI REGION			
Redco Courtyard 雍湖灣	100,411	112,217	81,679
Redco Majestic Residence 力高天悦府一期	53,392	198,072	52,675
Redco Majestic Residence II 力高天悦府二期	42,513	157,435	157,435
SHAANXI REGION			
Majestic Mansion 天悦華府	88,320	171,000	57,300
Royal Redco 力高君樾	46,856	90,132	90,132
GUANGDONG REGION			
Royal International 力高君御花園	33,035	138,834	11,271
Royal Family 君御世家	30,820	90,494	2,060
Bluelake Landmark 瀾湖峯景	28,113	69,275	10,283
Center Mansion 君熙府	17,428	74,618	6,749

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
Royal Mansion 君譽府	13,611	36,217	21,408
Bluelake Mansion 瀾湖公館	12,544	41,452	41,452
Sky Palace 雲築花園	48,179	220,955	133,782
Sky Terrace 雲峰閣	27,820	85,792	25,727
Huizhou Leisure's Mansion 惠州君逸府	24,956	100,123	36,942
Blissful Bay 悅環灣	71,946	258,947	151,899
Jiangmen Leisure's Mansion 江門君逸府	65,359	228,798	198,171
Riverside One 濱湖壹號	340,176	969,560	969,560
Zengcheng Project 增城項目	29,306	153,177	153,177
Eco Garden 頤尚嘉園	51,714	193,458	165,888
Pearl Mira 印玥萬環	74,746	246,418	246,418

Project	Site area⁽¹⁾ (sq. m.)	Total GFA⁽²⁾ (sq. m.)	Total GFA under various stages of development remaining unsold⁽³⁾ (sq. m.)
FUJIAN REGION			
Mount Yuelan 越瀾山	186,656	518,725	461,535
Emperor Palace 君樽府	30,108	70,182	19,823
Qianxihui Square 仟喜薈廣場	154,359	473,505	404,015
TOTAL			<u>11,420,491</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 2024 increased by 5.9% to approximately RMB3,773.5 million from approximately RMB3,562.0 million for the six months ended 30 June 2023. The increase in total revenue was attributable to the increase in property sales income.

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					
	2024	2023	2024	2023	2024	2023
	<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	38,659	869,979	7,308	101,592	5,290	8,563
Central and Western						
Regions	2,703,921	1,773,668	234,481	191,120	11,532	9,280
Bohai Economic Rim	413,816	609,998	63,214	84,960	6,546	7,180
Greater Bay Area	372,520	62,255	37,421	6,745	9,955	9,230
Others						
– Healthcare service	3,266	7,540	—	—	—	—
– Property management services and community value-added services	190,430	188,096	—	—	—	—
– Project management services	186	10,455	—	—	—	—
– Rental income	14,282	1,287	—	—	—	—
– Hotel services	36,391	38,703	—	—	—	—
Total	<u>3,773,471</u>	<u>3,561,981</u>	<u>342,424</u>	<u>384,417</u>	<u>10,306</u>	<u>8,626</u>

The increase in property sales income was attributable to the product mix difference of different projects. Total GFA delivered decreased by 10.9% from 384,417 sq.m. for the six months ended 30 June 2023 to 342,424 sq.m. for the six months ended 30 June 2024. The recognised ASP increased from RMB8,626 per sq.m. for the six months ended 30 June 2023 to RMB10,306 per sq. m. for the six months ended 30 June 2024.

Others mainly represent revenue from property management services, value-added services and community value-added services provided by Redco Healthy Living Company Limited (“**Redco Healthy**”), a subsidiary of the Company. The project management services income mainly refers to the income from the provision of management and consultancy services to project companies.

Gross loss / profit

The Group turned from a gross profit of RMB331.4 million for the six months ended 30 June 2023 to a gross loss of RMB262.1 million for the six months ended 30 June 2024. The Group recorded a gross profit margin of 9.3% for the six months ended 30 June 2023 and a gross loss margin of 6.9% for the six months ended 30 June 2024. The turnaround from gross profit to gross loss was mainly attributable to the unfavorable macroeconomic environment and the downturn of the real estate industry in the PRC, leading to low or negative gross profit margin for projects completed and/or delivered for the six months ended 30 June 2024.

Other losses / gains, net

The Group recognised 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. The Group recognised a net other loss of approximately RMB46.8 million during the six months ended 30 June 2024, mainly representing exchange loss of RMB44.7 million.

Selling and marketing expenses

Selling and marketing expenses decreased by 55.7% to approximately RMB94.7 million for the six months ended 30 June 2024 from approximately RMB214.0 million for the six months ended 30 June 2023. Selling and marketing expenses mainly represent expenses incurred in the promotion of the Group's properties and the sales commission to the sales teams. The decrease was mainly due to the strict control over the marketing expenses by the Group during the six months ended 30 June 2024.

General and administrative expenses

General and administrative expenses decreased by 29.3% to approximately RMB205.9 million for the six months ended 30 June 2024 from approximately RMB291.1 million for the six months ended 30 June 2023. Such decrease was mainly attributable to the strict control of general and administrative expenses and the optimisation of corporate structure by the Group during the six months ended 30 June 2024 in order to reduce expenses.

Impairment losses on financial assets, net of reversal

The impairment losses on financial assets, net of reversal increased from approximately RMB8.3 million for the six months ended 30 June 2023 to approximately RMB13.8 million for the six months ended 30 June 2024, which was mainly due to increase in the impairment of trade and other receivables.

Finance costs

Finance costs increased by 116.9% to approximately RMB34.1 million for the six months ended 30 June 2024 from approximately RMB15.7 million for the six months ended 30 June 2023. Such increase was mainly due to the decrease in interest expense which is eligible to be capitalised to projects under development of the Group for the six months ended 30 June 2024.

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

Share of loss of investments accounted for using the equity method, net increased by 301.3% to approximately RMB20.9 million for the six months ended 30 June 2024 from approximately RMB5.2 million for the six months ended 30 June 2023. The losses were mainly attributable to the operating losses of joint ventures and associates during the six months ended 30 June 2024.

Income tax credit / expense

Income tax changed from income tax expense of approximately RMB83.6 million for the six months ended 30 June 2023 to income tax credit of approximately RMB43.5 million for the six months ended 30 June 2024. Income tax credit during the six months ended 30 June 2024 was mainly attributable to the combined effect of the decrease in provision of income tax expense as a result of the turnaround from gross profit margin to gross loss margin recorded during the six months ended 30 June 2024 and reversal of over-provision of land appreciation tax in the prior year.

Loss for the six months ended 30 June 2024

As a result of the foregoing, the Group recorded a loss for the six months ended 30 June 2024 of approximately RMB631.1 million as compared with loss for the six months ended 30 June 2023 of approximately RMB216.7 million. The increase in loss is mainly attributable to the unfavorable macroeconomic environment and the downturn of the real estate industry in the PRC, leading to low or negative gross profit margin for projects completed and/or delivered for the six months ended 30 June 2024.

Loss for the six months ended 30 June 2024 attributable to owners of the Company

As a result of the foregoing, the Company recorded a loss attributable to owners of the Company of approximately RMB519.8 million for the six months ended 30 June 2024 from a loss attributable to owners of the Company of approximately RMB344.5 million for the six months ended 30 June 2023. The increase in loss attributable to owners of the Company is mainly attributable to the unfavorable macroeconomic environment and the downturn of the real estate industry in the PRC, leading to low or negative gross profit margin for projects completed and/or delivered for the six months ended 30 June 2024.

Liquidity and Capital Resources

Cash Position

The Group had cash and cash equivalents of approximately RMB243.0 million (31 December 2023: RMB792.3 million) and restricted cash of approximately RMB1,358.9 million (31 December 2023: RMB1,805.2 million) as at 30 June 2024. As at 30 June 2024, the Group's cash and cash equivalents were mainly denominated in RMB.

Borrowings

As at 30 June 2024, the Group had borrowings of approximately RMB15,700.0 million (31 December 2023: RMB15,588.8 million) which were denominated in RMB, US\$ and HK\$.

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Bank and other borrowings comprise:		
– Senior notes, including accrued interests	7,759,231	7,366,579
– Bank borrowings	7,940,722	8,222,188
	<u>15,699,953</u>	<u>15,588,767</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	15,389,637	14,905,305
More than one year, but not more than two years	300,172	377,388
More than two years, but not more than five years	7,215	302,537
More than five years	2,929	3,537
	<u>15,699,953</u>	<u>15,588,767</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>(15,397,253)</u>	<u>(14,913,558)</u>
Amounts shown under non-current liabilities	<u>302,700</u>	<u>675,209</u>

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Analysed as:		
– Fixed-rates bank and other borrowings	10,331,588	10,063,341
– Variable-rates bank and other borrowings	5,368,365	5,525,426
	<u>15,699,953</u>	<u>15,588,767</u>
Analysed as:		
– Secured	15,699,263	15,580,069
– Unsecured	690	8,698
	<u>15,699,953</u>	<u>15,588,767</u>

Other performance indicators

Net debt to equity ratio

As at 30 June 2024, the Group's net debt to equity ratio was 666% (31 December 2023: 426%). 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 statement of financial position.

Net current liabilities/assets and current ratio

As at 30 June 2024, the Group's net current liabilities amounted to approximately RMB295.5 million (31 December 2023: net current assets of RMB272.0 million). The Group's current ratio, which is calculated as current assets divided by current liabilities, was approximately 0.99 times as at 30 June 2024 (31 December 2023: 1.01 times).

Financial guarantees and contingent liabilities

The Group had the following financial guarantees on mortgage facilities as at the dates below:

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<u>10,034,433</u>	<u>10,251,399</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 2024 and 31 December 2023. 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 2024, the amount of the guarantees utilised by such borrowings drawn down was approximately RMB1,325,430,000 (31 December 2023: RMB1,120,890,000).

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 by an independent qualified professional valuer, the Directors are of the view that the fair value of this financial guarantee, as at the date of initial recognition, was considered insignificant. At the end of the reporting period, the Directors performed assessment, and concluded that there had 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 six months ended 30 June 2023 and the six months ended 30 June 2024, respectively.

On 8 December 2021, the Company provided guarantee to an independent third party in respect of a loan drawn down by it in the amount of US\$11.8 million. 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 six months ended 30 June 2023 and the six months ended 30 June 2024, respectively.

Save as disclosed above, the Group had no other significant financial guarantees as at 30 June 2024 and 31 December 2023.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2024.

Employees and Remuneration policies

As at 30 June 2024, the Group had 2,753 employees (31 December 2023: 2,859 employees). For the six months ended 30 June 2024, the remuneration of the Group's employees (including Directors' emoluments) amounted to approximately RMB200.6 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. 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 2024.

Charge on assets

As at 30 June 2024 and 31 December 2023, 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

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2024.

Future plans for material investments or capital assets

The Company did not have any plans of significant investments or capital assets as at 30 June 2024.

Important events affecting the Group after 30 June 2024

As a result of the Incidents (as detailed under note 2(b) to the condensed 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 six months 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 (collectively, 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. On 24 April 2024, the Company published its annual results announcement for the year ended 31 December 2022, the interim results announcement for the six months ended 30 June 2023, and annual results announcement for the year ended 31 December 2023. 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, 28 March 2024, 24 April 2024, 3 May 2024 and 28 June 2024.

Currently, the Company is in the process of fulfilling the Resumption Guidance and will publish further announcements as and when appropriate.

Since 30 June 2024 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 condensed consolidated financial statements contained in this announcement.

OUTLOOK

With an increasing number of countries cutting interest rates to support economic growth, the World Bank and the International Monetary Fund expected global growth to be slightly faster than we had expected. However, the on-going geopolitical conflicts and uncertain political election results also brought increasing uncertainties for the future development of the global economy.

Under the background that more macro policies may be launched to stabilise the economy, supporting policies for real estate industry are expected to be implemented and optimised in the second half of the year. Nevertheless, restricted by factors such as a lack of buyers' confidence caused by the prolonged downward trend in the real estate market and a lower expected income of residents which has dragged down housing demand, it still takes efforts to fully activate the real estate market, and housing enterprises should possess sufficient patience while waiting for the arrival of the turning point.

In the stage of in-depth adjustment to the industry, the Group will maintain its operational resilience as always, and is committed to align with the national strategic deployment. Presold projects' delivery will be taken as the top priority, inventory reduction will be implemented with value preservation and appreciation of assets, management will continue to focus on the frontline, focus will be put in problem solving, and full support will be given to project construction and sales in order to ensure the Group's normal operation. It is believed that following the implementation of policies targeted to mitigate the risks in the real estate industry, stabilise market and reduce inventory, the real estate market will resume to be stable and enter into a sound development stage. The Group will also endeavor to overcome difficulties by consolidating its foundation and striving for progress.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) for the six months ended 30 June 2024, save for the deviation for reasons set out below.

Code Provision B.2.2 of Part 2 of the CG Code provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, Mr. Huang Ruoqing, an executive Director, has not retired and stood for re-election during the year ended 31 December 2023 as the annual general meeting of the Company was not timely held during the year ended 31 December 2023. At the annual general meeting for the year ended 31 December 2022 (the “**2022 AGM**”) and the annual general meeting for the year ended 31 December 2023 (the “**2023 AGM**”) of the Company convened and held on Friday, 28 June 2024, resolutions were put forward for the shareholders of the Company (the “**Shareholder(s)**”) to consider and, if thought fit, approve (among other things) the re-election of Mr. Huang Ruoqing, Mr. Chau On Ta Yuen SBS, BBS, Mr. Wong Yeuk Hung JP, Mr. Tang Chengyong and Dr. Tam Kam Kau GBS, SBS, JP in accordance with the articles of association of the Company and the CG Code. Accordingly, since the 2022 AGM and 2023 AGM, the Company has been in compliance with Code Provision B.2.2 of Part 2 of the CG Code.

In view of the Incidents and the Resumption Guidance, the Company engaged an independent internal control consultant 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 findings in due course upon the completion of such internal control review.

The Board will continue to review and monitor the internal policies of the Company and their implementation 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 C3 to the Listing Rules (the “**Model Code**”). Upon specific enquiries made, all Directors have confirmed that they complied with the Model Code for the six months ended 30 June 2024.

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 (including sale of treasury shares) for the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

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 reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024.

PUBLICATION OF THE 2024 INTERIM RESULTS ANNOUNCEMENT AND 2024 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 2024 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders (if requested) in due course.

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

Hong Kong, 28 August 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.