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DEXIN CHINA HOLDINGS COMPANY LIMITED
德信中国控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

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

HIGHLIGHTS OF 2023 INTERIM RESULTS:

- For the six months ended 30 June 2023, the total revenue of the Group was approximately RMB11,969.1 million, representing a period-on-period increase of approximately 16.8%;
- For the six months ended 30 June 2023, the gross profit was approximately RMB1,515.9 million, representing a period-on-period increase of approximately 19.1%;
- For the six months ended 30 June 2023, the net loss was approximately RMB366.1 million;
- For the six months ended 30 June 2023, the contract liabilities (i.e. pre-sale of properties) were approximately RMB38,014.2 million;
- For the six months ended 30 June 2023, borrowings from banks and other financial institutions decreased by approximately 11.1% as compared with that at the end of 2022;
- For the six months ended 30 June 2023, the total land reserves were approximately 11,741,616 sq.m., and 77.9% of which are located in the Yangtze River Delta Region.

The board (the "**Board**") of directors (the "**Directors**") of Dexin China Holdings Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 with the comparative figures for the corresponding period in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**11,969,075**	10,246,497
Cost of sales		**(10,453,189)**	(8,974,102)
Gross profit		**1,515,886**	1,272,395
Other income		**51,680**	33,783
Other losses – net		**(245,740)**	(43,204)
Selling and marketing expenses		**(318,882)**	(237,735)
Administrative expenses		**(694,918)**	(457,735)
Fair value losses on investment properties		**(9,880)**	(7,116)
Operating profit		**298,146**	560,388
Finance costs – net	*5*	**(146,999)**	(126,971)
Share of results of joint ventures and associates		**(108,361)**	694,431
Profit before income tax		**42,786**	1,127,848
Income tax expenses	*6*	**(408,875)**	(224,024)
(Loss)/profit for the period		**(366,089)**	903,824
(Loss)/profit for the period attributable to:			
Owners of the Company		**(518,318)**	740,455
Non-controlling interests		**152,229**	163,369
		(366,089)	903,824
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	*7*	**(0.17)**	0.27

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit and total comprehensive (loss)/income for the period	**(366,089)**	903,824
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(518,318)**	740,455
Non-controlling interests	**152,229**	163,369
	(366,089)	903,824

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,385,596**	1,729,896
Investment properties		**4,199,510**	4,138,410
Intangible assets		**40**	104
Investments accounted for using the equity method		**5,738,683**	5,637,097
Financial assets at fair value through profit or loss		**11,110**	9,743
Deferred income tax assets		**725,090**	573,143
Total non-current assets		**12,060,029**	12,088,393
Current assets			
Properties under development		**48,423,849**	60,921,824
Completed properties held for sale		**5,255,954**	3,234,456
Trade and other receivables and prepayments	*8*	**4,565,260**	4,500,560
Amounts due from non-controlling interests		**12,997,334**	13,662,529
Amounts due from related parties		**4,832,222**	5,969,111
Contract acquisition costs		**416,094**	358,949
Prepaid income taxes		**1,670,526**	1,937,369
Restricted cash		**100,613**	67,710
Cash and cash equivalents		**5,413,179**	7,307,483
Total current assets		**83,675,031**	97,959,991
Total assets		**95,735,060**	110,048,384
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*10*	**10,130**	10,130
Reserves		**5,997,213**	6,551,026
		6,007,343	6,561,156
Non-controlling interests		**10,583,331**	13,561,053
Total equity		**16,590,674**	20,122,209

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings from bank and other financial institutions		**10,768,006**	11,850,522
Amounts due to non-controlling interests		**99,990**	292,990
Deferred income tax liabilities		**130,842**	175,422
Lease liabilities		**10,333**	9,898
Total non-current liabilities		**11,009,171**	12,328,832
Current liabilities			
Borrowings from bank and other financial institutions		**8,073,157**	9,340,550
Trade and other payables	*9*	**10,674,322**	10,565,546
Amounts due to non-controlling interests		**2,821,428**	3,351,907
Amounts due to related parties		**7,080,204**	6,990,372
Contract liabilities		**38,014,199**	46,326,798
Current income tax liabilities		**1,442,257**	988,769
Lease liabilities		**–**	3,753
Financial liabilities at fair value through profit or loss		**29,648**	29,648
Total current liabilities		**68,135,215**	77,597,343
Total liabilities		**79,144,386**	89,926,175
Total equity and liabilities		**95,735,060**	110,048,384

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Dexin China Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1 – 1111, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in the property development and construction services, property investment and hotel operations in the People's Republic of China (the "**PRC**" or "**China**").

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 February 2019.

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 30 August 2023.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2022, except for the adoption of new and amended standards and interpretations as described below.

In the current interim period, the Group has adopted, for the first time, the following revised HKFRSs for the preparation of the Group's condensed consolidated financial statements.

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKFRS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the revised standards in the current interim period has bad no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

Going concern basis

The Group recorded a loss for the six months ended 30 June 2023 of RMB366 million (six months ended 30 June 2022: a profit of RMB904 million). As at 30 June 2023, the Group recorded a net current assets of RMB15,540 million, and the Group's current portion of borrowings amounted to RMB8,073 million, while its cash and cash equivalents (excluding restricted cash) amounted to RMB5,413 million.

In view of aforesaid mentioned, the directors of the Company 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 plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) The Group is actively negotiating with various financial institutions to secure new loans at reasonable costs;

(ii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have been encouraging to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

(iii) The Group continues to identify suitable buyers and engage in discussions with certain potential buyers regarding the possible disposal of the equity interests in certain property development projects or shopping malls of the Group in order to raise additional funds; and

(iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The directors of the Company 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 above mentioned plans and measures and its available sources of financing, 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 of the Company are satisfied that it is appropriate to prepare these condensed financial statements on a going concern basis.

4. SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-makers. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance. The Group is organised into three business segments: property development and construction, property investment, and other businesses. Other businesses mainly include hotel operations. As the Executive Directors of the Company considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The Executive Directors of the Company assess the performance of the operating segments based on a measure of segment results, which is a measure of revenue and gross profit of each operating segment.

Segment assets and segment liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment. Unallocated assets comprise financial assets at fair value through profit or loss and deferred income tax assets. Unallocated liabilities comprise deferred income tax liabilities, current income tax liabilities, borrowings from bank and other financial institutions and other financial liabilities. Management considered that it is impracticable or not meaningful in allocating these unallocated assets and liabilities to different segments.

(i) Segment results for the six months ended 30 June 2023 and 2022 are as follows:

Six months ended 30 June 2023 (Unaudited)

	Property development and construction *RMB'000*	**Property investment** *RMB'000*	**Other businesses** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers	**11,890,355**	**–**	**24,569**	**11,914,924**
Recognised at a point in time	**11,766,746**	**–**	**–**	**11,766,746**
Recognised over time	**123,609**	**–**	**24,569**	**148,178**
Revenue from other sources:				
Rental income	**–**	**54,151**	**–**	**54,151**
Segment revenue	**11,890,355**	**54,151**	**24,569**	**11,969,075**
Inter-segment revenue	**–**	**–**	**–**	**–**
Revenue from external customers	**11,890,355**	**54,151**	**24,569**	**11,969,075**
Gross profit	**1,459,287**	**43,749**	**12,850**	**1,515,886**
Other income				**51,680**
Other losses – net				**(245,740)**
Selling and marketing expenses				**(318,882)**
Administrative expenses				**(694,918)**
Fair value losses on investment properties	**–**	**(9,880)**	**–**	**(9,880)**
Finance costs – net				**(146,999)**
Share of results of joint ventures and associates	**(108,361)**	**–**	**–**	**(108,361)**
Profit before income tax				**42,786**
Income tax expenses				**(408,875)**
Loss for the period				**(366,089)**
Depreciation and amortisation	**(20,374)**	**–**	**(13,604)**	**(33,978)**

Six months ended 30 June 2022 (Unaudited)

	Property development and construction *RMB'000*	Property investment *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Revenue from contracts with customers	10,173,654	–	16,952	10,190,606
Recognised at a point in time	9,920,396	–	–	9,920,396
Recognised over time	253,258	–	16,952	270,210
Revenue from other sources:				
Rental income	–	55,891	–	55,891
Segment revenue	10,173,654	55,891	16,952	10,246,497
Inter-segment revenue	–	–	–	–
Revenue from external customers	10,173,654	55,891	16,952	10,246,497
Gross profit	1,214,959	49,189	8,247	1,272,395
Other income				33,783
Other losses – net				(43,204)
Selling and marketing expenses				(237,735)
Administrative expenses				(457,735)
Fair value losses on investment properties	–	(7,116)	–	(7,116)
Finance costs – net				(126,971)
Share of results of joint ventures and associates	694,431	–	–	694,431
Profit before income tax				1,127,848
Income tax expenses				(224,024)
Profit for the period				903,824
Depreciation and amortisation	(39,802)	–	(6,267)	(46,069)

(ii) Segment assets and liabilities as at 30 June 2023 and 31 December 2022 are as follows:

As at 30 June 2023 (Unaudited)

	Property development and construction *RMB'000*	**Property investment** *RMB'000*	**Other businesses** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment assets	**89,788,674**	**4,632,161**	**375,728**	**938,497**	**95,735,060**
Segment liabilities	**55,295,993**	**3,065,674**	**368,457**	**20,414,262**	**79,144,386**

As at 31 December 2022 (Audited)

	Property development and construction *RMB'000*	Property investment *RMB'000*	Other businesses *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment assets	103,201,203	5,442,582	821,713	582,886	110,048,384
Segment liabilities	63,068,497	4,018,489	483,926	22,355,263	89,926,175

5. FINANCE COSTS – NET

	Six months ended 30 June	
	2023 *RMB'000* **(Unaudited)**	2022 *RMB'000* (Unaudited)
Finance costs		
– Interest-bearing debts	**957,297**	1,148,101
– Net exchange losses on financing activities	**38,801**	129,518
– Less: capitalised interest	**(819,738)**	(1,099,201)
	176,360	178,418
Finance income		
– Interest income from bank deposits	**(29,361)**	(51,447)
Finance costs – net	**146,999**	126,971

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC corporate income tax	**320,331**	157,879
– PRC land appreciation tax	**285,071**	76,153
	605,402	234,032
Deferred income tax:		
– PRC corporate income tax	**(196,527)**	(10,008)
	408,875	224,024

PRC corporate income tax

The income tax provision of the Group has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate is 25%.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the PRC.

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for the six months ended 30 June 2023 (six months ended 30 June 2022: same).

7. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (RMB'000)	**(518,318)**	740,455
Weighted average number of ordinary shares in issue (in thousand)	**2,969,341**	2,701,341
Basic (loss)/earnings per share (RMB per share)	**(0.17)**	0.27

The Company had no dilutive potential shares in issue, thus the diluted (loss)/earnings per share equals the basic (loss)/earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables, net of provision *(Note)*	**523,105**	321,332
Note receivables	**9,159**	4,443
Other receivables, net of provision	**2,911,738**	3,257,635
Prepayments	**1,121,258**	917,150
Trade and other receivables and prepayments	**4,565,260**	4,500,560

Note: Trade receivables are denominated in RMB and mainly arise from sales of properties and construction services. Proceeds from sales of properties and construction services are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

Ageing analysis of the gross trade receivables as at 30 June 2023 and 31 December 2022 based on invoice dates or contractual terms are as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 1 year	**471,278**	281,456
Over 1 year and within 2 years	**55,213**	40,534
Over 2 years	**9,561**	1,637
	536,052	323,627

9. TRADE AND OTHER PAYABLES

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Trade payables *(Note a)*	**4,404,392**	3,934,347
Note payables	**37,013**	53,767
Other payables	**6,232,917**	6,577,432
Total trade and other payables	**10,674,322**	10,565,546

Note :

(a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 90 days	**1,579,192**	1,737,713
Over 90 days and within 365 days	**2,015,955**	1,594,198
Over 365 days	**809,245**	602,436
	4,404,392	3,934,347

10. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares *US$*	Equivalent nominal value of ordinary shares *RMB'000*
Authorised:			
As at 1 January 2023 and 30 June 2023	**5,000,000,000**	**2,500,000**	
Issued:			
As at 1 January 2023 and 30 June 2023	**2,969,341,000**	**1,484,671**	**10,130**

11. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: same).

Pursuant to the resolution of the Company's annual general meeting held on 17 June 2022, the Company has declared 2021 dividends of RMB236,367,000 out of the share premium account of the Company. These dividends have not been paid as at the date of this interim condensed consolidated financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

In the first half of 2023, inflation was suppressed to a certain extent under the continuous interest rate increase in economies such as Europe and the United States, while the global supply chain problems caused by the COVID-19 pandemic basically gradually returned to normal, the energy supply problems in Europe also eased, and the downward trend of the global economy also slowed down, but the characteristics of the recovery were clearly differentiated. The service sector in the United States and the euro zone has performed better than the manufacturing sector, and the global service sector is in a recovery cycle, while the inventory backlog inhibits the release of new demand, and the performance of the manufacturing sector is dragging down the economic recovery in the United States and the euro zone. Overall, it is expected that the European and American central banks will continue to maintain high interest rates in the short term, and the liquidity and financing environment will continue to tighten, which will have a greater impact on investment, financing and consumption.

In respect of the domestic economy, stimulated by a series of economic measures taken by the central government, the gross domestic product (GDP) growth in the first half of 2023 amounted to 5.5%. In respect of real estate sales, according to the National Bureau of Statistics of the PRC, the total sales of commercial properties in the PRC in the first half of 2023 amounted to RMB6.31 trillion, representing a period-on-period increase of 1.1%; and the sales area was 0.595 billion square meters, representing a period-on-period decrease of 5.3%. In terms of investment in real estate development, investment amounted to RMB5.86 trillion, representing a period-on-period decrease of 7.9%; the area of new construction was 0.499 billion square meters, representing a period-on-period decrease of 24.3%; and the area of completed construction was 0.339 billion square meters, representing a period-on-period increase of 19.0%. The real estate market continued to face various severe challenges, including weak investment, continued decline in new construction, high inventory and continued sluggish sales. The sales in the first half of 2023 were relatively volatile, with a small rebound in the first quarter due to a temporary release of pent-up demand, followed by weak and unsatisfactory sales driven by unstable and less-than-expected economic data on the demand side. While the real estate market continued to decline, the central government frequently provided policy support to the real estate industry from the demand side, supply side, and financing side, which mainly included the “city-based policy”, the “16 articles on finance”, the “three arrows on financing”, and the “extension of 16 articles on finance” and a series of other measures. However, the effect of the “city-based policy” on the demand side of second- and third-tier cities is not obvious, and the impact of the financing-related policies on private enterprises in corporate financing is also limited.

The year of 2023 marks the fifth year of listing of the Company. Long as the journey is, we will reach our destination if we stay the course; difficult as the task is, we will get the job done if we keep working at it. In such a complex and challenging economic environment, all Dexin people strived to overcome difficulties with joint efforts and move forward against the wind with the extreme endurance of a long-distance runner to ensure the stable and orderly development of the businesses of the Group. With the support of shareholders and the unremitting efforts of all employees, the Group forged ahead with the implementation of the "ensuring delivery" policy, and the Group has delivered properties as scheduled in the first half of 2023. As of the first half of 2023, the Group's net loss was approximately RMB366.1 million and the loss attributable to owners of the Company was approximately RMB518.3 million, representing a period-on-period decrease of 140.5% and decrease of 170.0%, respectively. The Group continued to optimize its financial structure to maintain a healthy and reasonable level of debt. The borrowings from banks and other financial institutions for the six months ended 30 June 2023 (the "**Reporting Period**") amounted to approximately RMB18,841.2 million, a decrease of 11.1% from 31 December 2022. As of 30 June 2023, the Group's net gearing ratio was 80.3%, the liabilities to assets ratio after excluding advance receipts was 71.3%, and the cash to short-term debt ratio was 0.7 times. As of 30 June 2023, the Group operated a total of 137 projects in 23 core cities across the country, with a total land reserve of approximately 11,741,616 sq.m. at the end of the Reporting Period, of which the proportion of land reserve in the Yangtze River Delta reached 77.9%, further consolidating the Group's strategic planning and leading position in the Yangtze River Delta, and securing high-quality salable resources.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, property construction and project management services, management and consulting services, lease of commercial properties and hotel operations. For the six months ended 30 June 2023, the Group recorded a total revenue of approximately RMB11,969.1 million, representing a period-on-period increase of approximately 16.8%.

Contracted sales

For the six months ended 30 June 2023, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB13,520.0 million, representing a period-on-period decrease of 30.2%, and total contracted GFA sold of approximately 791,000 sq.m., representing a period-on-period decrease of 23.7%. The average selling price ("**ASP**") of contracted sales for the six months ended 30 June 2023 was approximately RMB17,092 per sq.m., representing a period-on-period decrease of approximately 8.5%.

Sales of properties

For the six months ended 30 June 2023, the revenue from sales of properties increased by approximately 17.8% period-on-period to approximately RMB11,666.2 million, accounting for approximately 97.5% of the total revenue of the Group. In terms of sales of properties, the Group has delivered properties as scheduled in the first half of 2023. The increase in the revenue from sales of properties was primarily attributable to the period-on-period increase in the area of properties delivered, resulting in the increase in revenue recognised for properties sold during the period. For the six months ended 30 June 2023, the Group recognised total GFA of approximately 550,310 sq.m., representing a period-on-period increase of approximately 4.5%. The ASP of the properties recognised as property sales was approximately RMB21,199 per sq.m., representing a period-on-period increase of approximately 12.7%. The increase of ASP was mainly due to the increase in recognised GFA in regions with higher ASP.

Based in Zhejiang Province, the Group continued to lay a solid foundation in the Yangtze River Delta Region and key hub cities of China during the six months ended 30 June 2023.

The following table sets out the recognised sales and GFA sold of each city for the six months ended 30 June 2023:

City	**Recognised GFA** *sq.m.*	**Recognised ASP** *RMB/sq.m.*	**Recognised revenue** *RMB'000* (unaudited)
Wenzhou	218,778	18,153	3,971,558
Hangzhou	145,245	26,929	3,911,224
Shanghai	47,120	44,629	2,102,898
Xuzhou	124,629	12,159	1,515,412
Foshan	10,337	6,881	71,134
Wuxi	3,070	21,217	65,132
Ningbo	928	27,748	25,761
Nanjing	203	15,138	3,073
Total	550,310	21,199	11,666,192

Note:

Recognised revenue in the above table includes the revenue from residences, commercial spaces, car parks and storage spaces, and recognised GFA does not include the GFA of car parks and storage spaces.

Property construction and project management services

For the six months ended 30 June 2023, the revenue from property construction and project management services decreased by approximately 51.2% period-on-period to approximately RMB123.6 million, accounting for approximately 1.0% of the total revenue of the Group. The decrease was primarily attributable to the decrease in the number and settlement scale of projects under construction and management as compared with the corresponding period in 2022.

Management and consulting service income

For the six months ended 30 June 2023, management and consulting service income increased by approximately 501.8% period-on-period to approximately RMB100.6 million, accounting for approximately 0.8% of the total revenue of the Group. The increase was primarily attributable to the increase in the settlement of the joint ventures and associates in service during the Reporting Period.

Lease of commercial properties

For the six months ended 30 June 2023, the revenue from rental income decreased by approximately 3.1% period-on-period to approximately RMB54.1 million, accounting for approximately 0.5% of the total revenue of the Group. The decrease was primarily attributable to the reduction in leased GFA of the commercial property projects during the Reporting Period.

Hotel operations

For the six months ended 30 June 2023, the revenue from hotel operations increased by approximately 44.9% period-on-period to approximately RMB24.6 million, accounting for approximately 0.2% of the total revenue of the Group. The increase was primarily attributable to the higher rental area and occupancy rate during the Reporting Period as compared to the corresponding period in 2022.

Investment properties

The following table sets out a summary of the Group's investment properties as of 30 June 2023:

City	Project	Total GFA held for investment *(sq.m.)*	Leased GFA *(sq.m.)*	Total rental income for the six months ended 30 June 2023 *(RMB'000)*	2022 *(RMB'000)*
Hangzhou					
1	Elegant Mansion	33,210	25,820	**3,242**	3,334
2	Sky City Complex	67,613	67,613	**6,027**	2,846
3	Hangzhou ONE	17,614	17,614	**4,780**	4,780
4	Hangzhou Wings	24,865	24,865	**8,228**	8,405
5	Dexin Konggang City	107,345	–	**–**	–
6	Yinhu Technology Park	15,429	15,429	**1,387**	–

City	Project	Total GFA held for investment *(sq.m.)*	Leased GFA *(sq.m.)*	Total rental income for the six months ended 30 June 2023 *(RMB'000)*	2022 *(RMB'000)*
Huzhou					
7	Delan Square	13,082	9,718	**2,844**	3,136
Xuzhou					
8	Sky Scraper A	21,417	17,488	**1,682**	743
9	Sky Scraper B	51,274	20,889	**1,544**	1,501
10	Sky Scraper Red and Purple	11,727	9,663	**257**	473
11	Celebrity Mansion	3,949	1,445	**–**	–
Taizhou					
12	Shenxian Garden	51,663	15,365	**1,534**	1,511
Shanghai					
13	Shanghai Songjiang Industrial Park	58,176	34,389	**7,875**	1,682
Nanjing					
14	Nanjing Xianlinzhigu Industrial Park	60,509	3,315	**379**	–
				39,779	28,411
	Other rental income			**14,372**	27,480
Total				**54,151**	55,891

The Group will further improve the efficiency in operation of our investment properties to ensure stable rental income growth, and to strengthen earnings sustainability.

Land reserves

Leveraging on the Group's expertise in the real estate markets in the Yangtze River Delta Region and in-depth studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's business in those markets. As of 30 June 2023, the Group (together with its joint ventures and associates) had 137 projects with land reserves amounting to 11,741,616 sq.m., of which 115 projects were located in 14 cities in the Yangtze River Delta Region.

The following table sets out the Group's land reserves (together with its joint ventures and associates) by geographical location as of 30 June 2023:

City	**Total land reserves GFA** *(sq.m.)*	**Percentage of total land reserves** *(%)*
Hangzhou	3,210,960	27.3%
Nanjing	1,078,755	9.2%
Wenzhou	897,498	7.6%
Taizhou	874,873	7.5%
Xuzhou	794,429	6.8%
Ningbo	763,928	6.5%
Chengdu	709,809	6.0%
Huzhou	583,917	5.0%
Wuhan	568,828	4.8%
Quzhou	358,890	3.1%
Guangzhou	340,882	2.9%
Zhengzhou	312,117	2.7%
Foshan	286,219	2.4%
Jingjiang	242,981	2.1%
Zhangzhou	201,039	1.7%
Kunshan	156,153	1.3%
Xi'an	124,221	1.1%
Zhoushan	91,340	0.8%
Shanghai	71,285	0.6%
Shangrao	39,507	0.3%
Wuxi	17,236	0.1%
U.S.	12,143	0.1%
Changzhou	4,606	0.0%
Total	**11,741,616**	**100%**

FINANCIAL REVIEW

Overall performance

During the six months ended 30 June 2023, total revenue of the Group was approximately RMB11,969.1 million, representing a period-on-period increase of approximately 16.8%. Gross profit was approximately RMB1,515.9 million, representing a period-on-period increase of approximately 19.1%. Gross profit margin was approximately 12.7%, representing a period-on-period increase of approximately 0.3 percentage points. For the six months ended 30 June 2023, the Group recorded net loss of approximately RMB366.1 million, representing a period-on-period decrease of 140.5%. For the six months ended 30 June 2023, loss attributable to owners of the Company was approximately RMB518.3 million, representing a period-on-period decrease of approximately 170.0%.

Revenue

For the six months ended 30 June 2023, the Group recorded a total revenue of approximately RMB11,969.1 million, representing a period-on-period increase of approximately 16.8%. Specifically, revenue from the sales of properties was approximately RMB11,666.2 million, representing a period-on-period increase of approximately 17.8%, accounting for approximately 97.5% of the total revenue of the Group; revenue from property construction and project management services was approximately RMB123.6 million, representing a period-on-period decrease of approximately 51.2%, accounting for approximately 1.0% of the total revenue of the Group; revenue from management and consulting services was approximately RMB100.6 million, representing a period-on-period increase of approximately 501.8%, accounting for approximately 0.8% of the total revenue of the Group; rental income from the lease of commercial properties was approximately RMB54.1 million, representing a period-on-period decrease of approximately 3.1%, accounting for approximately 0.5% of the total revenue of the Group; and revenue from hotel operations was approximately RMB24.6 million, representing a period-on-period increase of approximately 44.9%, accounting for approximately 0.2% of the total revenue of the Group.

Cost of sales

The cost of sales of the Group primarily consists of the costs incurred directly in relation to the property development and sales activities, property construction and project management services, management and consulting services, lease of commercial properties and hotel operations.

For the six months ended 30 June 2023, the cost of sales of the Group was approximately RMB10,453.2 million, representing a period-on-period increase of approximately 16.5%.

Gross profit

For the six months ended 30 June 2023, the gross profit of the Group was approximately RMB1,515.9 million, representing a period-on-period increase of approximately 19.1%. The increase was primarily attributable to the increase in revenue from property development and construction. While overall gross profit margin slightly increased from approximately 12.4% for the six months ended 30 June 2022 to 12.7% for the six months ended 30 June 2023.

Other income

The Group had other income of approximately RMB51.7 million for the six months ended 30 June 2023, as compared to approximately RMB33.8 million for the six months ended 30 June 2022. The other income mainly derived from the interest income from non-financial institutions of approximately RMB26.5 million (for the six months ended 30 June 2022: interest income from non-financial institutions and income of guarantee provided for the borrowings of joint ventures and associates of RMB1.9 million and RMB8.8 million, respectively).

Other losses – net

The Group recorded net other losses of approximately RMB245.7 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: net other losses of approximately RMB43.2 million). The Group's net other losses for the six months ended 30 June 2023 mainly consisted of losses on disposal of subsidiaries of approximately RMB121.3 million, losses on disposal of associates and joint ventures of approximately RMB76.4 million and exchange losses of approximately RMB48.3 million.

Fair value losses on investment properties

The Group develops and holds certain of its commercial properties such as commercial centres, office buildings, shopping malls, serviced apartments and car parks for rental income or capital appreciation, or both. Any changes in the Group's investment property value is recognised as fair value gains or losses in the Group's condensed consolidated financial statements.

For the six months ended 30 June 2023, the Group recorded fair value losses on investment properties of approximately RMB9.9 million (for the six months ended 30 June 2022: fair value losses on investment properties of approximately RMB7.1 million).

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 34.1% period-on-period from approximately RMB237.7 million for the six months ended 30 June 2022 to approximately RMB318.9 million for the six months ended 30 June 2023. The aforesaid expenses increased during the period mainly due to affected sales by the downturn in the real estate market, which resulted in higher cost of sales.

Administrative expenses

The Group's administrative expenses increased by approximately 51.8% period-on-period from approximately RMB457.7 million for the six months ended 30 June 2022 to approximately RMB694.9 million for the six months ended 30 June 2023. The increase in the aforesaid expenses during the period was primarily attributable to the provision for impairment of trade receivables and other receivables.

Finance costs – net

Finance costs – net of the Group increased by approximately 15.8% period-on-period from approximately RMB127.0 million for the six months ended 30 June 2022 to approximately RMB147.0 million for the six months ended 30 June 2023. The increase was primarily attributable to the decrease in interest income.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of profits of joint ventures and associates decreased by approximately 115.6% period-on-period from approximately RMB694.4 million for the six months ended 30 June 2022 to share of results losses of joint ventures and associates of approximately RMB108.4 million for the six months ended 30 June 2023. The decrease was primarily attributable to the decrease in the real estate carried-forward projects held for sale by the joint ventures and associates during the period, resulting in a decrease in the share of results in the joint ventures and associates.

Income tax expenses

Income tax expenses of the Group increased by approximately 82.5% period-on-period from approximately RMB224.0 million for the six months ended 30 June 2022 to approximately RMB408.9 million for the six months ended 30 June 2023, which was primarily attributable to the increase in land appreciation taxes of projects delivered during the period.

(Loss)/profit and total comprehensive (loss)/income for the period

As a result of the foregoing reasons, the Group's profit and total comprehensive income decreased by approximately 140.5% from approximately RMB903.8 million for the six months ended 30 June 2022 to loss and total comprehensive loss for the period of approximately RMB366.1 million for the six months ended 30 June 2023. The profit attributable to owners of the Company decreased by 170.0% from approximately RMB740.5 million for the six months ended 30 June 2022 to the loss attributable to owners of the Company of approximately RMB518.3 million for the six months ended 30 June 2023.

The basic and diluted losses per share of the Company is RMB0.17 per share for the six months ended 30 June 2023, representing a period-on-period decrease of approximately 164.1% from basic and diluted earnings per share of RMB0.27 for the six months ended 30 June 2022.

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for future development.

Cash position

During the six months ended 30 June 2023, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of rental income, income generated from investment properties, as well as bank loans and borrowings from other financial institutions.

As of 30 June 2023, the Group had a total cash and bank balances (including restricted cash) of approximately RMB5,513.8 million as compared to approximately RMB7,375.2 million as of 31 December 2022. The decrease was primarily due to the increase in cash outflow as a result of the payment of cost for constructions and the repayment of borrowings due.

Borrowings position

During the six months ended 30 June 2023, reduction of borrowings from bank and other financial institutions was approximately RMB2,349.9 million. As of 30 June 2023, the Group's total borrowings from bank and other financial institutions amounted to approximately RMB18,841.2 million, representing a decrease of approximately 11.1% compared to approximately RMB21,191.1 million as of 31 December 2022. Amongst the borrowings from bank and other financial institutions, approximately RMB8,073.2 million (as of 31 December 2022: approximately RMB9,340.6 million) will be repayable within one year and approximately RMB10,768.0 million (as of 31 December 2022: approximately RMB11,850.5 million) will be repayable after one year.

As of 30 June 2023, the Group had total contracted facilities from bank and other financial institutions of approximately RMB43,900 million and unused facilities from bank and other financial institutions of approximately RMB31,990 million.

Key financial ratios

As of 30 June 2023, the Group's net gearing ratio (calculated as the total borrowings from banks and other financial institutions net of restricted cash, cash and cash equivalents divided by total equity) was 80.3% as compared to 68.7% as of 31 December 2022. The financial leverage of the Group is currently at a rational level.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio was approximately 1.2 times as of 30 June 2023 (as of 31 December 2022: 1.3 times).

Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 30 June 2023, the Group had not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its long-term borrowings. As the Group's borrowings are mainly denominated in RMB, the interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China, which have fluctuated significantly in recent years. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 30 June 2023, certain of the Group's borrowings from bank and other financial institutions were secured by its properties held for sale, properties under development, land use rights and investment properties, with carrying value of approximately RMB33,648.7 million as of 30 June 2023 (as of 31 December 2022: RMB34,514.9 million).

Commitments

As of 30 June 2023, the Group had commitments that are contracted but not provided as follows:

	30 June 2023 ***(RMB'000)*** **(unaudited)**	31 December 2022 *(RMB'000)* (audited)
Property development activities	**11,905,914**	13,419,552
Property, plant and equipment	**124,713**	43,361
Investment properties	**232,422**	357,125
Total	**12,263,049**	13,820,038

Financial guarantees

As of 30 June 2023, the Group's total financial guarantees are as follows:

	30 June 2023 ***(RMB'000)*** **(unaudited)**	31 December 2022 *(RMB'000)* (audited)
Guarantee in respect of mortgage facilities for certain purchasers *(Note a)*	**11,122,728**	16,036,093
Guarantee provided for the borrowings of joint ventures and associates *(Note b)*	**2,022,220**	2,937,695
Total	**13,144,948**	18,973,788

(a) The Group has arranged bank mortgage financing for certain purchasers of the Group's property units and provided guarantees to the relevant banks to secure repayment obligations of such purchasers. As of 30 June 2023, the maximum amount of guarantees provided by the Group to the relevant banks for the mortgage arrangements of the Group's purchasers amounted to approximately RMB11,122.7 million (31 December 2022: approximately RMB16,036.1 million). These include guarantees which will be terminated upon the earlier of the following two dates: (i) the date when the property ownership rights are transferred to the purchasers, and the related building ownership certificates to which banks are beneficiaries are registered, or (ii) the date when mortgage loans are settled between the mortgagee bank and the purchaser, under the circumstance that the purchaser pays off the purchase price in advance.

    Pursuant to the terms of these guarantees, if any of the Group's property purchasers default in their repayment obligations to the banks, the Group is responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulting purchasers to the banks and thereupon the Group is entitled to take over the legal title and possession of the relevant property units. The Group's guarantee period starts from the dates of grant of the mortgage facilities to its purchasers by the relevant banks.

(b) The Group provided guarantee for borrowings of its joint ventures and associates, which amounted to approximately RMB2,022.2 million as of 30 June 2023 (31 December 2022: approximately RMB2,937.7 million). The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and the Group's guarantee was provided in addition to the pledges. As the fair value of the relevant land use rights pledged by the relevant joint ventures and associates are generally higher than the borrowing amounts, the Group's credit risk exposure associated with such guarantee is contained.

As of 30 June 2023, the Group had no other material contingent liabilities.

Material investments, material acquisitions and disposals of subsidiaries, associates and joint ventures

On 6 April 2023, Ningbo Houdong Real Estate Information & Consulting Co., Ltd. (寧波厚東房地產信息諮詢有限公司) as the Vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Zhongyi Ningbo Eco-garden Holding Co., Ltd. (中意寧波生態園控股集團有限公司) as the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 100% equity interest in Yuyao Houxin Property Co. Ltd. (余姚厚新置業有限公司) (an indirect wholly-owned subsidiary of the Company) at a consideration of RMB372,540,000. For details, please refer to the announcement of the Company dated 6 April 2023.

On 11 May 2023, Zhejiang Junfeng Enterprise Management Co., Ltd. (浙江駿豐企業管理有限公司) as the Vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Hangzhou Yuhong Enterprise Management Co., Ltd. (杭州毓洪企業管理有限公司) as the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 35% equity interest in Wuhu Dingxiang Real Estate Development Co., Ltd. (蕪湖鼎祥房地產開發有限公司) at a consideration of RMB102,000,000. For details, please refer to the announcement of the Company dated 11 May 2023.

On 28 June 2023, Dexin Real Estate Group Co., Ltd. (德信地產集團有限公司) as the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Hangzhou Chenxu Enterprise Management Co., Ltd. (杭州宸胥企業管理有限公司) as the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 70% equity interest in Beijing Xinleqing Property Management Co., Ltd. (北京新樂青物業管理有限公司) at a consideration of RMB207,547,945.23. For details, please refer to the announcement of the Company dated 28 June 2023.

Save as disclosed above, for the six months ended 30 June 2023, the Group did not make any material investments during the reporting period and there was no other material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this interim results announcement.

Significant subsequent events

On 25 July 2023, Zhejiang Jingrun Enterprise Management Co., Ltd. (浙江精潤企業管理有限公司) as the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement I jointly with Hangzhou Zhenkun Investment Co., Ltd. (杭州臻坤投資有限公司) as Vendor I and entered into the Equity Transfer Agreement II jointly with Yucheng Group Co., Ltd. (宇誠集團股份有限公司) as Vendor II, Hangzhou Zheyu Enterprise Management Co., Ltd. (杭州浙豫企業管理有限公司) as Target Company I, and Deqing Lvcheng ZheYu Real Estate Co., Ltd. (德清綠城浙豫置業有限公司) as Project Company I, pursuant to which Vendor I agreed to sell and the Purchaser agreed to purchase 45.5% equity interests in Target Company I at a consideration of RMB81,900,000 and Vendor II agreed to sell and the Purchaser agreed to purchase 10% equity interests in Target Company I at a consideration of RMB18,000,000, respectively.

On 25 July 2023, Zhejiang Jingrun Enterprise Management Co., Ltd. (浙江精潤企業管理有限公司) as the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement III jointly with Hangzhou Zhezhen Enterprise Management Co., Ltd. (杭州浙真企業管理有限公司) as Vendor III and entered into the Equity Transfer Agreement IV jointly with Yucheng Group Co., Ltd. (宇誠集團股份有限公司), as Vendor II, Zhejiang Runguan Enterprise Management Co., Ltd. (浙江潤冠企業管理有限公司) as Target Company II, and Deqing Lvxin Real Estate Co., Ltd. (德清綠信置業有限公司) as Project Company II, pursuant to which Vendor III agreed to sell and the Purchaser agreed to purchase 45.5% equity interests in Target Company II at a consideration of RMB81,900,000 and Vendor II agreed to sell and the Purchaser agreed to purchase 10% equity interests in Target Company II at a consideration of RMB18,000,000, respectively.

For details of the above acquisitions, please refer to the announcement of the Company dated 25 July 2023.

On 24 August 2023, Hangzhou Desheng Real Estate Co., Ltd. (杭州德昇置業有限公司) (an indirect non-wholly owned subsidiary of the Company) ("**Hangzhou Desheng**"), Hangzhou Deyin Real Estate Co., Ltd. (杭州德銀置業有限公司) (an indirect non-wholly owned subsidiary of the Company) ("**Hangzhou Deyin**"), Hangzhou Kaishen Enterprise Management Co., Ltd. (杭州凱燊企業管理有限公司) (an indirect wholly owned subsidiary of the Company) ("**Hangzhou Kaishen**"), Hangzhou Konggang Real Estate Co., Ltd. (杭州空港置業有限公司) (an indirect non-wholly owned subsidiary of the Company) ("**Hangzhou Konggang**"), as the vendors, entered into separate transfer agreements of underground parking space ("Target Parking Spaces") use rights with Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司) (an indirect wholly-owned subsidiary of Dexin Services Group Limited (德信服務集團有限公司)) ("**Hangzhou Junde**"), pursuant to which, Hangzhou Junde has conditionally agreed to purchase and each of Hangzhou Desheng, Hangzhou Deyin, Hangzhou Kaishen and Hangzhou Konggang has conditionally agreed to sell the rights-of-use of the Target Parking Spaces at an aggregate consideration of RMB211,435,000. On 24 August 2023, in view of the disposal of Target Parking Spaces, the Company and Dexin Services Group Limited (德信服務集團有限公司) ("**Dexin Services**") entered into a termination agreement to terminate the Parking Space Leasing and Sales Agency Services Framework Agreement upon and subject to the completion of disposal of Target Parking Spaces.

On 24 August 2023, Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司) (an indirect wholly-owned subsidiary of the Company) ("**Dexin Movie City**"), as the Vendor, entered into the Equity Transfer Agreement with Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (an indirect wholly-owned subsidiary of Dexin Services) ("**Shengquan Property**"), pursuant to which, Shengquan Property has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in Deqing Moganshan Ruijing Real Estate Co., Ltd. (德清莫干山瑞璟置業有限公司) at a consideration of RMB90,000,000.

For details of the above disposals, please refer to the announcements of the Company dated 9 June 2022, 23 September 2022 and 24 August 2023.

Save as disclosed above, the Group did not have any significant event after the Reporting Period.

Employee and remuneration policy

As of 30 June 2023, the Group had a total of 1,240 employees (31 December 2022: 1,561 employees). Total expenditure on salary and welfare of the Group's employees for the six months ended 30 June 2023 amounted to approximately RMB198.7 million (for the six months ended 30 June 2022: approximately RMB356.7 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In addition, the Group has formulated a project co-investment scheme and have adopted a share option scheme to fully enhance the enthusiasm of the Group's employees. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

Future prospects

Looking ahead to the second half of 2023, the real estate market will continue to adhere to the positioning that housing is used for living, not for speculation, establish and implement a long-term real estate mechanism, expand the supply of subsidised housing, support the demand of first- and second-time home buyers, push forward the construction of a long-term rental housing market, accelerate the renovation of old residential communities and dilapidated buildings, stabilise land prices, housing prices and market expectations, and promote the healthy development of the real estate market with the implementation of city-specific measures.

As the largest economic circle in China, the Yangtze River Delta region is an important center for national economic development. The Group has been deeply rooted in the Yangtze River Delta region for many years and will continue to consolidate and capitalise on the brand reputation in the region by adhering to the business philosophy of focusing on customer needs and creating value for customers, and upholding the quality image of "Hangzhou workmanship". The Group will always adhere to high quality as well as the standardised construction operation concepts in the manufacturing industry, run business like running a marathon, and rely on its extensive experience in development and management as well as its efficient operation capability to judge and respond to changes and control risks in a prudent manner.

Against the backdrop of the central government's persistence on "housing is used for living, not for speculation" and the "Three Stabilize" policy, the Group will insist on healthy development and doing the right and difficult thing, and doing the best with the whole industrial chain support and mutual empowerment to consolidate foundation, cultivate internal strengths, and strengthen the strategic positioning of "becoming a pan-real estate whole industry chain continuous innovator", remaining true to its original aspiration, belief and passion. The Group will continue to adhere to the marathon-alike long-termism with the original aspiration of "being positive, following the right path, and being authentic", and make every effort to move forward to a new spring with a more solid and determined pace.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2023. For the six months ended 30 June 2022, no dividends had been paid.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with all the code provisions contained in the Part 2 of the CG Code during the six months ended 30 June 2023.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the six months ended 30 June 2023.

REVIEW OF FINANCIAL STATEMENTS

Audit committee

The audit committee of the Company had reviewed together with the management of the Company the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim results of the Group, for the six months ended 30 June 2023.

Auditor

The interim results of the Group for the six months ended 30 June 2023 have not been audited but have been reviewed by the Company's independent auditor, Elite Partners CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.dothinkgroup.com). The interim report of the Company for the six months ended 30 June 2023 containing all the information required under Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
Dexin China Holdings Company Limited
Hu Yiping
Chairman

Hangzhou, the PRC, 30 August 2023

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Hu Yiping and Mr. Fei Zhongmin as executive Directors, Mr. Hu Shihao as a non-executive Director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu as independent non-executive Directors.