



**FULLSUN INTERNATIONAL
HOLDINGS GROUP CO., LIMITED**
福晟國際控股集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 627

2023
INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Pan Haoran (*Chief Executive Officer*)

(*resigned on 26 July 2023*)

Dr. Hiroshi Kaneko (*Chief Executive Officer*)

(*appointed on 26 July 2023*)

Mr. Li Jinrong (*resigned on 26 July 2023*)

NON-EXECUTIVE DIRECTOR

Mr. Chung Ho Wai Alan (*appointed on 26 July 2023*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Tat Yee (*resigned on 26 July 2023*)

Mr. Zheng Zhen (*resigned on 26 July 2023*)

Mr. Yau Pak Yue (*resigned on 26 July 2023*)

Mr. Huang Zhongquan (*appointed on 26 July 2023*)

Ms. Tang Ying Sum (*appointed on 26 July 2023*)

Ms. Ha Sze Wan (*appointed on 26 July 2023*)

AUDIT COMMITTEE

Mr. Zheng Zhen (*Chairman*)

(*resigned on 26 July 2023*)

Ms. Ha Sze Wan (*Chairlady*)

(*appointed on 26 July 2023*)

Mr. Yau Pak Yue (*resigned on 26 July 2023*)

Mr. Kong Tat Yee (*resigned on 26 July 2023*)

Mr. Huang Zhongquan (*appointed on 26 July 2023*)

Ms. Tang Ying Sum (*appointed on 26 July 2023*)

REMUNERATION COMMITTEE

Mr. Zheng Zhen (*Chairman*)

(*resigned on 26 July 2023*)

Mr. Huang Zhongquan (*Chairman*)

(*appointed on 26 July 2023*)

Mr. Pan Haoran (*resigned on 26 July 2023*)

Mr. Yau Pak Yue (*resigned on 26 July 2023*)

Mr. Kong Tat Yee (*resigned on 26 July 2023*)

Dr. Hiroshi Kaneko (*appointed on 26 July 2023*)

Ms. Tang Ying Sum (*appointed on 26 July 2023*)

NOMINATION COMMITTEE

Mr. Yau Pak Yue (*Chairman*)

(*resigned on 26 July 2023*)

Dr. Hiroshi Kaneko (*Chairman*)

(*appointed on 26 July 2023*)

Mr. Pan Haoran (*resigned on 26 July 2023*)

Mr. Zheng Zhen (*resigned on 26 July 2023*)

Mr. Kong Tat Yee (*resigned on 26 July 2023*)

Mr. Huang Zhongquan (*appointed on 26 July 2023*)

Ms. Ha Sze Wan (*appointed on 26 July 2023*)

AUTHORISED REPRESENTATIVES

Mr. Pan Haoran (*resigned on 26 July 2023*)

Ms. Xu Jing (*resigned on 26 July 2023*)

Dr. Hiroshi Kaneko (*appointed on 26 July 2023*)

Mr. Tsang King Sun (*appointed on 26 July 2023*)

COMPANY SECRETARY

Ms. Xu Jing (*resigned on 26 July 2023*)

Mr. Tsang King Sun (*appointed on 26 July 2023*)

AUDITOR

PKF Hong Kong Limited

LEGAL ADVISERS

Lau, Horton & Wise LLP

(*In association with CMS Hasche Sigle, Hong Kong LLP*)

PRINCIPAL BANKERS

Hang Seng Bank Limited

Fubon Bank (Hong Kong) Limited

China Construction Bank (Asia) Corporation Limited

Bank of Communications Co., Ltd.

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 1811, 18/F, V Heun Building

138 Queen's Road Central, Central

Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited

Clarendon House, 2 Church Street

Hamilton HM11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301-04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point, Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

Ordinary Shares (Stock Code: 627)

COMPANY WEBSITE

www.fullsun.com.hk

INVESTOR RELATIONS

Email: cs@fullsun.com.hk

DEFINITIONS

Term	Definition
Board	The board of the Directors
Capital Reorganisation	Collectively the consolidation (" Share Consolidation ") of every one hundred issued existing shares of par value HK\$0.01 each into one issued consolidated share of par value HK\$1.00 (" Consolidated Share(s) ") and the reduction of the par value of the issued Consolidated Shares by (i) cancelling any fractional Consolidated Share in the Share Consolidation; and (ii) cancelling the paid-up capital to the extent of HK\$0.99 on each of the then issued Consolidated Shares such that the par value of all the then issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.01
Company	Fullsun International Holdings Group Co., Limited
Director(s)	The director(s) of the Company
Group	The Company and its subsidiaries from time to time
Hong Kong	The Hong Kong Special Administrative Region
HK\$/HKD	Hong Kong dollars
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
New Share(s)	Share(s) of a par value of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
Period/During the Period	1 January 2023 to 30 June 2023

DEFINITIONS

Term	Definition
Board	The board of the Directors
PRC/Mainland China	The People's Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this report
Previous Period	1 January 2022 to 30 June 2022
RMB	Renminbi Yuan
SFO	Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Subscriber	CIS FUND OFC – CIS OPPORTUNITIES I FUND, a sub-fund of an open-ended fund company with variable share capital incorporated in Hong Kong
Subscription Agreement	The conditional subscription agreement dated 11 July 2022 entered into between the Company and the Subscriber in respect of, among others, the subscription (as supplemented and amended by a supplemental agreement dated 9 September 2022 entered into between the Company and the Subscriber, a second supplemental agreement dated 3 March 2023 entered into between the Company and the Subscriber, a third supplemental agreement dated 2 June 2023 entered into between the Company and the Subscriber and a fourth supplemental agreement dated 20 June 2023 entered into between the Company and the Subscriber)
USD	United States dollars

Note:

For the purpose of this report and unless otherwise specified, the English translation of the name of the companies incorporated in the PRC are used for identification purpose only.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Breakdown of the projects held for development/sale of the Group as at 30 June 2023 was as follows:

Project	Location	Total GFA ⁽¹⁾ (sq. m.)	Interest	Total GFA ⁽¹⁾ attributable to the shareholding (sq. m.)	Type of project (Note)	Expected completion year
Changsha City, Hunan Province						
Qianlong Premier Mansion	Tianxin District	103	100%	103	R	Completed
Qianlong Royal Family	Kaifu District	40,277	100%	40,277	C/R/A	Completed
Qianlong International	Kaifu District					
Phase 1		13,082	100%	13,082	C	Completed
Phase 2		32,964	100%	32,964	C/R/A	Completed
Xingru Jincheng	Tianxin District					
Phase 3		197,379	51%	100,663	C/R	N/A
Fullsun International Financial Centre	Yuelu District	81,918	100%	81,918	C	Completed
Kela Meili Shanzhuang	Tianxin District					
Phase 1		14,403	100%	14,403	C/R	Completed
Phase 2		30,449	100%	30,449	C/R	Completed
Phase 3		76,570	100%	76,570	C/R/A	Completed
Yatai Muyun Road Project	Tianxin District	24,337	100%	24,337	C/R/A	N/A
Fullsun Emerald Bay	Yuelu District	159,308	100%	159,308	C/R/A	Completed
Ningde City, Fujian Province						
Ningde Fullsun Country Garden • Tianjiao	Jiaocheng District	575	34%	196	C/R	Completed
Shanghai City						
Qiantan • Fusheng Qianlong Square [□]	Pudong New District	60,840	20%	12,168	C/R	Completed
Jiaxing City, Zhejiang Province						
Fuli Plaza	Jiaxing Port District					
Phase 1		51,680	75%	38,760	C/R/A	Completed
Phase 2		75,453	75%	56,590	C/A	N/A
Zhongshan City, Guangdong Province						
Fullsun • Qianlong Bay	Torch Development Zone	5,806	100%	5,806	C/R	Completed
Hong Kong						
La Salle Residence (Note 2)	Ho Man Tin	1,790	100%	1,790	R	Completed
		865,144		687,594		

(1) Total GFA represents the sum of (i) gross floor area (“GFA”) available for sale and total leasable GFA for completed properties, (ii) GFA for properties under development, (iii) GFA for properties held for future development and (iv) GFA of carparks, ancillary and others.

(2) The project was taken over by the Receivers (as defined in note 2 to the Company’s consolidated financial statements for the year ended 31 December 2022) in January 2022, the total GFA of this project was excluded.

Notes:

C represents commercial

R represents residential

A represents apartments

□ This project is owned by the Group through a joint venture of the Group

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Details of investment properties of the Group as at 30 June 2023 were as follows:

Project	Location	Total GFA ⁽³⁾ (sq. m.)	Interest	Total GFA ⁽³⁾ attributable to the shareholding (sq. m.)	Type of project (Note)	Category of lease
Changsha City, Hunan Province						
Fullsun International Financial Centre	Yuelu District	45,705	100%	45,705	C	Medium
Fuzhou City, Fujian Province						
Qianlong Gongguan	Minhou County	241	100%	241	C	Medium
		45,946		45,946		

(3) Total GFA represents the sum of (i) GFA available for sale and total leasable GFA for completed properties and (ii) GFA of carparks, ancillary and others.

Note:

C represents commercial

During the Period, total revenue of the Group was approximately RMB188,351,000 which decreased by 86.8% as compared to that of the Previous Period (Previous Period: approximately RMB1,430,024,000).

Loss for the Period attributable to owners of the Company was approximately RMB256,813,000 (Previous Period: approximately RMB304,358,000).

The basic loss per share was RMB2.26 cents (Previous Period: RMB2.68 cents). The diluted loss per share was approximately RMB2.26 cents (Previous Period: RMB2.68 cents).

The principal activities of the Group are property development and property investment business. As at 30 June 2023, the Group owned 13 projects under development and for sale and had a total gross floor area of approximately 865,144 sq.m. with gross floor area attributable to the Group of approximately 687,594 sq.m. The Group also owned 2 investment properties with gross floor area attributable to the Group of 45,946 sq.m. The financial performance of the Group for the six months ended 30 June 2023 is summarised below:

OVERALL REVIEW

PROPERTY DEVELOPMENT

During the Period, revenue from sales of properties was approximately RMB188,351,000 (Previous Period: approximately RMB1,427,741,000).

The revenue from sales of properties was mainly contributed by projects in Hunan Province, Fujian Province, Zhejiang Province and Guangdong Province across Mainland China. The recognised sales during the Period has decreased by 86.8% as compared to that of the Previous Period due to weakened demand during the Period.

PROPERTY INVESTMENT

Rental income for the Period was nil (Previous Period: approximately RMB2,283,000). Rental income for Previous Period was mainly contributed by the commercial investment properties in Changsha.

As at 30 June 2023, the fair value on the Group's investment property portfolio remained unchanged.

OPERATING EXPENSES

During the Period, the selling and distribution expenses was approximately RMB12,995,000 (Previous Period: approximately RMB19,440,000), and the cost-income ratio calculated as the relevant expenses divided by the revenue for the Period was 6.90% (Previous Period: 1.36%). During the Period, the administrative expenses was approximately RMB35,650,000 (Previous Period: approximately RMB23,018,000), and the cost-income ratio calculated as the relevant expenses divided by the revenue for the Period was 18.93% (Previous Period: 1.61%). The increase in operating expenses was due to the increase in professional fee regarding the scheme arrangement in very substantial disposal completed on 26 July 2023.

FINANCE COSTS

Finance costs comprised of interests on bank and other borrowings and interest on contract liabilities, net of capitalised interest relating to properties under development. The finance costs was approximately RMB66,987,000 for the Period (Previous Period: approximately RMB96,257,000).

INCOME TAX EXPENSE

During the Period, income tax expense amounted to approximately RMB8,501,000 (Previous Period: approximately RMB140,460,000). The decrease in income tax expense was mainly due to the decrease in the PRC Enterprise Income Tax for the sales of completed properties during the Period.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period (Previous Period: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In 2023, the real estate sector continued its volatility and in-depth adjustments that the property market in China has been facing an unprecedentedly difficult and complicated operating environment. The recurring domestic COVID-19 pandemic cases, shortage and disruption of the supply chain, credit crises of property developers, weakened demand for property purchases and the liquidity crisis of property development sector have collectively led to the most severe consequences of the post-pandemic era being encountered. The operations of the Group were inevitably affected during the period ended 30 June 2023.

According to the data released by the National Bureau of Statistics of China, China's gross domestic product reached RMB59.3 trillion in the first half of 2023, representing an increase of 5.5% as compared with the same period in the previous year. The China's government continues to implement the spirit of the 20th National Congress of the Communist Party of China to accelerate the construction of a modernised and strong agricultural country. It is of utmost importance to develop and accelerate the modernisation of agricultural and rural areas to ensure the market stability of food and agricultural products towards a post-COVID 19 economic rebound. In view of this, the Group will consider starting the trading business including but not limited to construction material, food and health related products in China.

Outside China, according to certain recent research reports, business activities and markets in Europe and Asia countries have recovered quickly since the relaxation of the border measures attracting international corporations to look for investment opportunities. The Group will also consider diversifying its investment portfolio outside China including but not limited to France, Japan, Malaysia, other European and Asian countries as well.

Going forward, the Group holds a cautious view about the global economic outlook. The Board and management will be more careful and prudent in managing the operations of the Group. In the meantime, the Board will explore possible investing opportunities in new lines of business with growth potential and reorganise the Group's asset portfolio to enlarge its business scale in properties development and related services sectors in the future.

LIQUIDITY, FINANCIAL RESOURCE AND GEARING RATIO

As at 30 June 2023, bank balances and cash amounted to approximately RMB112,654,000 (31 December 2022: RMB183,449,000), which were principally denominated in RMB and HKD. The Group had total bank and other borrowings of approximately RMB2,740,946,000 (31 December 2022: RMB2,704,114,000) which carried interest at fixed or floating interest rates and were denominated in RMB and HKD. The Group's total bank and other borrowings divided by total assets as at 30 June 2023 was 32.7% (31 December 2022: 32.0%). The net gearing ratio calculated as total borrowings, net of bank balances and cash and restricted bank deposits divided by total (deficit)/equity of the Group as at 30 June 2023 was (2,271)% (31 December 2022: 1,104%).

As at 30 June 2023, the Group had current assets (including interests in deconsolidated subsidiaries) of approximately RMB7,546,008,000 (31 December 2022: RMB7,616,001,000) and current liabilities of approximately RMB8,186,833,000 (31 December 2022: RMB7,916,622,000). The net liabilities of the Group as at 30 June 2023 was approximately RMB115,505,000 (31 December 2022: net assets of the Group was approximately RMB227,334,000) which decreased by approximately 151%.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's principal business operations and investments are in mainland China and Hong Kong. As at 30 June 2023, all outstanding balances of its loans are denominated in RMB and HKD. The Group is exposed to fluctuations in the foreign exchange rates of the RMB, USD and HKD, but does not have any instruments to hedge its exposure to foreign exchange rates as it considers the potential exposure to foreign exchange rate risks is limited. The Group nonetheless closely monitors the fluctuations in exchange rates and will take appropriate actions to reduce the exchange rate exposure.

PLEDGE OF ASSETS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The pledge of assets, other commitments and contingent liabilities of the Group are disclosed in the notes 21, 22 and 23 to the condensed consolidated financial statements in this report.

SHARE CAPITAL

The number of issued Shares as at 1 January 2023 and 30 June 2023 was 11,365,386,067 Shares.

LITIGATION

On 19 March 2022, the Company received a winding up petition (the **"Petition"**) filed by Harbor Sure (HK) Investments Limited (the **"Petitioner"**) with the Supreme Court of Bermuda (the **"Bermuda Court"**) against the Company in respect of the Company's alleged failure as guarantor, pursuant to a guarantee dated 21 August 2019 given by the Company in favour of the Petitioner, to pay the principal amounts and default interests in the aggregate amount of HK\$71,483,973.70 (as at 23 February 2022) owed by Vivalink Limited (the **"Borrower"**), a wholly-owned subsidiary of the Company, to the Petitioner pursuant to and under a facility agreement dated 22 March 2018 (as supplemented and amended by an agreement dated 18 May 2021) (the **"Vivalink Defaulted Borrowing"**) entered into between, among others, the Borrower as borrower and the Petitioner as lender. The Petition was heard before the Bermuda Court at 10:30 a.m. on 22 April 2022 (Bermuda time).

The Bermuda Court heard the Petition and the Company's application for a two-month adjournment of the Petition to permit restructuring negotiations on 16 May 2022 (Bermuda time). On 17 June 2022 (Bermuda time), the Bermuda Court handed down its ruling dated 9 June 2022 to the effect that the Petition be adjourned for a period of two months to allow time for the Company to finalise the terms of and potentially begin implementation of the Proposed Restructuring (as defined in the announcement of the Company dated 13 May 2022). At a hearing on 14 July 2023 (Bermuda time), the Bermuda Court ordered, among others, that the Petition be dismissed upon the date on which the Scheme (as defined in the circular of the Company dated 23 June 2023) becomes effective. Upon fulfillment of all of the conditions precedent to the Scheme, including completion of the Group Reorganisation, the Scheme has become effective on 26 July 2023. The Bermuda Court ordered that the Petition be dismissed on the same date.

Details are set out in the Company's announcements dated 21 March 2022, 24 March 2022, 24 April 2022, 3 May 2022, 17 May 2022, 19 June 2022, 17 August 2022, 18 December 2022, 14 April 2023 and 16 July 2023.

MATERIAL ACQUISITIONS AND INVESTMENTS

There is no material acquisitions and investments during the Period.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting date are set out in note 26 to the condensed consolidated financial information in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had approximately 94 employees, including the Directors. Remuneration of employees is determined by reference to the market terms and commensurate with the level of pay for similar positions within the industry. Discretionary year-end bonuses are payable to employees based on individual performance. The Group provides benefits in accordance with the relevant laws and regulations. The employees of the Group in the Mainland China are members of a state-managed retirement benefit scheme operated by the government of the PRC, and the employees in Hong Kong are members of the Mandatory Provident Fund Scheme of Hong Kong.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong who are eligible to participate in the Mandatory Provident Fund Scheme (the “**MPF Scheme**”). The Group and its employees in Hong Kong are each required to make contributions to the MPF Scheme at 5% of the employees’ relevant income and capped at HK\$1,500 per month.

The employees of the Group’s subsidiaries which operate in the PRC are required to participate in the central pension schemes operated by the local municipal governments (the “**Central Pension Schemes**”). According to the relevant regulations, contributions that should be borne by the companies within the Group are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. The applicable percentages for the Central Pension Schemes for the Period and Previous Period are listed below:

	Percentage
Pension insurance	12.0–20.0%
Medical insurance	5.2–10.5%
Unemployment insurance	0.32–1.5%
Housing fund	5.0–12.0%

The Group’s contributions to the MPF Scheme and the Central Pension Schemes vest fully and immediately with the employees. During the Period and Previous Period, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2022 and 30 June 2023, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the MPF Scheme and the Central Pension Schemes.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE, UNDERLYING SHARE AND DEBENTURES

As at 30 June 2023, the following Director or chief executive of the Company or his associates had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(I) INTEREST IN THE COMPANY

Name of director/ chief executive	Capacity	Nature of interests	Total (Note 1)	Approximate percentage of the Company's issued share capital (Note 2)
Mr. Pan Haoran (resigned on 26 July 2023)	Interest of controlled corporation	Corporate interest	6,416,140,000 (L) (Note 3)	56.45%

(II) INTEREST IN THE ORDINARY SHARES OF ASSOCIATED CORPORATION

Name of Director/ chief executive	Name of associated corporation	Capacity/ nature of interest	Number of shares held (Note 1)	Percentage of shareholding in the associated corporation (Approximate)
Mr. Pan Haoran (resigned on 26 July 2023)	Tongda Enterprises Limited	Beneficial owner	50,000(L)	100%

Notes:

- (L) represents long position in Shares/underlying Shares.
- The total number of 11,365,386,067 Shares in issue as at 30 June 2023 has been used for the calculation of the approximate percentage.
- 6,416,140,000 Shares are owned by Tongda Enterprises Limited ("Tongda") which is wholly owned by Mr. Pan Haoran, an executive Director of the Company. As such, Mr. Pan Haoran is deemed to be interested in the same number of Shares held by Tongda.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES OF THE COMPANY

As at 30 June 2023, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange as follows:

Name	Capacity	Total (Note 1)	Approximate percentage of the Company's issued share capital
Tongda	Beneficial owner	6,416,140,000 (L)	56.45% (Note 2)
Zheng Jiaying (Note 3)	Interest of spouse	6,416,140,000 (L)	56.45% (Note 2)
CIS FUND OFC - CIS OPPORTUNITIES I FUND (Note 4)	Beneficial owner	1,307,019,402	92.00% (Note 5)
CIS Securities Asset Management Limited (Note 4)	Investment manager	1,307,019,402	92.00% (Note 5)
Grateful Heart Inc. (Note 4)	Interest in a controlled corporation	1,307,019,402	92.00% (Note 5)
Mr. Kenichi Yanase (Note 4)	Interest in a controlled corporation	1,307,019,402	92.00% (Note 5)

Notes:

- (L) represents long position in Shares/underlying Shares.
- The total number of 11,365,386,067 Shares in issue as at 30 June 2023 has been used for the calculation of the approximate percentage.
- Ms. Zheng Jiaying, being the spouse of Mr. Pan Haoran, is deemed to be interested in the same number of Shares held by Mr. Pan Haoran and Tongda.
- These interests represent the 1,307,019,402 New Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement. The Subscriber is a sub-fund of CIS FUND OFC, an open-ended fund company with variable share capital incorporated in Hong Kong. CIS Securities Asset Management Limited is the investment manager of the Subscriber. Grateful Heart Inc. is an investor in the Subscriber whose investment as at the date of this report accounted for 80% of the entire investment amount in the Subscriber. Grateful Heart Inc. is owned as to 70% by Mr. Kenichi Yanase and therefore Mr. Kenichi Yanase is deemed to be interested in the same number of Shares held by Grateful Heart Inc.
- The total number of Shares in issue upon the Capital Reorganisation becoming effective and immediately after Completion (i.e. 1,420,673,262 New Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO as at 30 June 2023.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”) on 1 December 2017 pursuant to a special resolution approved by the shareholders of the Company on 20 November 2017. The Scheme shall be valid for a period of 10 years commencing on the adoption date, i.e. 1 December 2017. The purpose of the Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 15 August 2018, the maximum number of option available for issue under the Scheme is 1,123,674,979 shares. No share options have been granted by the Company since the adoption of the Scheme.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) is currently comprised of three independent non-executive Directors, namely Ms. Ha Sze Wan (Chairperson of the Audit Committee), Mr. Huang Zhongquan and Ms. Tang Ying Sum. The main duties of the Audit Committee are to examine, review and monitor the financial reporting procedures and financial reporting, risk management and internal control systems of the Company. The Audit Committee has reviewed the unaudited interim results of the Group for the Period.

CORPORATE GOVERNANCE

The Company had complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules on Stock Exchange throughout the Period except for code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Notwithstanding that the responsibilities of the chairman and the chief executive officer of the Company are currently vested in Dr. Hiroshi Kaneko (the executive director and the chief executive officer), all major decisions are made in consultation with the Board. The Board considers that there is sufficient balance of power and the current corporate arrangement maintains a strong management position of the Company. Save for the above, the Company had complied with all code provisions as set out in the CG Code throughout the Period and, where appropriate, the applicable recommended best practices of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she had complied with the required standards as set out in the Model Code throughout the Period.

UPDATE ON DIRECTORS’ INFORMATION

Subsequent to the publication of the biographical details of the Directors in the latest published 2022 Annual Report of the Company and up to the date of this interim report, the following changes in Director’s information took place which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

RESIGNATION OF DIRECTORS

Upon the appointment of Directors on 26 July 2023 becoming effective, (a) Mr. Pan Haoran has resigned as an executive Director, chief executive officer and a member of each of the remuneration committee (the “**Remuneration Committee**”) of the Board and the nomination committee (the “**Nomination Committee**”) of the Board, (b) Mr. Li Jinrong has resigned as an executive Director; (c) Mr. Kong Tat Yee has resigned as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, (d) Mr. Yau Pak Yue has resigned as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee and (e) Mr. Zheng Zhen has resigned as an independent non-executive Director, the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. All resignations are effective from 26 July 2023.

APPOINTMENT OF DIRECTORS

With effect from 26 July 2023; (i) Dr. Hiroshi Kaneko has been appointed as an executive Director and chief executive officer of the Company; (ii) Mr. Chung Ho Wai Alan has been appointed as a non-executive Director; and (iii) each of Mr. Huang Zhongquan, Ms. Tang Ying Sum and Ms. Ha Sze Wan has been appointed as an independent non-executive Director.

Board Committee

There are three Board committees. The table below provides membership information of these committees on which each Board member serves and effective from 26 July 2023.

Director	Audit Committee	Remuneration Committee	Nomination Committee
Dr. Hiroshi Kaneko	—	M	C
Mr. Huang Zhongquan	M	C	M
Ms. Tang Ying Sum	M	M	—
Ms. Ha Sze Wan	C	—	M

Notes:

C – Chairperson of the relevant Board committees

M – Member of the relevant Board committees

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

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

By order of the Board

Fullsun International Holdings Group Co., Limited

Dr. Hiroshi Kaneko

Executive Director and Chief Executive Officer

Hong Kong, 31 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

The Board of the Company announces that the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 together with comparative figures for the previous period:

	NOTES	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3		
Contracts with customers		188,351	1,427,741
Leases		–	2,283
Total revenue		188,351	1,430,024
Cost of sales		(315,359)	(1,507,276)
Gross loss		(127,008)	(77,252)
Other income	5	1,729	3,479
Other gains and losses	5	(3,059)	38,068
Selling and distribution expenses		(12,995)	(19,440)
Administrative expenses		(35,650)	(23,018)
Change in fair value of interests in deconsolidated subsidiaries		(22,714)	–
Change in fair value of financial asset at fair value through profit or loss (“FVTPL”)		–	(515)
Other expenses		(2,183)	(1,468)
Finance costs	6	(66,987)	(96,257)
Loss before taxation		(268,867)	(176,403)
Income tax expense	7	(8,501)	(140,460)
Loss for the period	8	(277,368)	(316,863)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		(65,471)	(64,833)
Total comprehensive expense for the period		(342,839)	(381,696)
Loss for the period attributable to:			
Owners of the Company		(256,813)	(304,358)
Non-controlling interests		(20,555)	(12,505)
		(277,368)	(316,863)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(322,284)	(369,191)
Non-controlling interests		(20,555)	(12,505)
		(342,839)	(381,696)
Loss per share			
– Basic (RMB cents)	10	(2.26)	(2.68)
– Diluted (RMB cents)	10	(2.26)	(2.68)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment	11	20,549	21,481
Right-of-use assets	12	20,491	20,831
Investment properties	13	657,490	657,490
Equity instrument designated at fair value through other comprehensive income ("FVTOCI")		500	500
Deferred tax assets		139,601	131,844
		838,631	832,146
Current Assets			
Properties under development/properties for sale	14	5,945,085	5,901,290
Trade and other receivables and prepayments	15	1,044,544	1,036,054
Amounts due from non-controlling shareholders	16	311,005	284,362
Prepaid income tax		127,040	177,684
Restricted bank deposits		5,680	10,448
Bank balances and cash		112,654	183,449
		7,546,008	7,593,287
Interests in deconsolidated subsidiaries	17	–	22,714
		7,546,008	7,616,001
Current Liabilities			
Trade and other payables and accruals	18	3,278,248	3,088,388
Contract liabilities		1,813,790	1,722,401
Income tax payable		363,069	410,563
Borrowings – due within one year	19	2,731,726	2,695,270
		8,186,833	7,916,622
Net Current Liabilities		(640,825)	(300,621)
Total Assets Less Current Liabilities		197,806	531,525

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Capital and Reserves			
Share capital	20	96,031	96,031
Reserves		(1,091,560)	(769,276)
Equity attributable to owners of the Company		(995,529)	(673,245)
Non-controlling interests		880,024	900,579
Total (Deficit)/Equity		(115,505)	227,334
Non-current Liabilities			
Borrowings – due after one year	19	9,220	8,844
Deferred tax liabilities		304,091	295,347
		313,311	304,191
		197,806	531,525

The condensed consolidated financial statements on pages 15 to 38 were approved and authorised for issue by the directors of the Company on 31 August 2023 and are signed on its behalf by:

Dr. Hiroshi Kaneko
DIRECTOR

Mr. Chung Ho Wai Alan
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Revaluation reserve	Translation reserve	Other reserve	Capital contribution	Statutory reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	96,031	85,940	(518,960)	308	83,284	61,295	835,821	162,383	(827,619)	(21,517)	969,863	948,346
Loss for the period	-	-	-	-	-	-	-	-	(304,358)	(304,358)	(12,505)	(316,863)
Other comprehensive expense for the period	-	-	-	-	(64,833)	-	-	-	-	(64,833)	-	(64,833)
Total comprehensive expense for the period	-	-	-	-	(64,833)	-	-	-	(304,358)	(369,191)	(12,505)	(381,696)
At 30 June 2022 (unaudited)	96,031	85,940	(518,960)	308	18,451	61,295	835,821	162,383	(1,131,977)	(390,708)	957,358	566,650
At 1 January 2023 (audited)	96,031	85,940	-	308	95,110	-	835,821	166,226	(1,952,681)	(673,245)	900,579	227,334
Loss for the period	-	-	-	-	-	-	-	-	(256,813)	(256,813)	(20,555)	(277,368)
Other comprehensive expense for the period	-	-	-	-	(65,471)	-	-	-	-	(65,471)	-	(65,471)
Total comprehensive expense for the period	-	-	-	-	(65,471)	-	-	-	(256,813)	(322,284)	(20,555)	(342,839)
At 30 June 2023 (unaudited)	96,031	85,940	-	308	29,639	-	835,821	166,226	(2,209,494)	(995,529)	880,024	(115,505)

Notes:

- i. Capital reserve represents the difference between the issued share capital and share premium of the Company and the share capital of Vivalink Limited (the accounting acquirer) immediately before the Acquisition (as defined in the Company's circular dated 27 October 2017).
- ii. Other reserve represents the difference between the consideration paid by Vivalink Limited, a wholly-owned subsidiary of the Company which was deconsolidated during the period ended 30 June 2022, and the carrying amount of registered capital of certain subsidiaries of Vivalink Limited, in respect of the transfer of equity interests of those subsidiaries to Vivalink Limited from the companies controlled by Mr. Pan Weiming (the **"Former Ultimate Controlling Shareholder"**).
- iii. In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (**"the PRC"**), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operation or convert into additional capital of the subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(176,269)	(81,499)
Decrease in properties under development/properties for sale	78,729	579,608
Increase in trade and other receivables	(35,133)	(607,450)
Increase in trade and other payables and accruals	5,213	871,764
Increase/(decrease) in contract liabilities	86,525	(881,955)
Income tax paid	(6,637)	(24,297)
NET CASH USED IN OPERATING ACTIVITIES	(47,572)	(143,829)
INVESTING ACTIVITIES		
Withdrawal of restricted bank deposits	4,784	120,557
Interest received	662	3,053
Proceeds from disposal of property, plant and equipment	772	–
Additions of property, plant and equipment	–	(972)
Additions of restricted bank deposits	(16)	–
NET CASH FROM INVESTING ACTIVITIES	6,202	122,638
FINANCING ACTIVITIES		
Repayment of borrowings	(9,668)	(92,000)
Interest paid	–	(8,037)
Additions of borrowings	–	200
NET CASH USED IN FINANCING ACTIVITIES	(9,668)	(99,837)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(51,038)	(121,028)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	183,449	277,168
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(19,757)	(8,458)
	112,654	147,682
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, representing bank balances and cash as stated in the condensed consolidated statement of financial position	112,654	147,682

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain financial assets at FVTOCI and interests in deconsolidated subsidiaries, which are carried at fair value.

GOING CONCERN BASIS

The Group reported a net loss of approximately RMB277 million during the period ended 30 June 2023. As at 30 June 2023, the Group’s total deficit attributable to owners of the Company amounted to approximately RMB996 million and its current liabilities exceeded its current assets approximately RMB641 million. At the same date, the Group’s total borrowings amounted to approximately RMB2,741 million (including the current portion of approximately RMB2,732 million), of which approximately RMB2,615 million were collateralised by the Group’s property, plant and equipment, properties under development, properties for sale and investment properties recorded at a total carrying amount of approximately RMB2,368 million. As at 30 June 2023, the Group had total unrestricted cash and cash equivalents of approximately RMB113 million.

As at 30 June 2023, the Group was unable to repay borrowings and interest payables (the “**Defaulted Borrowings**”) from several lenders according to the repayment schedule with total principal amounts of approximately RMB2,673 million and related interest payables of approximately RMB1,380 million. Such non-repayments are collectively referred to as the “Defaulted Events”. As a result, the entire outstanding principal and interest payables of the Defaulted Borrowings of approximately RMB4,053 million would be immediately repayable if requested by the respective lenders. Other than these Defaulted Borrowings, other borrowings with total principal amounts of approximately RMB59 million and related interest payables of approximately RMB19 million are also repayable within one year or on demand. Furthermore, the Group provided financial guarantee in respect of borrowings of a deconsolidated subsidiary, Vivalink Limited (“**Vivalink**”) for outstanding sum of principals and interest payables of approximately RMB209 million and approximately RMB28 million to lenders respectively. These conditions, together with other matters as described above, indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

Up to the approval date of these consolidated financial statements, the Group did not repay any principal and interest payables of the Defaulted Borrowings and other bank and other borrowings.

Capitalised terms used herein but not defined shall bear the same meaning as set out in the Company’s circular dated 23 June 2023 and the announcement dated 26 July 2023. The Group Reorganisation, including the transfer of shares and assets of the Scheme Subsidiaries and the Deconsolidated Subsidiaries to the SchemeCo at nil consideration and the Scheme, in relation to the discharge of all claims owing by the Company or guaranteed by the Company and its subsidiaries, both became effective on 26 July 2023 upon satisfaction of all terms and precedent conditions. On the same date, the subscription of 994,019,402 ordinary shares of the Company (the “**Subscriptions**”) and the placing down of 313,000,000 ordinary shares of the Company (the “**Placing Down**”) have been completed. The cash consideration from the Subscriptions and Placing Down was HK\$168,000,000 (approximately RMB153,914,000). Details of the Subscriptions, the Placing Down, the Group Reorganisation and the Scheme are set out in the Company’s circular dated 23 June 2023. Had the Group Reorganisation and the Scheme (note 26) become effective on 30 June 2023, borrowings and interests payables with carrying amounts of RMB1,052,741,000 and RMB594,139,000 would be derecognised as the Group would be no longer required to repay these borrowings and interests payables pursuant to the arrangement of the Group Reorganisation and the Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION *(Continued)* GOING CONCERN BASIS *(Continued)*

Also on 26 July 2023, the Supreme Court of Bermuda Court (the “**Bermuda Court**”) ordered that the winding up petition (the “**Petition**”) filed by one of the lenders of Defaulted Borrowings be dismissed. Details of the Petition are set out in the Company’s update announcement dated 16 July 2023.

The Group’s remaining borrowings and interest payables, which are classified as current liabilities as at 30 June 2023 due to maturities of less than twelve months, with defaulted and cross-defaulted status are approximately RMB1,678,985,000 and RMB804,414,000, respectively had the Group Reorganisation and the Scheme been completed on 30 June 2023. The high interest and refinancing costs expected to be incurred still have significant impact on the Group’s operating results for the year ending 31 December 2023.

Hunan Xingrucheng Real Estate Development Co., Ltd.* (湖南興汝城房地產開發有限公司) (“**Hunan Xingru**”), a non-wholly owned indirect subsidiary of the Group, received a civil judgment letter issued by Changsha City Intermediate People’s Court (湖南省長沙市中級人民法院) (the “**Changsha Court**”), whereby the Changsha Court accepted the application of several creditors (the “**Hunan Xingru Creditors**”), for the winding-up of Hunan Xingru on the ground that Hunan Xingru was unable to repay various debts owing from it to the Hunan Xingru Creditors. The judgment took effect on 17 January 2023. As at 31 December 2022, the net assets value of Hunan Xingru was RMB399,465,000. In case of completion of the winding-up procedures, the Group will cease to recognise Hunan Xingru as its subsidiary. Details are set out in the Company’s announcement dated 12 February 2023.

The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Group’s ability to continue as a going concern. In view of such circumstances, the management of the Company has 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 resources to continue as a going concern. Certain plans and measures have been or will be taken by the management to mitigate the Group’s liquidity pressure and to improve its cashflows which include, but are not limited to, the following:

- a. the Group will continue its ongoing efforts to convince the lenders of the Defaulted Borrowings not to take any actions against the Group as borrower or guarantor for immediate payment of the principals and interest payables of these Defaulted Borrowings;
- b. the Group is also seeking for other potential investors who are interested in co-development or acquisition of the Group’s properties development projects and investment property; and
- c. the Group has implemented measures to control administrative costs and contain capital expenditures; and to seek other alternative financing to fund the settlement of its existing financial obligations and future operating expenditure.

* for identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION *(Continued)*

GOING CONCERN BASIS *(Continued)*

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

- a. timely securing new financing from banks and financial institutions with which the Group is actively negotiating to restructure its existing borrowings as well as the continued financing of the construction of properties. Securing new financing depends on (1) the current regulatory environment and the improvement strength of policy adjustment; (2) whether the lenders are agreeable to the terms and conditions of the financing and refinancing agreements; and (3) the Group's ability to continuously comply with these terms and conditions.
- b. accelerating the construction as well as presale and sale of its properties under development, which requires the meeting of all of the necessary conditions to launch the presale, and to make these pre-sales at the expected sale prices.
- c. the Group's ability to generate operating cash flows and obtain additional sources of financing other than those mentioned above, to meet the Group's ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

Should the Group fail to achieve the abovementioned plans and measures, 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 consolidated financial statements.

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The Group did not have any material acquisition and disposal during the six months ended 30 June 2023.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for the investment properties, certain financial assets at FVTOCI and interests in deconsolidated subsidiaries, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 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 HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective for the current accounting period.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	Six months ended 30 June (unaudited)	
	2023 RMB'000	2022 RMB'000
Property development segment		
Types of goods		
Sales of completed properties	188,351	1,427,741
Geographical market		
The People's Republic of China ("PRC")	188,351	1,427,741
Timing of revenue recognition		
A point in time	188,351	1,427,741

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)* DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Six months ended 30 June 2023 (unaudited)

	Property development RMB'000	Property investment RMB'000	Consolidated total RMB'000
Sales of completed properties	188,351	–	188,351
Revenue from contracts with customers and total revenue	188,351	–	188,351

Six months ended 30 June 2022 (unaudited)

	Property development RMB'000	Property investment RMB'000	Consolidated total RMB'000
Sales of completed properties	1,427,741	–	1,427,741
Revenue from contracts with customers	1,427,741	–	1,427,741
Leases	–	2,283	2,283
Total revenue	1,427,741	2,283	1,430,024

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segments:

Six months ended 30 June 2023 (unaudited)

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment revenue (external)	188,351	–	188,351
Segment loss	(161,677)	(5,437)	(167,114)
Finance costs			(66,987)
Bank interest income			662
Exchange loss			(3,059)
Change in fair value of interests in deconsolidated subsidiaries			(22,714)
Unallocated expenses			(9,655)
Loss before taxation			(268,867)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

4. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by reportable segments: (Continued)

Six months ended 30 June 2022 (unaudited)

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment revenue (external)	1,427,741	2,283	1,430,024
Segment (loss)/profit	(113,463)	1,901	(111,562)
Change in fair value of financial asset at FVTPL			(515)
Finance costs			(96,257)
Bank interest income			3,053
Exchange gain			38,053
Unallocated expenses			(9,175)
Loss before taxation			(176,403)

The following is an analysis of the Group's assets and liabilities by reportable segments:

SEGMENT ASSETS

At 30 June 2023 (unaudited)

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment assets	6,413,650	673,048	7,086,698
Unallocated			1,297,941
Consolidated total assets			8,384,639

At 31 December 2022 (audited)

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment assets	6,421,717	669,276	7,090,993
Unallocated			1,357,154
Consolidated total assets			8,448,147

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

4. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets and liabilities by reportable segments: (Continued)

SEGMENT LIABILITIES

At 30 June 2023 (unaudited)

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment liabilities	3,393,332	243,354	3,636,686
Unallocated			4,863,458
Consolidated total liabilities			8,500,144

At 31 December 2022 (audited)

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment liabilities	3,233,745	184,374	3,418,119
Unallocated			4,802,694
Consolidated total liabilities			8,220,813

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Other income:		
Rental income from temporary lease of completed properties for sales	717	–
Interest income on bank deposits	662	3,053
Others	350	426
	1,729	3,479
Other gains and losses:		
Gain on termination of leases	–	15
Exchange (loss)/gain, net	(3,059)	38,053
	(3,059)	38,068

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. FINANCE COSTS

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interests on		
– bank and other loans	192,748	433,148
– contract liabilities	4,864	20,839
	197,612	453,987
Less: amount capitalised to properties under development	(130,625)	(357,730)
	66,987	96,257

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current tax expense:		
– PRC Enterprise Income Tax (“EIT”)	1,931	53,064
– Land Appreciation Tax (“LAT”)	7,856	76,677
	9,787	129,741
Deferred tax (credit)/expense	(1,286)	10,719
	8,501	140,460

For current period and prior period, no provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Hong Kong subsidiaries incurred tax losses during current and prior period.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The provision of LAT is estimated according to the requirement set forth in the relevant PRC tax law and regulations. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Cost of properties for sale included in cost of sales	212,842	1,411,040
(Gain)/loss on disposal of property, plant and equipment	(487)	75
Gain on termination of leases	-	(15)
Depreciation of property, plant and equipment	647	785
Depreciation of right-of-use assets	340	340
Gross rental income from investment properties	-	(2,283)
Less: direct operating expenses included for investment properties that generated rental income during the period	-	43,914
	-	41,631
Staff costs		
Staff salaries and allowances	29,286	22,714
Retirement benefit contributions	2,530	1,741
Total staff costs, excluding directors' remuneration	31,816	24,455
Less: amount capitalised to properties under development	(19,502)	(11,519)
	12,314	12,936

9. DIVIDENDS

No dividend was paid to or proposed for shareholders of the Company during the six months ended 30 June 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(256,813)	(304,358)

NUMBER OF SHARES:

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	11,365,386,067	11,365,386,067

For the six months ended 30 June 2023 and 2022, diluted loss per share equals basic loss per share as there were no diluted potential ordinary shares in issue during the period.

11. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (audited)	21,481
Disposal	(285)
Depreciation charge for the period	(647)
At 30 June 2023 (unaudited)	20,549

12. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (audited)	20,831
Depreciation charge for the period	(340)
At 30 June 2023 (unaudited)	20,491

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

13. INVESTMENT PROPERTIES

	Investment properties RMB'000
At fair value	
At 1 January 2023 (audited) and 30 June 2023 (unaudited)	657,490

All of the Group's property interests held under operating leases to earn rentals or intended to earn rentals in future or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in the PRC.

The fair value was grouped under level 3 and was commercial properties in Fujian Province in the PRC which was determined based on the income approach method and office units in Changsha in the PRC which was determined based on both the income approach and direct comparison method.

Income approach is arrived at by reference to the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests. For the properties which are currently not rented out, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. The key inputs in valuing the investment properties are the term yield, reversionary yield and market rent of comparable properties. The term yield and reversion yield are determined by reference to the yields derived from analysing the sales transactions of similar properties in Fujian and Hunan Province, the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

Direct comparison approach is arrived at by reference to comparable market transactions and suppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors.

14. PROPERTIES UNDER DEVELOPMENT/PROPERTIES FOR SALE

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Properties under development	4,683,967	3,763,237
Properties for sale	1,261,118	2,138,053
	5,945,085	5,901,290

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Trade receivables mainly arise from sales of properties in the PRC. Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of agreement. Certain property buyers used their housing fund contributions to pay for the consideration through the application to the Housing Provident Fund Bureau and certain portion of consideration (3% to 5%) will be settled by the Housing Provident Fund Bureau upon the release of building ownership certificate to the property buyers.

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables from sales of properties (note a)	1,262	795
Lease receivables (note b)	28,564	28,551
Other receivables, deposits and prepayments (note e)	829,029	810,836
Refundable deposits paid	1,691	41,083
Guarantee deposits (note c)	109,665	81,688
Prepayments to suppliers	7,704	6,882
Prepaid other taxes	63,313	62,903
Advance to a third party (note d)	3,316	3,316
	1,044,544	1,036,054

Notes:

- As at 30 June 2023, trade receivables from contracts with customers amounted to approximately RMB1,262,000 (31 December 2022: RMB795,000).
- For lease receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime expected credit loss ("ECL"). The Group determines the expected credit losses on individual trade debtors balances. ECL on lease receivables is considered as insignificant.
- The amounts represent the guarantee deposits paid to certain trust companies, as the security for loans provided to the Group. Guarantee deposits of approximately RMB109,665,000 (31 December 2022: RMB81,688,000) are expected to be released upon full repayment of the loan. The guarantee deposits were included in current assets at 30 June 2023.
- The advance is unsecured and expected to be recovered within one year. The advance comprises mainly earnest money for potential projects.
- Other receivables, deposits and prepayments consists of amounts due from deconsolidated subsidiaries of approximately RMB559,396,000 (31 December 2022: RMB559,396,000) which is net of impairment loss of RMB271,606,000 (31 December 2022: RMB271,606,000). The amounts are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade receivables based on the date of delivery of the properties to the customers at the end of each reporting period.

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
91 to 180 days	467	–
181 to 365 days	795	795
	1,262	795

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders at 30 June 2023 and 31 December 2022 were non-trade in nature, unsecured, interest-free and with repayment on demand.

17. INTERESTS IN DECONSOLIDATED SUBSIDIARIES

Saved as disclosed in notes 35(B) and 36 of the consolidated financial statements of the Company's annual report for the year ended 31 December 2022, the Group deconsolidated Gold Assets and Wise Think on 30 November 2021 and Vivalink on 1 January 2022, respectively, as a result of actions taken by Receivers on these deconsolidated subsidiaries.

As at 30 June 2023, the Directors considered the estimated residual values of these deconsolidated subsidiaries are nil in view of the highly probable chance of completion of the Group Reorganisation (note 26) which would result in the transfer of these deconsolidated subsidiaries to the SchemeCo at nil consideration. The Group Reorganisation was completed subsequently on 26 July 2023.

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade payables (note a)	227,520	177,140
Retention payables	1,272	1,272
Interest payables	1,398,553	1,212,968
Other payables and accruals (note b)	1,071,729	1,090,176
Other tax payables	203,125	177,571
Consideration payable for acquisition of a subsidiary	82,658	82,658
Deposit received	1,410	1,399
Accrued construction costs	248,929	302,152
Provision for litigation	43,052	43,052
	3,278,248	3,088,388

Notes:

- a. Trade payables mainly represent the payables to suppliers for construction work. The credit period for trade payables ranged from 0 to 30 days.
- b. Other payables and accruals consist of amounts due to deconsolidated subsidiaries and amounts due to related companies of approximately RMB559,396,000 and RMB27,302,000 (31 December 2022: RMB559,396,000 and RMB27,289,000) respectively. These amounts are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

18. TRADE AND OTHER PAYABLES AND ACCRUALS *(Continued)*

The following is an aged analysis of the Group's trade payables presented based on invoice date at the end of reporting period.

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 60 days	18,449	64,603
61 to 180 days	32,196	24,693
181 to 365 days	89,032	3,901
Over 1 year	87,843	83,943
	227,520	177,140

19. BORROWINGS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Bank loans	151,500	151,500
Other loans	2,589,446	2,552,614
	2,740,946	2,704,114
The carrying amounts of the borrowings that do not contain a repayment on demand clause and are repayable:		
Immediately or within 1 year	2,672,830	2,637,815
More than 1 year, but not exceeding 5 years	9,220	8,844
	2,682,050	2,646,659
The carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) and repayable:		
Immediately or within 1 year	58,896	57,455
Total borrowings	2,740,946	2,704,114
Less: Amounts due within 1 year/repayable on demand shown under current liabilities	(2,731,726)	(2,695,270)
Amounts due after 1 year	9,220	8,844

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

19. BORROWINGS (Continued)

During the six months ended 30 June 2023, approximately nil new borrowing was raised (six months ended 30 June 2022: RMB200,000) and the Group repaid borrowings approximately amounting to RMB9,668,000 (six months ended 30 June 2022: RMB92,000,000).

As disclosed in note 2 of the consolidated financial statements of Company's annual report for the year ended 31 December 2022, the Vivalink Assigned Borrowing was defaulted during the year ended 31 December 2021 and subsequently reassigned to the Assignee on 4 January 2022. On 19 March 2022, the Company received the Petition filed by Harbor Sure with the Bermuda Court against the Company in respect of the Company's alleged failure as guarantor to pay the outstanding principal and interest payables of the Vivalink Defaulted Borrowing.

The outstanding principals and interest payables of the Vivalink Assigned Borrowing and the Vivalink Defaulted Borrowing totalled RMB351,884,000 were derecognised upon the deconsolidation of Vivalink and no financial guarantee provision has been recognised as at 30 June 2023 (31 December 2022: nil).

As at 30 June 2023, the outstanding sum of principals and interest payables of the Vivalink Assigned Borrowing and the Vivalink Defaulted Borrowing totalled RMB236,912,000 (31 December 2022: RMB229,535,000) might fall due for repayment immediately if requested by the lenders pursuant to the guarantee clauses.

Had the Group Reorganisation and the Scheme (note 26) become effective on 30 June 2023, borrowings and interests payables with carrying amounts of RMB1,052,741,000 and RMB594,139,000 respectively would be derecognised as the Group would be no longer required to repay these borrowings and interests payables pursuant to the arrangement of the Group Reorganisation and the Scheme.

20. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Equivalent to RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	50,000,000,000	500,000	423,381
Issued and fully paid:			
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	11,365,386,067	113,654	96,031

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

21. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group and the mortgage loans granted to the customers of the Group at the end of each reporting period.

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Properties under development	462,056	462,056
Properties for sale	1,241,354	1,315,452
Property, plant and equipment	15,590	16,126
Investment properties	649,440	649,440
	2,368,440	2,443,074

In addition, certain equity shares of the subsidiaries of the Group were pledged to several borrowings granted to the Group.

22. OTHER COMMITMENTS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Commitments for property development contracted for but not provided in the condensed consolidated financial statements	3,421,457	3,460,748

23. CONTINGENT LIABILITIES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Guarantees given in favour of banks for:		
Mortgage facilities granted to purchasers of the Group's properties	3,509,451	4,098,163
Defaulted borrowings and interest payable of a deconsolidated subsidiary guaranteed by the Group (note)	236,912	229,535
	3,746,363	4,327,698

Note:

No change in financial guarantee provision, other than exchange differences, has been recorded as at 30 June 2023 (31 December 2022: nil) as the Directors considered completion of the Group Reorganisation (note 26) which would result in discharge of all claims owing by the Company or guaranteed by the Company and its subsidiaries (including Vivalink Assigned Borrowing and Vivalink Defaulted Borrowing) would be highly probable. Accordingly, the Group's credit exposure arising from the financial guarantee was estimated to be insignificant as at 30 June 2023. The Group Reorganisation and the Scheme were completed subsequently on 26 July 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

24. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) During the six months ended 30 June 2023, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Pan Haoran (note f)	Former ultimate Controlling Shareholder and Executive Director and Chief Executive Officer who resigned on 26 July 2023
Mr. Pan Weiming (note f)	Former Ultimate Controlling Shareholder and director who resigned on 7 September 2019
Ms. Chen Weihong (note f)	Spouse of Mr. Pan Weiming
Fujian Liujian Group Co., Ltd. (" Fujian Liujian ") (note f)	Mr. Pan Weiming is the controlling Shareholder
Fusheng Group Co., Limited (" Fusheng Group ") (note f)	Mr. Pan Weiming is the controlling Shareholder
Changsha Fusheng Property Co., Ltd (" Changsha Fusheng ") (note f)	Mr. Pan Weiming is the controlling Shareholder
Fujian Fullsun Group Co., Ltd. (" Fujian Fullsun Group ") (note f)	Mr. Pan Weiming is the controlling Shareholder
Guangzhou Fusheng (note f)	Mr. Pan Weiming is the controlling Shareholder

- (b) The Group did not have the any material balances with its related parties at the end of each reporting period.
- (c) The Group did not enter into any material transactions with its related parties during the six months ended 30 June 2023 and 2022.
- (d) Remuneration of key management personnel, who are the top five highest paid employees of the Group, is as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Salaries and allowances	1,985	1,547
Performance related bonus	120	142
Retirement benefit contributions	26	32
	2,131	1,721

- (e) Fusheng Group, Fujian Fullsun Group, Tongda Enterprises Limited, Mr. Pan Weiming, Ms. Chen Weihong and Mr. Pan Haoran, all being related parties of the Company, have (jointly or severally) provided guarantees to the Group in favour of lenders in respect of various loan facilities granted to the Group.
- (f) Subsequent to the Group Reorganisation on 26 July 2023, these persons and entities are no longer related parties to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)		
Equity instruments designated at FVTOCI	500	500	Level 3	Discounted cash flow-Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return of various property projects. (note 1)
Interests in deconsolidated subsidiaries	-	22,714	Level 3	Summation method: Aggregation of values of each separate line of assets and liabilities of the deconsolidated subsidiaries, after adjusted to their corresponding fair values (note 2)

FAIR VALUE OF THE GROUP'S OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

Notes:

1. The significant unobservable input is discount rate and if the discount rate increases, the fair value would decrease and vice versa.
2. The significant unobservable input of the market price of properties for sale of the deconsolidated subsidiaries, which represents a substantial portion of the fair value of interests in deconsolidated subsidiaries, is the market price of observable transactions of similar properties for which price per square meter have been adjusted to reflect the location and other individual factors such as floor level, timing of transactions and size of property, etc. If the market price of properties for sale increases, the fair value would increase and vice versa.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

The management of the Group estimates the fair value of other financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

26. EVENTS AFTER THE END OF THE REPORTING PERIOD **COMPLETION OF THE GROUP REORGANISATION**

Saved as disclosed in note 1, all the conditions precedent to the Subscriptions have been fulfilled and the Subscriptions, together with the Placing Down, took place on 26 July 2023. Ordinary shares of 994,019,402 and 313,000,000 were issued to the subscriber and placees, respectively at total cash consideration of HK\$168,000,000 (approximately RMB153,914,000).

The Group Reorganisation was also completed on 26 July 2023. Equity interests in certain subsidiaries, including the Deconsolidated Subsidiaries of which enforcement actions by the Receivers have been terminated, were transferred to the SchemeCo at nil consideration while all claims owing by the Company or guaranteed by the Company and its subsidiaries were discharged. Upon fulfillment of all of the conditions precedent to the Scheme, including completion of the Group Reorganisation, the Scheme has become effective on 26 July 2023. The Bermuda Court ordered and that the Petition be dismissed on the same date. Details of the Petition are set out in the Company's update announcement dated 16 July 2023.

Details of the Subscriptions, the Placing Down, the Group Reorganisation and the Scheme are set out in the Company's circular dated 23 June 2023.