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CHINA TIANBAO GROUP DEVELOPMENT COMPANY LIMITED
中國天保集團發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1427)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

	<i>Notes</i>	Six months ended June 30	
		2024	2023
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue			
– Construction contracting business		706,952	732,219
– Property development and other business		114,299	212,044
Gross profit		35,050	90,326
Underlying (loss)/profit	<i>1</i>	(27,784)	25,787
Reported (loss)/profit	<i>2</i>	(28,848)	3,100
		RMB	RMB
(Loss)/profit per share		(0.036)	0.004

Notes:

- Underlying (loss)/profit is calculated as reported (loss)/profit less fair value loss on investment properties, fair value gain/(loss) on financial assets at fair value through profit or loss and realised loss on financial assets at fair value through profit or loss, and is not prepared under the IFRSs.
- Reported (loss)/profit is prepared under the IFRSs.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: Nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Tianbao Group Development Company Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended June 30, 2024 (the “**Reporting Period**”) prepared under the International Financial Reporting Standards (the “**IFRSs**”), together with comparative figures for the six months ended June 30, 2023 (the “**2023 Corresponding Period**”), as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended June 30, 2024

	Notes	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
REVENUE	4	821,251	944,263
Cost of sales		<u>(786,201)</u>	<u>(853,937)</u>
GROSS PROFIT		35,050	90,326
Other income and gains		9,414	(8,219)
Selling and distribution expenses		(3)	(149)
Administrative expenses		(30,144)	(27,769)
Fair value loss on investment properties		–	(3,000)
Fair value gain/(loss) on financial assets at fair value through profit or loss		1,376	(9,484)
Other expenses		(2,363)	(651)
Finance costs		<u>(37,968)</u>	<u>(29,398)</u>
(LOSS)/PROFIT BEFORE TAX	5	(24,638)	11,656
Income tax expense	6	<u>(4,210)</u>	<u>(8,556)</u>
(LOSS)/PROFIT FOR THE PERIOD		<u>(28,848)</u>	<u>3,100</u>
Attributable to:			
Owners of the parent		<u>(28,848)</u>	<u>3,100</u>
(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (<i>RMB</i>)			
– For (loss)/profit for the period		<u>(0.036)</u>	<u>0.004</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Six months ended June 30, 2024*

	2024 RMB'000 (unaudited)	2023 <i>RMB'000</i> (unaudited)
(LOSS)/PROFIT FOR THE PERIOD	<u>(28,848)</u>	<u>3,100</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(217)</u>	<u>219</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(217)	219
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>–</u>	<u>(3,228)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(217)</u>	<u>(3,009)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(29,065)</u>	<u>91</u>
Attributable to:		
Owners of the parent	<u>(29,065)</u>	<u>91</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

		June 30 2024	December 31 2023
	<i>Notes</i>	RMB'000 (unaudited)	RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,246,980	1,236,389
Investment properties		239,700	239,700
Right-of-use assets		9,908	10,659
Other intangible assets		529	497
Equity investments designated at fair value through other comprehensive income		133,140	134,400
Financial assets at fair value through profit or loss		14,959	17,426
Deferred tax assets		71,178	71,850
Total non-current assets		1,716,394	1,710,921
CURRENT ASSETS			
Inventories		51	51
Trade receivables	12	326,662	403,508
Contract assets		1,553,766	1,296,394
Properties under development	10	931,135	898,741
Completed properties held for sale	11	947,024	1,045,934
Prepayments, other receivables and other assets		316,434	240,620
Tax recoverable		34,956	36,456
Pledged deposits		121,065	248,580
Cash and cash equivalents		361,546	187,924
Total current assets		4,592,639	4,358,208

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As of June 30, 2024

		June 30	December 31
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
CURRENT LIABILITIES			
Trade payables	<i>13</i>	1,530,232	1,828,066
Other payables and accruals		1,689,857	1,778,726
Interest-bearing bank and other borrowings	<i>14</i>	894,288	540,562
Lease liabilities		734	806
Tax payable		675,403	375,071
		<hr/>	<hr/>
Total current liabilities		4,790,514	4,523,231
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(197,875)	(165,023)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,518,519	1,545,898
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>14</i>	507,000	505,000
Deferred tax liabilities		26,446	26,446
Lease liabilities		167	481
		<hr/>	<hr/>
Total non-current liabilities		533,613	531,927
		<hr/>	<hr/>
Net assets		984,906	1,013,971
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>15</i>	7,281	7,281
Reserves		977,625	1,006,690
		<hr/>	<hr/>
Total equity		984,906	1,013,971
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

During the six months ended June 30, 2024, the Group was involved in the following principal activities:

- Construction contracting
- Property development and others

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Jixiang International Industrial Company Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of these amendments to IFRSs had no significant financial effect on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- (a) Construction contracting – this segment engages in the provision of services relating to construction as a general contractor for building construction projects, infrastructure construction projects and property investment; and
- (b) Property development and others – this segment engages in the sale of properties and the provision of services relating to properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of (loss)/profit before tax.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the six months ended June 30, 2024	Construction contracting RMB'000 (unaudited)	Property development and others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue (note 4):			
Sales to external customers	706,952	114,299	821,251
Intersegment sales	<u>56,301</u>	<u>–</u>	<u>56,301</u>
Total revenue	763,253	114,299	877,552
<i>Reconciliation:</i>			
Eliminations of intersegment sales			<u>(56,301)</u>
Revenue			<u><u>821,251</u></u>
Segment results	10,603	(37,929)	(27,326)
<i>Reconciliation:</i>			
Eliminations of intersegment results			<u>2,688</u>
Loss before tax			<u><u>(24,638)</u></u>
As at June 30, 2024	Construction contracting RMB'000 (unaudited)	Property development and others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment assets			
	5,102,735	10,928,135	16,030,870
<i>Reconciliation:</i>			
Eliminations of intersegment receivables			<u>(9,721,837)</u>
Total assets			<u><u>6,309,033</u></u>
Segment liabilities			
	3,894,959	7,574,703	11,469,662
<i>Reconciliation:</i>			
Eliminations of intersegment payables			<u>(6,145,535)</u>
Total liabilities			<u><u>5,324,127</u></u>

	Construction contracting RMB'000 (unaudited)	Property development and others RMB'000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended June 30, 2023			
Segment revenue (note 4):			
Sales to external customers	732,219	212,044	944,263
Intersegment sales	42,041	–	42,041
Total revenue	774,260	212,044	986,304
<i>Reconciliation:</i>			
Eliminations of intersegment sales			(42,041)
Revenue			<u>944,263</u>
Segment results	15,747	(13,484)	2,263
<i>Reconciliation:</i>			
Eliminations of intersegment results			9,393
Profit before tax			<u>11,656</u>
	Construction contracting RMB'000 (audited)	Property development and others RMB'000 (audited)	Total RMB'000 (audited)
As at December 31, 2023			
Segment assets	5,138,459	10,684,644	15,823,103
<i>Reconciliation:</i>			
Eliminations of intersegment receivables			(9,753,974)
Total assets			<u>6,069,129</u>
Segment liabilities	3,938,026	7,405,799	11,343,825
<i>Reconciliation:</i>			
Eliminations of intersegment payables			(6,288,667)
Total liabilities			<u>5,055,158</u>

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended June 30	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue from contracts with customers	815,063	936,043
Revenue from other sources		
Gross rental income from operating leases:		
Other lease payments, including fixed payments	6,188	8,220
	<u>821,251</u>	<u>944,263</u>

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended June 30, 2024

	Construction contracting RMB'000 (unaudited)	Property development and other RMB'000 (unaudited)	Total RMB'000 (unaudited)
Types of goods or services			
Construction contracting	706,952	–	706,952
Property development	–	108,111	108,111
Total revenue from contracts with customers	<u>706,952</u>	<u>108,111</u>	<u>815,063</u>
Geographical market			
Mainland China	<u>706,952</u>	<u>108,111</u>	<u>815,063</u>
Timing of revenue recognition			
Goods transferred at a point in time	–	108,111	108,111
Services transferred over time	706,952	–	706,952
Total revenue from contracts with customers	<u>706,952</u>	<u>108,111</u>	<u>815,063</u>

For the six months ended June 30, 2023

	Construction contracting <i>RMB'000</i> (unaudited)	Property development and other <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Types of goods or services			
Construction contracting	732,219	–	732,219
Property development	–	203,824	203,824
	<u>732,219</u>	<u>203,824</u>	<u>936,043</u>
Total revenue from contracts with customers	<u>732,219</u>	<u>203,824</u>	<u>936,043</u>
Geographical market			
Mainland China	<u>732,219</u>	<u>203,824</u>	<u>936,043</u>
Timing of revenue recognition			
Goods transferred at a point in time	–	203,824	203,824
Services transferred over time	732,219	–	732,219
	<u>732,219</u>	<u>203,824</u>	<u>936,043</u>
Total revenue from contracts with customers	<u>732,219</u>	<u>203,824</u>	<u>936,043</u>

For the six months ended June 30, 2024

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

Segments	Construction contracting <i>RMB'000</i> (unaudited)	Property development and other <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Revenue from contracts with customers			
External customers	706,952	108,111	815,063
Intersegment sales	56,301	–	56,301
	<u>763,253</u>	<u>108,111</u>	<u>871,364</u>
Intersegment eliminations	(56,301)	–	(56,301)
	<u>706,952</u>	<u>108,111</u>	<u>815,063</u>
Total revenue from contracts with customers	<u>706,952</u>	<u>108,111</u>	<u>815,063</u>

Segments	Construction contracting <i>RMB'000</i> (unaudited)	Property development and other <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Revenue from contracts with customers			
External customers	732,219	203,824	936,043
Intersegment sales	42,041	–	42,041
	<u>774,260</u>	<u>203,824</u>	<u>978,084</u>
Intersegment eliminations	(42,041)	–	(42,041)
	<u>(42,041)</u>	<u>–</u>	<u>(42,041)</u>
Total revenue from contracts with customers	<u>732,219</u>	<u>203,824</u>	<u>936,043</u>

5. (LOSS)/PROFIT BEFORE TAX

The (loss)/profit before tax of the Group is stated after charging the following:

	For the six months ended June 30	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Cost of construction contracting	664,471	683,396
Cost of properties development and others	121,730	170,541
Employee benefit expenses (including directors' and chief executive's remuneration):		
– Wages, salaries and allowances	10,638	6,989
– Social insurance	2,454	3,314
– Welfare and other expenses	–	66
	<u>13,092</u>	<u>10,369</u>

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the six months ended June 30, 2024.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax rate of 25% in accordance with the PRC Corporate Income Tax Law for the six months ended June 30, 2024.

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

Certain subsidiaries with properties sold were subject to LAT which is calculated based on 5% of property revenue in accordance with the authorised taxation method approved by the respective local tax bureaus.

	For the six months ended June 30	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current income tax	1,133	2,550
PRC LAT	2,405	4,463
Deferred income tax	672	1,543
	<u>4,210</u>	<u>8,556</u>

7. DIVIDENDS

The Board has resolved not to recommend the payment of interim dividends for the six months ended June 30, 2024 (for the 2023 Corresponding Period: Nil).

8. (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Group had no potentially dilutive ordinary shares in issue for the six months ended June 30, 2024 and 2023. The calculation of basic and dilutive (loss)/profit per share is based on:

	For the six months ended June 30	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/profit per share calculation:		
(Loss)/profit attributable to ordinary equity holders of the parent	<u>(28,848)</u>	<u>3,100</u>
	Number of shares	
	For the six months ended June 30	
	2024	2023
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue ('000 shares)	<u>809,456</u>	<u>809,456</u>

9. PROPERTY, PLANT AND EQUIPMENT

	As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 <i>RMB'000</i> (audited)
Carrying amount at the beginning of period/year	1,236,389	220,244
Additions	14,250	1,697
Disposals	(882)	(409)
Depreciation expenses	(2,777)	(6,211)
Transferred from properties under development	-	1,021,068
	<u>1,246,980</u>	<u>1,236,389</u>

10. PROPERTIES UNDER DEVELOPMENT

	As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 <i>RMB'000</i> (audited)
Carrying amount at the beginning of period/year	898,741	2,314,414
Additions	32,394	312,267
Transferred to construction in progress	-	(1,021,068)
Transferred to completed properties held for sale	-	(706,872)
	<u>931,135</u>	<u>898,741</u>

11. COMPLETED PROPERTIES HELD FOR SALE

	As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 <i>RMB'000</i> (audited)
Carrying amount at the beginning of period/year	1,045,934	822,253
Transferred from properties under development	-	706,872
Transferred to cost of sales	(98,910)	(483,191)
	<u>947,024</u>	<u>1,045,934</u>

12. TRADE RECEIVABLES

An ageing analysis of the Group's trade receivables based on the invoice date and net of loss allowance, is as follows:

	As at June 30 2024 <i>RMB'000</i> (unaudited)	As at December 31 2023 <i>RMB'000</i> (audited)
Within 1 year	211,906	268,147
1 year to 2 years	51,975	56,324
2 years to 3 years	32,105	56,145
Over 3 years	30,676	22,892
	<u>326,662</u>	<u>403,508</u>

Trade receivables mainly represented receivables from construction contracting. The payment terms of contract work receivables are stipulated in the relevant contracts. The Group's trading terms with its customers are mainly on credit. The credit period offered by the Group is three to six months, except for retention receivable.

13. TRADE PAYABLES

An ageing analysis of the Group's trade payable based on the invoice date, is as follows:

	As at June 30 2024 <i>RMB'000</i> (unaudited)	As at December 31 2023 <i>RMB'000</i> (audited)
Within 6 months	329,711	600,981
6 months to 1 year	80,129	234,926
1 year to 2 years	275,781	323,458
2 years to 3 years	358,234	88,369
Over 3 years	486,377	580,332
	<u>1,530,232</u>	<u>1,828,066</u>

Trade payables are non-interest-bearing and are normally settled based on the progress of construction.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at June 30, 2024			As at December 31, 2023		
	Effective interest rate (%)	Maturity (unaudited)	RMB'000	Effective interest rate (%)	Maturity (audited)	RMB'000
Current						
Other loans						
– secured	12.0	Overdue	246,694	12.0	Overdue	274,390
– unsecured	12.0	Overdue	35,594	12.0	Overdue	35,172
Current portion of long term bank borrowings – secured	5.25-8.70	2024-2025	612,000	5.25-6.65	2024	231,000
			894,288			540,562
Non-current						
Bank borrowings – secured	3.35-6.65	2026-2041	507,000	5.25-8.70	2025-2026	505,000
			<u>1,401,288</u>			<u>1,045,562</u>

As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 RMB'000 (audited)
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Analysed into:

Bank and other borrowings repayable:

Within one year or on demand	894,288	540,562
In the second year	74,000	503,000
In the third to fifth years, inclusive	38,000	2,000
Over five years	395,000	–
	<u>1,401,288</u>	<u>1,045,562</u>

The Group's bank and other borrowings are denominated in RMB and US dollar.

The Group's interest-bearing bank and other borrowings are pledged by the assets, the aggregate carrying amounts are as follows:

	As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 RMB'000 (audited)
Investment properties	239,700	239,700
Properties under development	281,126	135,981
Property, plant and equipment	1,254,448	486,805
Right-of-use assets	7,777	7,891
	<u>1,782,951</u>	<u>860,377</u>

15. SHARE CAPITAL

	As at June 30 2024 HK\$'000 (unaudited)	As at December 31 2023 HK\$'000 (audited)
Shares		
Authorised:		
2,000,000,000 (December 31, 2023: 2,000,000,000) ordinary shares of HK\$0.01 each	<u>20,000</u>	<u>20,000</u>
	As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 RMB'000 (audited)
Issued and fully paid:		
809,456,000 (December 31, 2023: 809,456,000) ordinary shares of HK\$0.01 each	<u>7,281</u>	<u>7,281</u>

16. CONTINGENT LIABILITIES

As at June 30, 2024, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB1,738.0 million (unaudited) (As at December 31, 2023 (audited): RMB1,789.4 million).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Directors consider that the fair value of the guarantees is not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision for the guarantees has been made in the financial statements for the six months ended June 30, 2024.

17. COMMITMENTS

The Group had the following capital commitments:

	As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 RMB'000 (audited)
Contracted, but not provided for:		
Construction contracting	<u>225,553</u>	<u>261,912</u>

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	For the six months ended June 30	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest expense on other loans	2,126	2,077
Purchases of raw materials from companies of which a director of the Company is a controlling shareholder	784	180
Repayments of advances from related parties	–	30,000
Property management fee paid to related parties	903	941
Other rental income	850	850
Other interest income	1,076	1,092
	<u>2,126</u>	<u>2,077</u>

(b) Outstanding balances with related parties

	As at June 30 2024 RMB'000 (unaudited)	As at December 31 2023 RMB'000 (audited)
	Prepayments, other receivables and other assets:	
Advances to the ultimate holding company (note 1)	1,640	1,784
Advances to related parties (note 2)	5,574	5,574
	<u>7,214</u>	<u>7,358</u>
Other payables and accruals:		
Amounts due to other related parties (note 2)	7,786	7,786
	<u>7,786</u>	<u>7,786</u>
Interest-bearing other borrowings		
Loans from the ultimate holding company (note 3)	35,594	35,172
	<u>35,594</u>	<u>35,172</u>

Notes:

- The balance was unsecured, interest-bearing at 12% per annum (December 31, 2023: 12% per annum), repayable on demand and non-trade.
- Balances with the above related parties were unsecured, non-interest-bearing, repayable on demand and non-trade.
- The balance was unsecured, interest-bearing at 12% per annum (December 31, 2023: 12% per annum), due within one year and non-trade. Pursuant to Rule 14A.90 of the Listing Rules, the loan was fully exempted from the announcement, circular and independent shareholders' approval requirements.

(c) **Compensation of senior management personnel:**

	For the six months ended June 30	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Short-term employee benefits	4,390	4,429
Pension scheme contributions	47	59
	<hr/>	<hr/>
Total compensation paid to senior management personnel	4,437	4,488
	<hr/> <hr/>	<hr/> <hr/>

19. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on August 21, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a construction company and property developer based in Zhuozhou, Hebei Province, the PRC. The Group's business scope covers construction, planning and design, property development, property sales, investment and operation and other multi-industry sectors.

- Construction contracting business. As a construction company, the Group provides construction contracting services mainly as a general contractor for building construction projects, infrastructure construction projects, and industrial and commercial construction projects.
- Property development business. As a property developer, the Group focuses primarily on the development and sales of residential properties, and leasing and operation of investment properties.

During the Reporting Period, the Group's revenue was approximately RMB821 million, representing a decrease of approximately RMB123 million (13.0%) as compared to the 2023 Corresponding Period. The Group's revenue of construction contracting business was approximately RMB707 million, representing a decrease of approximately RMB25 million (3.5%) as compared to the 2023 Corresponding Period. The Group's revenue of property development business was approximately RMB114 million, representing a decrease of approximately RMB98 million (46.1%) as compared to the 2023 Corresponding Period.

The Group's gross profit and gross profit margin for the Reporting Period were approximately RMB35 million and 4.3%, respectively.

The Group's underlying loss for the Reporting Period was approximately RMB28 million, as compared to the underlying profit of approximately RMB26 million for the 2023 Corresponding Period.

As at June 30, 2024, the net gearing ratio of the Group was approximately 93.3% (as at December 31, 2023: 60.1%).

The Board has resolved not to recommend the payment of any interim dividend for the Reporting Period.

Reconciliation of underlying (loss)/profit and reported (loss)/profit is as follows:

	For the six months ended	
	June 30	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Reported (loss)/profit	(28,848)	3,100
Fair value loss on investment properties	–	3,000
Fair value (gain)/loss on financial assets at fair value through profit or loss	(1,376)	9,484
Realised loss of financial assets at fair value through profit or loss	2,439	10,203
Underlying (loss)/profit	<u>(27,785)</u>	<u>25,787</u>

REVIEW FOR THE FIRST HALF OF 2024

In the first half of 2024, the national economy operated generally stably with steady progress, production grew steadily, demand continued to recover, prices remained generally stable, residents' income continued to increase, new drivers of growth accelerated, and high-quality development made progress. However, the current external environment remains complex, and domestic effective demand is still insufficient. The foundation for economic recovery and improvement still needs to be consolidated.

The construction industry

In the first half of 2024, the fixed asset investment in the construction industry in which the Company operates grew steadily, the scale of construction slowed down gradually, and the driving effect of major projects (major water conservancy projects and major transportation infrastructure) became prominent. According to the data from the National Bureau of Statistics, in the first half of 2024, the national gross production value of the construction industry was RMB13,831.2 billion, representing a year-on-year increase of 4.8%; the floor space under construction of the national construction industry was 11.04 billion square meters (“sq.m.”), representing a year-on-year decrease of 6.2%.

The real estate industry

In the first half of 2024, positive signals emerged in the real estate industry amid ongoing adjustments. The construction of affordable housing, the public infrastructure construction for “normal and urgent use” and the renovation of urban villages, among the “three major projects”, were being actively promoted, which is conducive to building a new model for the development of the real estate market, which is still in the process of adjustment and transformation. According to the data from the National Bureau of Statistics, in the first half of 2024, the national real estate development investment was RMB5,252.9 billion, representing a year-on-year decrease of 10.1%; the sales area of commercial housing was 479.16 million sq.m., representing a year-on-year decrease of 19.0%; the sales amount of commercial housing was RMB4,713.3 billion, representing a decrease of 25.0%, of which the sales amount of residential housing decreased by 26.9%.

The healthcare industry

In 2024, the General Office of the State Council issued the No. 1 Notice, clearly stating that elderly products, smart health care for the elderly, rehabilitation aids, anti-aging, elderly finance, elderly tourism, and age-friendly renovation are listed as potential industries in the silver economy, which is the first policy document at the national level named after the silver economy, indicating the beginning of the development of the silver economy. At present, the scale of China's silver economy is approximately RMB7 trillion, accounting for approximately 6% of GDP; it is expected that by 2035, the scale of the silver economy will increase to RMB30 trillion, accounting for 10% of GDP.

In the first half of 2024, the Group's Jingbei Health City project fully resumed work and production. The project construction was vigorously promoted by accelerating the construction cycle, building an operational team and strengthening service quality. It is planned to open and operate smoothly in the Double Ninth Festival in October this year, aiming to become a super large-scale medical and healthcare complex.

OUTLOOK FOR THE SECOND HALF OF 2024

In 2024, on the basis of the positive trend of market recovery and transformation and upgrading in the first half of the year, China's economy will witness considerable recovery with policy efforts. Looking forward to the second half of the year, the signal to expand domestic demand has been released, and consumption may recover. The accelerated approval of major strategies and the building security capacity in key areas, and the speeding up of construction will strongly drive investment growth. The growth rate of infrastructure investment is expected to rebound, and the decline in real estate development investment is expected to narrow slightly.

The construction industry

Under the regulation of the “stabilising growth” policy, coupled with the increased support from special bonds, the potential for infrastructure investment may be gradually released, and investment in infrastructure construction is expected to maintain certain growth. However, under the background of alleviating local government debt pressure, infrastructure investment by governments in some key provinces may be restricted, and the construction industry will face considerable pressure for growth. In the long term, under the pressure of economic growth, competition in the construction industry will become more intense, the concentration of the construction industry is expected to increase further, and the industry may maintain a moderate growth trend at a medium to low speed for a long time.

The real estate industry

With the effectiveness of various measures and the significant weakening of the high base effect, the downward trend in sales scale of new home is expected to further slow down in the second half of the year, and the market activity in core cities may be somewhat restored. However, due to the residents' income expectations and the anticipated decline in housing prices not having significantly improved, the national real estate market still faces adjustment pressure, and the new home market may be in the bottoming-out stage.

The healthcare industry

Currently, there is enormous demand for the healthcare market, rendering a broad prospect, but there is a lack of high-quality supply, with both opportunities and challenges for the industry development. As the “Healthy China” strategy deepens and the aging society accelerates, the traditional elderly-care model no longer meets the needs of modern society's development. The new smart elderly-care will become an important pillar of the future elderly-care system.

BUSINESS REVIEW

The following table sets forth the breakdown of the Group's revenue by business segment for the periods indicated:

Segments	For the six months ended June 30			
	2024		2023	
	Revenue <i>RMB'000</i> (unaudited)	Percentage of total revenue (%) (unaudited)	Revenue <i>RMB'000</i> (unaudited)	Percentage of total revenue (%) (unaudited)
Construction contracting business	706,952	86.1	732,219	77.5
Property development business	114,299	13.9	212,044	22.5
Total	<u>821,251</u>	<u>100.0</u>	<u>944,263</u>	<u>100.0</u>

(i) Construction contracting business

The Group has been engaged in the construction contracting business since 1998, as a general contractor for building, industrial, commercial and infrastructure construction projects. The Group generates a majority of its revenue from construction contracting business. During the Reporting Period, the Group generated a majority of its construction contracting revenue from construction projects located in Beijing-Tianjin-Hebei region, mainly in Hebei Province and Beijing. The Group's construction projects in other geographical locations were mainly located in Inner Mongolia, Anhui Province and Shandong Province.

The following table sets forth the breakdown of revenue from the Group's construction contracting business by geographical locations for the periods indicated:

Region	For the six months ended June 30			
	2024		2023	
	Revenue <i>RMB'000</i> (unaudited)	Percentage of total revenue (%) (unaudited)	Revenue <i>RMB'000</i> (unaudited)	Percentage of total revenue (%) (unaudited)
Beijing-Tianjin-Hebei	461,419	65.3	482,226	65.9
Other	245,533	34.7	249,993	34.1
Total	<u>706,952</u>	<u>100.0</u>	<u>732,219</u>	<u>100.0</u>

The Group undertook most of such construction projects as a general contractor during the Reporting Period. As a general contractor, the Group performs all major aspects of the construction project, including building construction, foundation works, curtain wall construction, building decoration and fireproofing projects. The Group is also responsible for engaging subcontractors to provide construction services and the labor force for the construction projects, coordinating the work of all parties, providing the major equipment and machinery, procuring raw materials and ensuring the timely completion of construction projects. The Group believes that undertaking construction projects as a general contractor reflects its overall capabilities and is significant to the Group's continued success. Having obtained the Premium Class Certificate in 2017, the Group is, and expects to continue to be able to, undertake larger-scale building construction projects with increased complexity and higher returns nationwide, as well as generate a premium for the Group's services.

In addition to construction contracting as a general contractor, the Group also undertakes specialised construction projects directly subcontracted by other general contractors or project owners, such as renovation and decoration, steel structure construction and curtain wall construction projects.

Project Types

The following table sets forth the breakdown of revenue generated from the Group's construction contracting business by project type for the periods indicated:

	For the six months ended June 30			
	2024		2023	
Project type	Revenue RMB'000 (unaudited)	Percentage of total revenue (%) (unaudited)	Revenue RMB'000 (unaudited)	Percentage of total revenue (%) (unaudited)
Building construction	282,572	40.0	318,836	43.5
Industrial, commercial and infrastructure construction	<u>424,380</u>	<u>60.0</u>	<u>413,383</u>	<u>56.5</u>
Total	<u><u>706,952</u></u>	<u><u>100.0</u></u>	<u><u>732,219</u></u>	<u><u>100.0</u></u>

The Group provides construction contracting services for municipal and public infrastructure projects. The Group's infrastructure construction projects primarily consist of urban roads, bridges, facilities for water supply and treatment, urban pipelines, city squares and street lighting. The Group's infrastructure construction customers are primarily local government entities.

The Group is also undertaking industrial and commercial construction contracting projects. These projects mainly include steel structures, horticulture, buildings, industrial buildings, new pseudo-classic buildings and preservation of antiquities and historical buildings. The Group's industrial and commercial construction customers are enterprises in diverse industries.

The Group also provides construction work of buildings and corresponding building services for building construction projects. Building construction customers are primarily property developers and local government entities.

The following is a brief introduction to the Group's large-scale construction contracting projects during the Reporting Period:

Construction of the Weijin Road Campus College Museum Project of Tianjin University (天津大學衛津路校區學院博物館項目施工)

The project is located within Tianjin University, with Tianjin University swimming pool to the north, Tailei Road to the east, the Eighth Teaching Building to the south, and Huadi Road to the west. The contract value is approximately RMB146 million. The project covers the protective restoration of 4 heritage buildings, the renovation of the Feng Jicai Institute of Literature and Art, and related outdoor works, with a gross floor area (“GFA”) of 12,244 sq.m.

The Second People's Hospital of Yubei District, Chongqing (重慶市渝北區第二人民醫院)

The project is located in Wuling Road, Longxi Street, Yubei District, Chongqing City. The contract value is approximately RMB180 million. The project covers the construction of a hospital. The total land area is approximately 10.25 mu, with a total GFA of approximately 45,000 sq.m. The main construction content includes the emergency department, outpatient department, medical technology department, inpatient department, and public parking lot, with 300 beds and 356 parking spaces.

Construction Project of Petrochemical New Energy Technology Application Training Base at Hebei Petroleum University of Technology (河北石油職業技術大學石化新能源技術應用實訓基地建設項目工程)

The project is located within the campus of Hebei Petroleum University of Technology, with a contract value of approximately RMB135 million. The project covers the construction of one new petrochemical new energy technology application training base, with a total GFA of 26,900 sq.m., including a new energy vehicle technology training center, a green hydrogen energy experimental center, and others.

Construction Project of the Smart Manufacturing Training Base for Integration of Industry and Education at Hebei Vocational University of Industry and Technology (河北工業職業技術大學智慧製造產教融合實訓基地建設工程)

The project is located within the campus of Hebei Vocational University of Industry and Technology on Hongqi Street, Shijiazhuang, with a contract value of approximately RMB82 million. The project covers the construction of a new smart manufacturing training base for integration of industry and education, with a total GFA of 14,197 sq.m.

Backlog and New Contract Value

Backlog value

Backlog refers to an estimate of the contract value of work that remains to be completed as of a certain date. The contract value represents the amount that the Group expects to receive under the terms of the contract, assuming the contract is performed in accordance with its terms.

The following table sets forth the outstanding contract value of projects in the backlog by geographical locations as of the end of the Reporting Period:

	As of June 30			
	2024	Percentage of total contract value	2023	Percentage of total contract value
Region	Contract value RMB million (unaudited)	(%) (unaudited)	Contract value RMB million (unaudited)	(%) (unaudited)
Beijing-Tianjin-Hebei	3,233.3	39.7	3,223.6	37.7
Other	4,919.1	60.3	5,328.9	62.3
Total	<u>8,152.4</u>	<u>100.0</u>	<u>8,552.5</u>	<u>100.0</u>

The following table sets forth the outstanding contract value of projects in the backlog by project types as of the end of the Reporting Period:

	As of June 30			
	2024	Percentage of total contract value	2023	Percentage of total contract value
Project type	Contract value RMB million (unaudited)	(%) (unaudited)	Contract value RMB million (unaudited)	(%) (unaudited)
Building construction	2,365.4	29.0	2,769.6	32.4
Industrial, commercial and infrastructure construction	5,787.0	71.0	5,782.9	67.6
Total	<u>8,152.4</u>	<u>100.0</u>	<u>8,552.5</u>	<u>100.0</u>

New Contract Value

New contract value represents the aggregate value of contracts entered into by the Group during the Reporting Period and for the 2023 Corresponding Period. The contract value is the amount that the Group expects to receive under the terms of the contract if the contract is performed by the Group in accordance with its terms.

The following table sets forth the aggregate value of new contracts entered into by the Group by geographical locations for the periods indicated:

	For the six months ended June 30			
	2024		2023	
Region	Contract value	Percentage of total contract value	Contract value	Percentage of total contract value
	<i>RMB million</i>	<i>(%)</i>	<i>RMB million</i>	<i>(%)</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Beijing-Tianjin-Hebei	504.3	43.0	419.6	44.2
Other	668.1	57.0	529.7	55.8
Total	<u>1,172.4</u>	<u>100.0</u>	<u>949.3</u>	<u>100.0</u>

The following table sets forth the aggregate value of new contracts entered into by the Group by project types for the periods indicated:

	For the six months ended June 30			
	2024		2023	
Project type	Contract value	Percentage of total contract value	Contract value	Percentage of total contract value
	<i>RMB million</i>	<i>(%)</i>	<i>RMB million</i>	<i>(%)</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Building construction	6.5	0.6	110.0	11.6
Industrial, commercial and infrastructure construction	1,165.9	99.4	839.3	88.4
Total	<u>1,172.4</u>	<u>100.0</u>	<u>949.3</u>	<u>100.0</u>

After obtaining the Premium Class Certificate in 2017, the Group has been involving in larger-scale building construction projects with increased complexity and higher returns nationwide. The value of the new contracts entered into by the Group amounted to approximately RMB1,172.4 million during the Reporting Period. The newly contracted regions expanded from focusing on the Beijing-Tianjin-Hebei region to Chongqing City and Jiangxi Province, etc.

During the Reporting Period, the Group expanded the construction contracting business to regions other than Beijing-Tianjin-Hebei region. The outstanding contract value of projects in the backlog of other regions entered into by the Group amounted to approximately RMB4,919.1 million, accounting for approximately 60.3% of the total amount of the backlog.

(ii) Property development business

The Group's property development business operations consist of the development and sales of residential properties, and leasing and operation of investment properties. The revenue is derived from sales of residential properties and rental income from investment properties.

The table below sets forth a breakdown of the revenue from property development business by business line and nature of revenue for the periods indicated:

		For the six months ended June 30			
		2024		2023	
Business line	Nature of revenue	Revenue <i>RMB'000</i> (unaudited)	Percentage of total revenue (%) (unaudited)	Revenue <i>RMB'000</i> (unaudited)	Percentage of total revenue (%) (unaudited)
Property development and sales	Sales of residential properties	108,111	94.6	203,824	96.1
Commercial property investment and operations	Rental income	6,188	5.4	8,220	3.9
Total		<u>114,299</u>	<u>100.0</u>	<u>212,044</u>	<u>100.0</u>

The Group's land reserves are mainly located in Zhuozhou and Zhangjiakou which have high development potential. The following is a brief introduction of such projects of the Group:

Projects in Zhuozhou

Tianbao Green City (天保綠城)

Located on the north side of Guanyun Road and the west side of Xuyi Village in Zhuozhou, the project covers a total site area of 33,764.1 sq.m. The project has convenient transportation facilities connecting Beijing-Shijiazhuang High-speed Railway and Beijing-Hong Kong-Macao Expressway. The GFA of the project is approximately 105,000 sq.m., including high-rise residential buildings, commercial properties and parking lots. As of June 30, 2024, 874 units have been launched, of which 833 units have been sold.

Tianbao Xinyue Bay (also known as Project Ming Yang Phase I) (天保馨悦灣(又名明陽一期))

The project is located in Beixiguo Village, Matou Town, Zhuozhou, with convenient surrounding transportation facilities. The project can be reached through the Beijing-Hong Kong-Macao Expressway and the Beijing-Shijiazhuang High-speed Railway. The project covers a site area of approximately 17,593.3 sq.m. and has a GFA of approximately 48,000 sq.m., including high-rise residential buildings. There are 480 units in the project. As of June 30, 2024, a total of 436 units have been sold for 1# and 3# buildings. The project has been delivered to purchasers in batches since 2020. 2# building has a GFA of 7,243.0 sq.m., including a high-rise residential building with 56 units. 2# building is currently in the construction stage and is scheduled to be delivered in 2025.

Tianbao Smart Building Technology Park (天保智慧建築科技園)

The project is located at the intersection of Yongji East Road and Pengcheng Street in Zhuozhou. It covers a site area of 58,610.9 sq.m. and a GFA of approximately 310,000 sq.m.. The project is about 6 kilometers from Zhuozhou High-speed Railway Station, about 17 kilometers from Beijing Daxing International Airport and about 1 kilometer from Zhuozhou City Terminal of Beijing Daxing International Airport. This project is a high-end complex integrating business office, corporate headquarters office, commerce, micro-movie bar, catering and conferences. There are approximately 4,100 units in this project, and its main parts are under construction stage. As of June 30, 2024, 934 units have been launched and 440 units have been sold for this project.

Baoxin International Building (保鑫國際大廈)

The project is located at No. 33 Guanyun East Road, Zhuozhou Development Zone, Hebei Province. It covers a total site area of 17,792.4 sq.m., with a total GFA of approximately 50,039.7 sq.m. Baoxin International Building is a comprehensive commercial building integrating office and business functions. After the completion of the project, it has won many awards, including the “Luban Prize” for the construction industry in 2017 and the “Guang Xia Award” for the property development industry in 2019. Baoxin International Building has contributed stable rental income to the Group.

Projects in Zhangjiakou

Tianbao New City (天保新城)

The project is located in the core area of Zhangbei County, at the intersection of Zhongdu Street and Xinghe Road in Zhangbei County. It covers a site area of approximately 230,000 sq.m., with a total GFA of approximately 600,000 sq.m. The project is developed and constructed in three phases, mainly high-rise and middle-high-rise buildings, consisting of 46 residential buildings, community clubs, kindergartens and a large-scale commercial complex Zhongdu Ginza (中都銀座). As of June 30, 2024, the residential units of Tianbao New City were basically sold out, and few remaining street shops are on sale.

Tianbao New City – Zhangbei Zhongdu Ginza (天保新城—張北中都銀座)

The project is located in the northwest of the residential area of Tianbao New City, mainly consisting of two high-rise apartments, office buildings and commercial podiums, being a landmark building in Zhangbei County. The project is a comprehensive high-end commercial building integrating shopping malls, cinemas, catering, conferences, offices, hotels, leisure, business and other functions, with a total GFA of approximately 86,690.5 sq.m.. The mall portion of which, named Tianbao Plaza (天保廣場), is a 5-storey diversified shopping hotspot with supermarkets, lifestyle stores, restaurants and cinemas. Pre-sale of high-rise apartments began in September 2020, with the portions sold commenced delivery to purchasers in 2021.

Zhangbei Fuxinyuan Shanty-town Improvement Project (張北縣福馨苑棚戶區改造項目)

Fuxinyuan residential community is a project constructed in response to Zhangbei County Government's shanty-town reconstruction project, located on the north side of Zhangbei County Family Planning Bureau and east of Jingdu Street. The construction of the project started in September 2017 with a total of 1,272 units, including 1,252 residential units and 20 commercial units. As of June 30, 2024, 1,223 residential units were sold.

Tianbao Edelweiss City (天保雪絨花都)

The residential and commercial project is located in the north side of Yu County Economic Development Zone, with urban planning roads in the south, Edelweiss Avenue in the north, Industrial Street in the east and urban planning roads in the west. It consists of residential communities and commercial facilities. The project covers an area of approximately 155,000 sq.m., with a total GFA of approximately 430,000 sq.m.. Star-rated hotels, AAAAA-level office buildings and high-end communities will be built to create a multi-functional and high-efficiency urban complex integrating commercial offices, landmark buildings, residence, catering and entertainment. Tianbao Edelweiss City has 1,942 residential units available for sale, of which pre-sale of Phase I and Phase II residential units launched in 2019 and 2021, respectively, and pre-sale of Phase III, comprising a total of 85 commercial units, launched in 2021. As of June 30, 2024, a total of 1,291 units have been sold, and were delivered to purchasers since the 4th quarter of 2021.

Tianbao Boyue Bay (天保鉞悅灣)

The project is located in the southwest of the urban area of Yu County, with West Outer Ring Road in the east, Qianjin West Road in the west, Heping West Road in the south and Lipuzi Village in the north. The project includes middle-high-rise residential units, high-rise residential units and commercial properties, covering an area of approximately 81,815 sq.m. and a total planned GFA of approximately 193,000 sq.m.. The construction work of the project started in 2019, and the pre-sale began in 2020. Tianbao Boyue Bay has a total of 1,476 residential units available for sale, and as of June 30, 2024, 1,146 units have been sold, and were delivered to purchasers since the first half of 2022.

Tianbao Jingxifu (天保京西府)

The project is located in Nanfanzhuang Village, Yuzhou Town, Yu County, Zhangjiakou. The Group acquired the land for this project through public bidding in September 2021. The project has a site area of approximately 43,242 sq.m. and a planned GFA of approximately 86,000 sq.m..

Nasutu Hotel (formerly known as Haiziwa Hotel) (那蘇圖酒店(原稱：海子窪酒店))

The project is a wholly self-owned project located in Zhangbei County, Zhangjiakou. As of June 30, 2023, the project has obtained all certificates. Conveniently located near Nasutu resort in Zhangjiakou, Hebei Province, Nasutu Hotel occupies a total site area of approximately 52,237.0 sq.m. and an aggregate GFA of approximately 33,967.5 sq.m. with a total of 180 guest rooms.

Land Reserves

The following table sets out the GFA breakdown of the Group's land reserves by geographical location as of June 30, 2024:

Region	Completed		Under	Future	Total land	Percentage
	Unsold	Rentable	development	development	reserves	
	saleable	GFA held	Planned	Planned	Total	of total land
	GFA	for property	GFA under	GFA	GFA	reserves by
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	geographical
						location
						<i>(%)</i>
Zhuozhou	23,051	44,336	141,901	175,435	384,723	37.8
Zhangjiakou	177,638	34,364	10,238	410,506	632,746	62.2
Total	200,689	78,700	152,139	585,941	1,017,469	100.0

Commercial Property Investment and Operations

The Group owns and operates Baoxin International Building and Tianbao Plaza, which the Group developed for long-term investment purposes. The Group holds these properties for capital appreciation and generating rental income.

(iii) Healthcare business

China has entered an ageing society since 2000, and the proportion of the elderly population in the total population has continued to rise, and the pace of ageing development has gradually accelerated. The rapid growth of the ageing population has created a huge demand for elderly care services. In 2021, the proportion of permanent residents aged 60 and above in Beijing exceeded 20% for the first time, officially entering a moderately ageing society. In 2022, the proportion of permanent residents aged 60 and above in Beijing reached 21.3%, which was 1.5 percentage points higher than the national average, further deepening the ageing population. The development level of Beijing's economy and residents' income is relatively high, ranking first among provincial-level regions in China, and residents have strong purchasing power and high service requirements for elderly care services.

In recent years, the Chinese government has proposed to actively respond to the aging population, and the healthcare industry, as an industrial integration to implement major strategies, is regarded as a new engine to promote the well-being of people and the adjustment of industrial structure, and is also regarded as a "big prescription" for the construction of a healthy China. Therefore, the elderly care industry has become one of the key support directions of national policies, and the central and local governments have intensively introduced various supporting policies for the elderly care industry.

In January 2024, the General Office of the State Council issued the No. 1 Notice on the Opinions on the Development of the Silver Economy and the Improvement of the Well-being of the Elderly (《關於發展銀髮經濟增進老年人福祉的意見》), proposing to promote the synergy of the healthcare industry, accelerate the scale, standardisation, clustering and brand-oriented development of the silver economy, so that the elderly can share the development achievements and enjoy the happiness in the old age. It points out that (i) optimising elderly health services. Our country will strengthen the construction of geriatrics in general hospitals and traditional Chinese medicine hospitals, improve the level of geriatric disease prevention and control, and promote the transformation of scientific research achievements in the field of geriatric health; (ii) improving elderly care services. Our country will guide local governments to provide differentiated subsidies for ordinary and nursing beds in elderly care institutions, strengthen the construction and transformation of elderly care institutions to enhance their care service capabilities for disabled elderly people, and appropriately add special care areas for the elderly with cognitive impairment; and (iii) promoting the development of industrial clusters. In some regions such as Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu, Chongqing, it is planned to deploy about 10 high-level industrial parks of silver economy to promote cross-regional and international cooperation in the field of silver economy.

On April 28, 2024, the General Office of the People's Government of Hebei Province issued the Several Measures to Support the Development of the Healthcare Industry in Hebei Province (《河北省支持康養產業發展若干措施》), focusing on the theme of promoting the extension of Beijing-Tianjin elderly care projects to Hebei. It clearly aims to attract more elderly people from Beijing and Tianjin to Hebei for healthcare, assisting the high-quality development of Hebei's healthcare industry. Based on financial support, land guarantees, medical services, talent cultivation, and supporting facilities, it proposes 20 policy measures to support the development of the healthcare industry.

Tianbao Jingbei Health City

The Group seized the opportunity of the aging population in Beijing and the elderly healthcare industry in Beijing undertaken by Hebei Province, and therefore, decided to transform Jingbei Health City into a comprehensive Continuing Care Retirement Community, contributing to the integration of Beijing-Tianjin-Hebei healthcare.

The project is located in Tumu Village, Tumu Town, Yanshan Cultural New City, Huailai County, Hebei Province, adjacent to Guanting Lake to enjoy unique and spectacular scenery and within easy reach of Beijing-Xizang Expressway, Beijing-Xinjiang Expressway, Beijing-Chongli Expressway, 110 National Highway and Beijing-Zhangjiakou High-speed Railway to enjoy the capital's half-an-hour life circle. The project will consist of four major components, namely hospitals, nursing centres, elderly care communities and elderly care science and technology industrial zones. A Continuing Care Retirement Community will be established to enable the elderly to continue living in a familiar environment and receive care services corresponding to their physical condition when their health conditions and self-care ability change by providing them with self-care, device-aide and nursing-care integrated living facilities and services. The project has a site area of approximately 200,000 sq.m.; the hospital has a total GFA of approximately 55,700 sq.m., and the nursing centres and the elderly care centres have a total GFA of approximately 450,000 sq.m.. It is expected to provide 350 beds for medical treatment and 8,500 beds for the elderly healthcare. The total investment of the project is approximately RMB2.55 billion, of which as of June 30, 2024, approximately RMB1.04 billion has been invested. The project will be constructed in two phases, with the first phase comprising hospitals, 5 nursing centres and 13 blocks of elderly care community residence and the second phase including 21 blocks of elderly care community residence. Currently, the first phase of hospitals, 5 nursing centres and the part of the 13 blocks of elderly care community residence have been finished. It is expected to commence business in the fourth quarter of 2024, providing 350 beds for medical treatment and 4,000 beds for the elderly healthcare, as well as hospital visits and care services for the elderly. Construction of the second phase is planned to commence in the first quarter of 2025 and is expected to be completed by the end of 2025 to mid-2026. Jingbei Health City is committed to building the project into the largest mid-to-high-end healthcare industrial city in northwest Beijing.

FINANCIAL REVIEW

1. Revenue

The revenue of the Group was primarily derived from two business segments: (i) construction contracting business; and (ii) property development business. Total revenue decreased by 13.0% from approximately RMB944 million for the 2023 Corresponding Period to approximately RMB821 million for the Reporting Period, mainly due to the promotional policies adopted for the property business and the decrease in areas of properties delivered as compared to the 2023 Corresponding Period, resulting in the decrease in the revenue from properties development business during the Reporting Period as compared to the 2023 Corresponding Period.

1.1 Construction contracting business

The revenue of the Group's construction contracting business was primarily derived from the provision of construction contracting services mainly as a general contractor for building construction projects, and industrial, commercial and infrastructure construction projects.

The overall revenue from the Group's construction contracting business remained stable. During the Reporting Period, revenue reached RMB707 million.

1.2 Property development business

The Group's revenue from the property development business comprises sales of properties and rental income. Revenue from sales of properties is recognised only after properties have been sold to purchasers and after satisfying the requirements for delivery as stipulated in the purchase agreements. Consistent with industry practice, the Group usually enters into purchase agreements with purchasers while the properties are under development and fulfill the conditions for presales in accordance with PRC laws and regulations.

The aggregate GFA delivered decreased from 39,886 sq.m. for the 2023 Corresponding Period to 28,645 sq.m. for the Reporting Period and the recognised revenue decreased from approximately RMB212 million for the 2023 Corresponding Period to approximately RMB114 million for the Reporting Period. During the Reporting Period, no major projects were ready for delivery.

The rental income of the Group was primarily derived from lease of commercial investment properties. The Group holds these commercial investment properties for capital appreciation and leases them to generate rental income. As at June 30, 2024, the Group held one commercial investment property, Baoxin International Building and Tianbao Plaza, a shopping mall, which had a total rentable GFA of 78,700 sq.m..

2. Cost of sales

The Group's costs of sales primarily represent the costs incurred in the construction contracting service rendered by the Group and the costs of property development and sales. The cost for construction contracting services primarily includes labor costs, raw material costs, machinery costs, subcontracting costs and other costs. The cost for property development business primarily includes land costs, construction costs and rent costs.

The Group's cost of sales decreased from approximately RMB854 million for the 2023 Corresponding Period to approximately RMB786 million during the Reporting Period, representing a decrease of 8.0%, which was in line with the changes of construction contracting business and property development business of the Group.

3. Gross profit and gross profit margin

The Group's gross profit decreased from approximately RMB90 million for the 2023 Corresponding Period to approximately RMB35 million for the Reporting Period. Gross profit margin decreased from 9.6% for the 2023 Corresponding Period to approximately 4.3% for the Reporting Period. Gross profit margin of the construction contracting business remained stable at approximately 6.0%.

4. Selling and distribution expenses

The Group's selling and distribution expenses primarily consist of (i) advertising, marketing and business development expenses; and (ii) staff costs in relation to our sales personnel.

Most of the selling and distribution expenses were capitalised to property development projects during the Reporting Period.

5. Administrative expenses

The Group's administrative expenses primarily consist of staff costs in relation to the Group's administrative personnel, office expenses, depreciation and amortisation, travelling and entertainment expenses and other expenses.

The Group's administrative expenses increased by 8.6% from approximately RMB28 million for the 2023 Corresponding Period to approximately RMB30 million for the Reporting Period. Staff costs (including Directors' remuneration) amounted to approximately RMB13 million during the Reporting Period (for the 2023 Corresponding Period: approximately RMB10 million).

6. Finance costs

The Group's finance costs primarily represent interest expenses on bank and other borrowings less the capitalised cost of interest on relevant borrowings incurred for property development.

The Group's finance costs increased by 29.2% from RMB29 million for the 2023 Corresponding Period to RMB38 million for the Reporting Period.

7. Income tax expenses

The Group's income tax expenses include payments and provisions made for corporate income tax and LAT by the PRC subsidiaries of the Group.

The Group's income tax expenses decreased by RMB5 million from approximately RMB9 million for the 2023 Corresponding Period to approximately RMB4 million for the Reporting Period, which was mainly due to the decrease in the Group's provision of taxable profit and LAT derived from the construction contracting business and property development business.

8. Underlying loss for the Reporting Period

Due to the reasons above, the Group's underlying loss for the Reporting Period amounted to approximately RMB28 million (for the 2023 Corresponding Period: underlying profit of RMB26 million).

LIQUIDITY, FINANCE AND CAPITAL

The Group has historically met its liquidity requirements through cash flows from operations and bank borrowings. The Group's primary liquidity requirements are to finance working capital, fund capital expenditures and provide capital for the growth and expansion of operations. The Group expects these sources to continue to be its principal sources of liquidity.

1. Cash position

As at June 30, 2024, the Group's total pledged deposits, cash and cash equivalents amounted to approximately RMB483 million (December 31, 2023: approximately RMB437 million), which are denominated in RMB and Hong Kong dollar respectively, including pledged deposits of approximately RMB121 million as of June 30, 2024 (December 31, 2023: approximately RMB249 million).

2. Future plans for material investments and capital assets

As of the date of this announcement, the Group did not have any major future investment plans. The relevant major investment plan will be announced in a timely manner if the Group thinks fit.

3. Significant investments held

As at June 30, 2024, the Group did not hold any significant investments.

4. Debts and pledge of assets

The table below sets out the maturity of the interest-bearing bank and other borrowings of the Group as of the dates indicated:

	As of June 30, 2024			As of December 31, 2023		
	Effective interest rate (%)	Maturity (unaudited)	RMB'000	Effective interest rate (%)	Maturity (audited)	RMB'000
Current						
Secured other loans	12.0	Overdue	246,694	12.0	Overdue	274,390
Unsecured other loans	12.0	Overdue	35,594	12.0	Overdue	35,172
Current portion of secured long-term bank borrowings	5.25-8.70	2024-2025	612,000	5.25-6.65	2024	231,000
			894,288			540,562
Non-current						
Secured bank borrowings	3.35-6.65	2026-2041	507,000	5.25-8.70	2025-2026	505,000
			1,401,288			1,045,562

The table below sets out the maturity of the interest-bearing bank and other borrowings of the Group as of the dates indicated:

	As of June 30, 2024 RMB'000 (unaudited)	As of December 31, 2023 RMB'000 (audited)
Analysed into:		
Bank and other borrowings repayable:		
Within one year or on demand	894,288	540,562
In the second year	74,000	503,000
In the third to fifth years, both inclusive	38,000	2,000
Over five years	395,000	–
	1,401,288	1,045,562

The Group's interest-bearing bank and other borrowings of approximately US\$39,870,000 (equivalent to RMB282,288,000) was due on February 6, 2023, the Group is negotiating with financial institutions regarding the relevant terms of the loan extension. The Group's interest-bearing bank and other borrowings are at fixed interest rate and all denominated in RMB and U.S. dollar.

The Group's interest-bearing bank and other borrowings are secured by various assets with aggregate carrying amounts as follows:

	As of June 30, 2024 RMB'000 (unaudited)	As of December 31, 2023 RMB'000 (audited)
Investment properties	239,700	239,700
Properties under development	281,126	135,981
Property, plant and equipment	1,254,448	486,805
Right-of-use assets	7,777	7,891

5. Key financial ratios

The table below sets forth a summary of the Group's key financial ratios as of the dates indicated:

	<i>Notes</i>	As of June 30, 2024	As of December 31, 2023
Current ratio (times)	<i>1</i>	0.96	0.96
Gearing ratio (%)	<i>2</i>	142.3	103.1
Net gearing ratio (%)	<i>3</i>	93.3	60.1

Notes:

1. Current ratios were calculated based on the total current assets as of the end of the respective periods divided by the total current liabilities as of the end of the respective periods.
2. Gearing ratios were calculated by total interest-bearing bank and other borrowings as of the end of the respective periods divided by total equity as of the end of the respective periods and multiplied by 100%.
3. Net gearing ratios were calculated as total interest-bearing bank and other borrowings as of the end of the respective periods less cash and bank balances and pledged deposits as of the end of the respective periods divided by total equity as of the end of the respective periods and multiplied by 100%.

6. Capital commitments

As of June 30, 2024, the Group had capital expenditure commitments (unaudited) contracted but not provided for of approximately RMB226 million (as of December 31, 2023 (audited): approximately RMB262 million).

7. Commitments

Operating Lease Commitments

The Group as a lessor

The Group lease its investment properties under operating lease arrangements with leases negotiated from terms ranging from one to twenty years. At the end of the Reporting Period, the Group has total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As of June 30, 2024 RMB'000 (unaudited)	As of December 31, 2023 RMB'000 (audited)
Within one year	12,993	9,610
In the second to fifth years, both inclusive	52,402	34,145
After five years	55,965	7,813
	<u>121,360</u>	<u>51,568</u>

Contingent Liabilities

Mortgage guarantee

The Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB1,738.0 million (unaudited) as of June 30, 2024 (as of December 31, 2023 (audited): approximately RMB1,789.4 million). The Group's guarantee period starts from the dates of the grant of relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Directors consider that the fair value of the guarantees is not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision for the guarantees has been made during the Reporting Period.

8. Material acquisitions and disposals

There was no material acquisition and disposal of subsidiaries and assets by the Group during the Reporting Period.

9. Foreign currency risk

The Group primarily operates in the PRC. The majority of the Group's transactions were denominated and settled in RMB. Currently, the Group has not entered into any hedging activities aimed at or intended to manage our exposure to foreign exchange risk and did not use any financial instruments for hedging purposes. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best effort.

10. Interest rate risk

The Group's interest rate risk arises from interest-bearing bank deposits and bank and other borrowings. Bank deposits and bank and other borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank and other borrowings bearing an interest at fixed rates expose the Group to fair value interest rate risk.

OTHERS

Employees and remuneration policies

The emolument of the Group's employees is mainly determined based on prevailing market level of remuneration and the individual performance and work experience of employees.

The remuneration policies of the executive Directors and senior management of the Company are determined with reference to various factors including (i) the Group's actual operation; (ii) the remuneration levels of industry peers; (iii) position and duty of the executive Directors; and (iv) adjustment of organisational structure and others, and are reviewed annually in order to offer a reasonable remuneration package to attract, retain and motivate the Directors and senior management to serve the Group. The fee of the independent non-executive Directors is determined with reference to their respective duties and responsibilities in the Company and is reviewed annually.

During the Reporting Period, the Group's total staff costs (excluding the remuneration of the Directors and senior management) amounted to approximately RMB8.7 million (for the 2023 Corresponding Period: approximately RMB5.9 million), including salaries, wages, allowances and benefits.

The Group's long-term growth depends on the expertise and experience of our employees. The Group mainly recruits employees through on-campus recruitment, experienced hire and online recruitment.

In addition, the Group has adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's continual operation and development.

As at June 30, 2024, the Group had a total of 372 employees (as at June 30, 2023: 307 employees). The Group has established a comprehensive training system for our employees, based on their responsibilities, covering professional knowledge, technical, operational and managerial skills, corporate culture, internal control and other areas. Such programs are designed to foster career development for our employees and thus to invest in the future of the Group's human resources.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events since the end of the Reporting Period.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend during the Reporting Period (for the 2023 Corresponding Period: Nil).

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company and any of its subsidiaries did not purchase, sell or redeem any securities of the Company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had adopted the principles and code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and has complied with all code provisions in the Corporate Governance Code during the Reporting Period, except for the deviation from provision C.2.1 of the Corporate Governance Code.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Li Baotian has been serving as the chairman of the Board and the chief executive officer of the Company during the Reporting Period. However, the Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group.

The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as a code for the Directors to deal in securities of the Company.

After making specific enquiries to all Directors, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Li Xu, Mr. Hou Liang and Mr. Li Qingxu. The chairman of the Audit Committee is Mr. Li Xu, who is with appropriate accounting and related financial management expertise. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended June 30, 2024. The Audit Committee confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.chinatbjt.com. The 2024 interim report of the Company with all the information as required by the Listing Rules will be despatched to the shareholders of the Company (the “**Shareholders**”) and will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Group would like to express its sincere gratitude to all Shareholders, customers and business partners for their continuing support, and wishes to sincerely thank all employees for their outstanding contribution to the development of the Group. The Group will continue to deliver sustainable business development, so as to create more values for all Shareholders.

By order of the Board
China Tianbao Group Development Company Limited
Li Baotian
Chairman of the Board and Executive Director

Hong Kong, August 21, 2024

As at the date of this announcement, the executive directors of the Company are Mr. Li Baotian, Ms. Shen Lifeng, Ms. Wang Xinling, Mr. Li Yaruixin, Ms. Wang Huijie and Mr. Zang Lin; and the independent non-executive directors of the Company are Mr. Hou Liang, Mr. Li Qingxu and Mr. Li Xu.