禹洲
禹洲集團控股有限公司
YUZHOU GROUP HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Equity Stock Code: 01628)
(Debt Security Stock Codes: 40043, 40159, 40079, 40112, 40343, 40517 and 05287)

INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

The board of directors (the "Board") of Yuzhou Group Holdings Company Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group" or "Yuzhou Group") for the six-month period ended 30 June 2024 (the "Period"). These interim results have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". These interim results have also been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

1. Contracted sales achieved RMB4,346.24 million for the six-month period ended 30 June 2024, decreased by 62.77% on a period-on-period basis.

2. Revenue decreased by 48.92% from RMB12,486.36 million for the six-month period ended 30 June 2023 to RMB6,377.54 million for the six-month period ended 30 June 2024.

3. Loss attributable to owners of the parent was RMB6,255.98 million for the six-month period ended 30 June 2024 compared to loss attributable to owners of the parent of RMB6,362.95 million for the six-month period ended 30 June 2023.

4. The Board resolved not to recommend the payment of interim dividend for the six-month period ended 30 June 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2024

	Notes	For the six-month period ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	*3*	**6,377,536**	12,486,364
Cost of sales		**(6,269,505)**	(12,286,399)
Gross profit		**108,031**	199,965
Fair value loss on investment properties, net		**(346,271)**	(2,290,225)
Other income and gains	*3*	**31,708**	57,631
Selling and distribution expenses		**(135,754)**	(157,977)
Administrative expenses		**(201,699)**	(377,907)
Other expenses		**(186,430)**	(561,088)
Write-down of properties held for sale and properties under development to net realisable value		**(3,300,538)**	(3,123,369)
Impairment of investments in joint ventures and associates		**(109,451)**	(70,392)
Impairment of other receivables		**(1,564,173)**	(1,024,538)
Remeasurement of financial guarantee contracts		**(177,084)**	(187,113)
Finance costs	*5*	**(1,898,184)**	(1,635,835)
Share of profits and losses of joint ventures		**45,070**	29,764
Share of profits and losses of associates		**(155,334)**	(43,083)
LOSS BEFORE TAX	*6*	**(7,890,109)**	(9,184,167)
Income tax (expense)/credit	*7*	**(122,692)**	150,702
LOSS FOR THE PERIOD		**(8,012,801)**	(9,033,465)
Attributable to:			
Owners of the parent		**(6,255,983)**	(6,362,952)
Non-controlling interests		**(1,756,818)**	(2,670,513)
		(8,012,801)	(9,033,465)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB cents per share)*	*9*	**(97.79)**	(99.38)
Diluted *(RMB cents per share)*	*9*	**(97.79)**	(99.38)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2024

	For the six-month period ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(8,012,801)**	(9,033,465)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(307,178)**	(1,801,148)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in financial assets at fair value through other comprehensive income	**–**	(30,154)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(307,178)**	(1,831,302)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(8,319,979)**	(10,864,767)
Attributable to:		
Owners of the parent	**(6,563,161)**	(8,194,254)
Non-controlling interests	**(1,756,818)**	(2,670,513)
	(8,319,979)	(10,864,767)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,451,779**	2,474,948
Investment properties		**11,992,400**	12,339,900
Goodwill		**–**	65,963
Investments in joint ventures		**2,221,557**	2,373,722
Investments in associates		**5,157,091**	5,509,165
Financial assets at fair value through profit or loss		**5,100**	5,100
Financial assets at fair value through other comprehensive income		**6,367**	6,367
Deferred tax assets		**820,524**	1,050,453
Total non-current assets		**22,654,818**	23,825,618
CURRENT ASSETS			
Land held for property development for sale		**1,624,455**	1,624,455
Properties under development		**26,749,273**	29,607,234
Properties held for sale		**10,585,258**	15,734,875
Prepayments, other receivables and other assets		**26,485,016**	31,006,494
Prepaid corporate income tax		**543,106**	609,984
Prepaid land appreciation tax		**880,555**	959,254
Financial assets at fair value through profit or loss		**434,109**	240,813
Restricted cash		**2,157,274**	1,368,808
Cash and cash equivalents		**1,404,115**	3,773,803
Total current assets		**70,863,161**	84,925,720
CURRENT LIABILITIES			
Contract liabilities		**8,560,258**	12,069,626
Trade payables	*10*	**7,873,742**	10,118,689
Other payables and accruals		**21,867,711**	21,492,041
Interest-bearing bank and other borrowings		**5,846,134**	7,178,115
Corporate bonds	*11*	**675,000**	1,412,500
Senior notes	*12*	**38,999,366**	38,719,873
Corporate income tax payables		**1,848,124**	1,985,197
Provision for land appreciation tax		**1,392,045**	1,547,433
Total current liabilities		**87,062,380**	94,523,474
NET CURRENT LIABILITIES		**(16,199,219)**	(9,597,754)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,455,599**	14,227,864

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**5,719,821**	5,433,869
Corporate bonds	*11*	**2,425,000**	1,800,000
Deferred tax liabilities		**1,790,799**	1,934,018
Total non-current liabilities		**9,935,620**	9,167,887
Net (liabilities)/assets		**(3,480,021)**	5,059,977
EQUITY			
Capital and reserves attributable to owners of the parent			
Issued capital		**559,947**	559,947
Senior perpetual securities		**1,911,986**	1,911,986
Reserves		**(8,732,856)**	(2,039,836)
		(6,260,923)	432,097
Non-controlling interests		**2,780,902**	4,627,880
(Capital deficiency)/total equity		**(3,480,021)**	5,059,977

1. CORPORATE AND GROUP INFORMATION

Yuzhou Group Holdings Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

During the period, the Company and its subsidiaries were principally engaged in property development, property investment, property management and hotel operations in the mainland of the People's Republic of China (the "PRC" or "Mainland China") and Hong Kong.

In the opinion of the directors of the Company (the "Directors"), Mr. Lam Lung On and Ms. Kwok Ying Lan, both being directors of the Company, are considered as the controlling shareholders of the Company.

2.1 BASIS OF PRESENTATION

The condensed consolidated financial statements for the six-month period ended 30 June 2024 has been prepared under the going concern basis. The Group was not able to make payments of principal and interest on certain senior notes when they became due and upon the expiry of the relevant grace period, and as a result an event of default has occurred in respect of such senior notes. The holders of such senior notes may, subject to the conditions under the relevant indentures governing such senior notes, demand immediate redemption of the senior notes, which may further trigger cross default of the Group's other senior notes. Hence, the Group has reclassified all senior notes to current liabilities as at the period end date. The Group's interest-bearing bank and other borrowings, corporate bonds and senior notes with an aggregate principal amount of RMB53,665,321,000 while cash and cash equivalent of RMB1,404,115,000 only, the Group also reported a net decrease in cash and cash equivalent of RMB2,369,688,000 for the six-month period ended 30 June 2024. The Group incurred a loss attributable to owners of the parent of RMB6,255,983,000 for the six-month period ended 30 June 2024 and, as of that date, the Group had net current liabilities and net liabilities of RMB16,199,219,000 and RMB3,480,021,000 respectively. In view of the above, the Group is implementing a debt restructuring plan, which includes the following plans and measures, to enable the Group to have sufficient financial resources to meet its financial obligations as and when they fall due:

(a) The Company and members of the Ad Hoc Group (the "AHG"), together with their respective advisors, have been engaging in constructive dialogue for the purposes of implementing a holistic restructuring of the Group's offshore indebtedness (the "Proposed Restructuring") through a scheme of arrangement (or parallel schemes of arrangement) (the "Schemes"). Since 8 February 2024, the date on which the Company and the AHG entered into the restructuring support agreement (the "RSA"), and up to the date of results announcement for the period ended 30 June 2024 (the "Announcement"), creditors representing over 84% of the existing notes (the "Scheme Creditors") have acceded to the RSA.

    The Company and the Majority Initial Consenting Creditors (as defined in the RSA) entered into an amendment deed ("Amendment Deed") dated 10 July 2024 whereby the parties have agreed to amend the RSA and the Term Sheet ("Revised Term Sheet") to include certain loans under which the Company is a borrower as detailed in the Revised Term Sheet ("Existing Loans") into the Proposed Restructuring and the Schemes. Save for the inclusion of the Existing Loans into the Proposed Restructuring and the Schemes, the economic terms of the Proposed Restructuring remain substantially unchanged.

    At the convening hearing in respect of the Schemes in Cayman Island and Hong Kong on 2 August 2024 and 16 August 2024, respectively, the Grand Court of the Cayman Islands (the "Cayman Court") and the Court of First Instance of the High Court of Hong Kong Special Administrative Region (the "Hong Kong Court") have directed that meetings of the Scheme Creditors are to be held for the purpose of considering and, if thought fit, approving the Schemes to be made between the Company and the Scheme Creditors (the "Scheme Meetings"). The Company proposes to convene the Scheme Meetings on 12 September 2024 and the substantive hearings of the petition at which the Hong Kong Court and the Cayman Court will determine whether or not to sanction the scheme to be held on 24 September 2024 and 30 September 2024, respectively.

As at the date of this announcement, the Proposed Restructuring has not yet become effective.

The Proposed Restructuring entails a significant deleveraging of the Group's offshore indebtedness, which will enable the Company to achieve a sustainable capital structure to cope with its business operations in the long-term, and de-risk the Group's ongoing operations. The Group will work with its financial and legal advisors to complete the remaining implementation steps to give effect to the Proposed Restructuring prior to the longstop date; and

(b) the Group has been in the process of implementing an asset disposal plan for investment properties to generate additional cash inflows. In addition, the Group has implemented cost control measures and minimized capital expenditures to preserve liquidity for on-going development of its existing property development projects.

Accordingly, the Directors consider that, taking into account the above-mentioned plans and measures and their progress, it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to cure its default on payment of its debt and have sufficient financial resources to meet its obligation as they fall due for at least the next twelve months from the date of approval of the consolidated financial statements.

2.2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2023.

2.3 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*

The application of these amendments to HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six-month period ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers:		
Sales of properties	**6,128,391**	12,142,886
Rental income from investment properties	**122,619**	127,700
Property management fee income	**125,423**	208,771
Hotel operation income	**1,103**	7,007
	6,377,536	12,486,364
Other income and gains		
Bank interest income	**27,398**	24,685
Others	**4,310**	32,946
	31,708	57,631

4. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the property management segment engages in the provision of property management services;

(d) the hotel operation segment engages in the operation of hotels; and

(e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's loss before tax except that interest income and finance costs are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six-month period ended 30 June 2024

	Property development *RMB'000* (Unaudited)	Property investment *RMB'000* (Unaudited)	Property management *RMB'000* (Unaudited)	Hotel operation *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
Sales to external customers	**6,128,391**	**122,619**	**125,423**	**1,103**	**–**	**6,377,536**
Other income and gains	**3,336**	**631**	**17**	**–**	**326**	**4,310**
Total	**6,131,727**	**123,250**	**125,440**	**1,103**	**326**	**6,381,846**
Segment results	**(5,849,235)**	**(291,290)**	**117,917**	**954**	**2,331**	**(6,019,323)**
Reconciliation:						
Interest income						**27,398**
Finance costs						**(1,898,184)**
Loss before tax						**(7,890,109)**
Income tax expense						**(122,692)**
Loss for the period						**(8,012,801)**

For the six-month period ended 30 June 2023

	Property development *RMB'000* (Unaudited)	Property investment *RMB'000* (Unaudited)	Property management *RMB'000* (Unaudited)	Hotel operation *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
Sales to external customers	12,142,886	127,700	208,771	7,007	–	12,486,364
Other income and gains	32,046	638	167	32	63	32,946
Total	12,174,932	128,338	208,938	7,039	63	12,519,310
Segment results	(7,658,290)	44,237	68,295	1,510	(28,769)	(7,573,017)
Reconciliation:						
Interest income						24,685
Finance costs						(1,635,835)
Loss before tax						(9,184,167)
Income tax credit						150,702
Loss for the period						(9,033,465)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about a major customer

During the six-month periods ended 30 June 2024 and 2023, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six-month period ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans, other loans, corporate bonds and senior notes	**2,132,214**	1,889,769
Less: Interest capitalised	**(234,030)**	(253,934)
	1,898,184	1,635,835

6. LOSS BEFORE TAX

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

	For the six-month period ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**6,185,653**	12,134,777
Cost of services provided	**79,071**	151,622
Depreciation	**25,945**	26,840
Loss on disposal of a joint venture*	**–**	30,742
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	**59,238**	95,590
Equity-settled share option expenses	**3,185**	4,440
Retirement benefit scheme contributions	**10,242**	12,620
Less: amount capitalised	**(9,192)**	(19,122)
	63,473	93,528
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**6,016**	21,151
Impairment of goodwill*	**65,963**	–
Exchange loss*	**41,431**	498,336

* These items are included in "Other expenses" in the condensed consolidated statement of profit or loss.

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the period as the Group has no assessable profits generated during the period (six-month period ended 30 June 2023: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for each of the six-month periods ended 30 June 2024 and 2023.

An analysis of the income tax charge/(credit) for the period is as follows:

	For the six-month period ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current:		
PRC corporate income tax	**103,346**	273,099
Over provision in prior years	**(78,718)**	–
PRC land appreciation tax	**11,354**	193,637
	35,982	466,736
Deferred:		
Current period	**86,710**	(617,438)
Total tax charge/(credit) for the period	**122,692**	(150,702)

8. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six-month periods ended 30 June 2024 and 2023.

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

The calculation of the basic loss per share amount for the periods ended 30 June 2024 and 2023 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares of 6,543,909,500 (six-month period ended 30 June 2023: 6,543,909,500) in issue less the weighted average number of shares of 10,324,504 (six-month period ended 30 June 2023: 10,324,504) held under the share award scheme.

The calculation of the diluted loss per share amount for the six-month period ended 30 June 2024 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	For the six-month period ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the parent	**(6,255,983)**	(6,362,952)
Distribution related to senior perpetual securities	**(133,044)**	(130,196)
Loss used in the basic and diluted loss per share calculations	**(6,389,027)**	(6,493,148)

	Number of shares For the six-month period ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period used in the basic loss per share calculation	**6,533,584,996**	6,533,584,996
Weighted average number of ordinary shares in issue during the period, used in the diluted loss per share calculation	**6,533,584,996**	6,533,584,996

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the due date, is as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Due within 1 year or on demand	**4,276,170**	7,302,454
Due within 1 to 2 years	**3,597,572**	2,816,235
	7,873,742	10,118,689

The trade payables are non-interest-bearing and unsecured.

11. CORPORATE BONDS

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Corporate bonds due in 2024	**1,075,000**	1,075,000
Corporate bonds due in 2025	**2,025,000**	2,137,500
	3,100,000	3,212,500
Portion classified as current liabilities	**(675,000)**	(1,412,500)
Non-current liabilities	**2,425,000**	1,800,000

Included in the above are bonds in an aggregate principal amount of:

(i) RMB2,000,000,000 corporate bonds due in 2024 issued by a subsidiary of the Company in April 2019 (the "6.5% Corporate Bonds"). The 6.5% Corporate Bonds have a term of five years and bear interest at a rate of 6.5% per annum. The 6.5% Corporate Bonds are unsecured. At the end of the second, third and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. In April 2021, the coupon rate was adjusted to 6.98% per annum. During the year ended 31 December 2023, a Chinese state-owned asset management company made a redemption for a 6.5% Corporate Bonds with a principal amount of RMB925,000,000. In April 2024, the coupon rate was adjusted to 6% per annum, and the Group obtained approval from the respective bondholders of the 6.5% Corporate Bonds for the extension of the maturity date. According to the related extension arrangement, the Group is required to settle 15% of the outstanding principal in 2026 and the remaining 85% of the outstanding principal in 2027, therefore the remaining balance RMB1,075,000,000 as at 30 June 2024 are classified as non-current liabilities as at 30 June 2024. The 6.5% Corporate Bonds were classified as current liabilities as at 31 December 2023.

(ii) RMB1,500,000,000 corporate bonds due in 2025 issued by a subsidiary of the Company in July 2020 (the "6.5% Corporate Bonds II"). The 6.5% Corporate Bonds II have a term of five years and bear interest at a rate of 6.5% per annum. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2022 and 2023, the Group repaid RMB75,000,000 and RMB356,250,000 of the corporate bonds respectively. During the reporting period, the Group has repaid RMB56,250,000 of the corporate bonds and the remaining balance is RMB1,012,500,000 as at 30 June 2024. In July 2023, the Group has agreed to change repayment terms with respective bondholders in which the balance of RMB337,500,000 6.5% Corporate Bonds II are becoming due before 30 June 2025 and therefore classified as current liabilities as at 30 June 2024, while the remaining balance of RMB225,000,000, RMB225,000,000 and RMB225,000,000 are becoming due in July 2025, January 2026 and July 2026, respectively, which are classified as non-current liabilities as at 30 June 2024. The 6.5% Corporate Bond II are pledged over the Group's equity interest in certain subsidiaries. The balance of RMB168,750,000 and RMB900,000,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2023.

(iii) RMB1,500,000,000 corporate bonds due in 2025 issued by a subsidiary of the Company in September 2020 (the"6.5% Corporate Bonds III"). The 6.5% Corporate Bonds III have a term of five years and bear interest at a rate of 6.5% per annum. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2022 and 2023, the Group repaid RMB75,000,000 and RMB356,250,000 of the corporate bonds respectively. During the reporting period, the Group has repaid RMB56,250,000 of the corporate bonds and the remaining balance is RMB1,012,500,000 as at 30 June 2024. In July 2023, the Group has agreed to change of repayment terms with respective bondholders in which the balance of RMB337,500,000 6.5% Corporate Bonds II are becoming due before 30 June 2025 and therefore classified as current liabilities as at 30 June 2024, while the remaining balance of RMB225,000,000, RMB225,000,000 and RMB225,000,000 are becoming due in September 2025, March 2026 and September 2026, respectively, which are classified as non-current liabilities as at 30 June 2024. The 6.5% Corporate Bond III are pledged over the Group's equity interest in certain subsidiaries. The balance of RMB168,750,000 and RMB900,000,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2023.

12. SENIOR NOTES

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
2016 Senior Notes-6%	**6.26**	**2023**	**1,781,597**	6.26	2023	1,769,734
2017 Senior Notes-6%	**6.35**	**2022**	**83,692**	6.35	2022	83,135
2019 Senior Notes-8.625%	**9.40**	**2022**	**102,912**	9.40	2022	102,227
2019 Senior Notes I-8.5%	**8.81**	**2023**	**3,563,194**	8.81	2023	3,539,469
2019 Senior Notes II-8.5%	**8.85**	**2024**	**3,563,194**	8.85	2024	3,537,638
2019 Senior Notes-6%	**7.74**	**2023**	**2,850,555**	7.74	2023	2,831,575
2019 Senior Notes-8.375%	**8.63**	**2024**	**3,560,451**	8.63	2024	3,532,547
2019 Senior Notes-8.3%	**8.56**	**2025**	**3,489,968**	8.56	2025	3,462,488
2020 Senior Notes-7.375%	**7.52**	**2026**	**4,536,672**	7.52	2026	4,503,615
2020 Senior Notes-7.7%	**7.87**	**2025**	**2,847,525**	7.87	2025	2,826,319
2020 Senior Notes-7.85%	**8.01**	**2026**	**2,095,478**	8.01	2026	2,080,451
2021 Senior Notes-6.35%	**6.36**	**2027**	**3,954,312**	6.36	2027	3,924,604
2021 Senior Notes-8.5%	**18.06**	**2022**	**819,535**	18.06	2022	814,078
2021 Senior Notes-9.95%	**14.06**	**2023**	**1,275,623**	14.06	2023	1,267,130
2021 Senior Notes-12%	**14.66**	**2023**	**712,639**	14.66	2023	707,894
2022 Senior Notes-7.8125%	**10.07**	**2023**	**3,762,019**	10.07	2023	3,736,969
			38,999,366			38,719,873
Portion classified as current liabilities			**(38,999,366)**			(38,719,873)
No-current portion			**–**			–

Notes: During the six-month period ended 30 June 2024, the Group failed to pay off a US$227,147,000 (equivalent to RMB1,618,735,000) senior notes' interest and non-payment of senior notes with principal in total of US$500,000,000 (equivalent to RMB3,563,194,000). As of 30 June 2024, the Group failed to pay off a US$1,066,051,000 (equivalent to RMB7,597,096,000) senior notes' interest and non-payment of senior notes with principal in total of US$2,598,085,000 (equivalent to RMB18,514,960,000). Such non-payment of interest or overdue principal have caused an event of default under the senior notes agreements. As a result, all note holders have right to demand immediate repayment of the principal and accrued interest. As at 30 June 2024, all senior notes are classified as current liabilities.

13. EVENTS AFTER THE REPORTING PERIOD

On 10 July 2024, the Company and the Majority Initial Consenting Creditors (as defined in the RSA) entered into an amendment deed whereby the parties have agreed to amend the RSA and Revised Term Sheet to include Existing Loans into the Proposed Restructuring and the Schemes. Save for the inclusion of the Existing Loans into the Proposed Restructuring and the Schemes, the economic terms of the Proposed Restructuring remain substantially unchanged.

At the convening hearing in respect of the Schemes in Cayman Island and Hong Kong on 2 August 2024 and 16 August 2024, respectively, the Cayman Court and the Hong Kong Court have directed that meetings of the Scheme Creditors are to be held for the purpose of considering and, if thought fit, approving the Schemes to be made between the Company and the Scheme Creditors. The Company proposes to convene the Scheme Meetings on 12 September 2024 and the substantive hearings of the petition at which the Hong Kong Court and the Cayman Court will determine whether or not to sanction the scheme to be held on 24 September 2024 and 30 September 2024, respectively.

Further details are set out in the Company's announcements dated 11 July 2024, 16 July 2024, and 21 August 2024, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

In the first half of 2024, the performance of the real estate market remained relatively sluggish, witnessing a further decline in the transaction volume of commodity housing as compared to the same period of last year, along with ongoing high downward pressure. In the first quarter, influenced by the Chinese New Year holiday and compounded by the insufficient appeal of the "short-lived resurgence" in March, the overall transaction volume of commodity housing shrank. In the second quarter, following the establishment of market-stabilizing policies and the implementation of a series of favorable real estate measures, the market witnessed a resurgence from late May to mid-June. However, the performance still fell below market expectations, with weak momentum afterward and insufficient support for growth. The overall market expectations were pessimistic, while the cautious and conservative attitude of home buyers heightened.

In the first half of this year, the gross domestic product recorded a 5.0% period-on-period growth. The overall macroeconomic performance was relatively stable, while there were disparities in development levels across different. The tier-1 and tier-2 cities with sustained positive economic growth maintained a steady and robust resurgence in the real estate market. For example, cities with relatively high economic development levels, such as Beijing, Shanghai, Guangzhou, Shenzhen and Hangzhou, led the recovery in online signing amount of commodity housing. In contrast, cities with relatively low economic development levels did not show an obvious trend of improvement, widening the gap in performance among cities. From the perspective of customer groups, home buyers accounted for a significant portion were the improvement-oriented demand clients, whereas the percentage of purchasers seeking first homes showed a gradual decline. On the one hand, customers pursuing improvements usually have a stable economic foundation, making them less vulnerable to economic fluctuations. After the release of new favorable policies, the effect on this group was obvious. On the other hand, the rigid demand group was more price-sensitive and heavily influenced by economic circumstances. Amid challenging market conditions, due to pessimistic expectations about future economic development, job security and income stability, they would choose to rent a house or postpone home purchases to ease financial burdens. The proportion of sales from this consumer group reduced significantly. In terms of the products sold in the first half of this year, the transaction volume of the second-hand housing presented an upward trend, reflecting the downward trend of consumers' expectations for the delivery of first-hand houses. Compared with first-hand houses, the second-hand houses offered the advantage of immediate occupancy and featured better comprehensive living facilities, leading to a growing preference among home buyers. Affected by urban development, customer differentiation and product selection, the first-hand housing market had an obvious downward trend, which resulted in relatively high pressure for inventory clearance. According to the National Bureau of Statistics, the sales of newly built commodity housing from January to June 2024 amounted to RMB4,713.3 billion with a period-on-period decrease of 25.0%, of which residential sales declined by 26.9% period-on-period.

In the first half of this year, affected by persistent sluggishness in real estate sales and financial constraints on developers, land supply shrank significantly. Property developers were in lack of enthusiasm in acquiring land, leading to a significant decrease in land transactions. Statistics showed that the total gross floor areas ("GFA") of national land transactions dropped by approximately 20.5% period-on-period during the first half of 2024.

Overall Performance

During the Period, the revenue of the Group amounted to RMB6,377.54 million. The loss amounted to RMB8,012.80 million in the first half of 2024. The capital deficiency amounted to RMB3,480.02 million. The Board does not recommend the payment of an interim dividend for the period ended 30 June 2024.

Sale of Properties

During the Period, the Group's revenue from property sales decreased by 49.53% on a period-on-period basis to RMB6,128.39 million, accounting for 96.09% of the total revenue of the Group. The Group delivered a GFA of approximately 442,612 sq.m.. The decrease of revenue from property sales was mainly attributable to the decrease in the GFA delivered during the Period. The average selling price of the properties delivered and recognized as property sales in the first half of 2024 was RMB13,846 per sq.m..

By geographic distribution, Yangtze River Delta Region, Central China Region, Southwest Region, West Strait Economic Zone, Guangdong – Hong Kong – Macao Greater Bay Area (the "Greater Bay Area") and Bohai Rim Region contributed 58.08%, 25.14%, 11.84%, 2.10%, 1.70% and 1.14% of the recognized revenue, respectively. Yangtze River Delta Region, in particular, stood as the principal contributor. Going forward, the Group will stick to its strategy of "Leading with Locality Development", facilitate synergetic development of various regions and inject more diversity into the revenue streams of the Group.

The recognized sales and GFA sold in each region in the first half of 2024 are set out in the following table:

Name of regions	**Amount**	**Saleable GFA**	**Average Selling Price (after tax)**
	(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone	128,504	23,130	5,556
Yangtze River Delta Region	3,559,622	215,586	16,511
Bohai Rim Region	70,204	8,936	7,856
Central China Region	1,540,383	111,634	13,799
Greater Bay Area	104,216	17,442	5,975
Southwest Region	725,462	65,884	11,011
Total sales of properties recognized	6,128,391	442,612	13,846

The recognized sales and GFA sold in each region in the first half of 2023 are set out in the following table:

Name of regions	**Amount** *(RMB'000)*	**Saleable GFA** *(sq.m.)*	**Average Selling Price (after tax)** *(RMB/sq.m.)*
West Strait Economic Zone	538,255	68,638	7,842
Yangtze River Delta Region	5,460,457	350,734	15,569
Bohai Rim Region	3,890,752	162,362	23,963
Central China Region	337,723	44,960	7,512
Greater Bay Area	914,049	125,404	7,289
Southwest Region	1,001,650	92,431	10,837
Total sales of properties recognized	12,142,886	844,529	14,378

During the Period, the Group's accumulated contracted sales amounted to RMB4,346.24 million. The GFA of contracted sales amounted to 279,311 sq.m. and the contracted average selling price was approximately RMB15,561 per sq.m..

The Yangtze River Delta Region recorded contracted sales of RMB1,927.30 million in the first half of 2024, accounting for 44.34% of the Group's total contracted sales and remained the larger contributor to the contracted sales of the Group. In particular, Shanghai, Hangzhou, Hefei, Suzhou, Wuxi and Yangzhou constituted the core cities of our footprint in this region, contributing aggregate contracted sales of RMB1,392.21 million, which fully demonstrated the Group's stellar performance in its locality development strategy in the Yangtze River Delta Region. The total contracted sales of the Greater Bay Area amounted to RMB1,295.66 million, accounting for 29.81% of the Group's total contracted sales. Such gradually increasing sales proportion reflected the advantage and achievement of Yuzhou Group's strategic footprint in the Greater Bay Area. The Southwest Region and Central China Region also contributed total contracted sales in the amount of RMB652.19 million, accounting for 15.01% of the Group's total contracted sales. The total contracted sales of the Bohai Rim Region and West Strait Economic Zone amounted to RMB471.09 million, accounting for 10.84% of the Group's total contracted sales.

During the Period, affected by the expected further decline in the economy and residents' income, coupled with the Chinese New Year holiday, the "short-lived resurgence" market transaction volume was lower than expected, resulting in a weaker market performance in the first quarter. Due to the release of macro favorable policies and the strategy of price for quality adopted by real estate enterprises, especially since the promulgation and implementation of the new policy on 17 May, the real estate sales recovered for a short time in the second quarter. However, the stimulus policies were weak subsequently and the market continued to be volatile and showed a downward trend. Confronting with the continued sluggish market conditions, Yuzhou Group made every effort to respond proactively. With its constantly improving skills, it was able to keenly capture the trends in the real estate market and adjust its marketing strategies in a timely manner in combination with the favorable policies introduced by the government, providing certain support for its sales performance.

In the meanwhile, in line with its "moderate and excellent" operation philosophy, Yuzhou Group actively explored changes in customer consumption scenarios and consumption habits, upgraded the "Yuzhou New Momentums Initiative" to "Yuzhou Star Power". It continued to upgrade and transform in terms of promotion linkage, platform transformation and image standardization. By constantly exploring the use of WeChat, Weibo, TikTok Short Video and Xiaohongshu and other platforms to promote projects, it actively expanded its digital marketing channel for customer acquisition, deeply considered and proactively explored ways for sales closing, in a view to continuously facilitate the achievement of sales targets of the Group.

The contracted sales and GFA sold in each region in the first half of 2024 are set out in the following table:

Name of regions	**Amount of Contracted Sales** *(RMB'000)*	**GFA of Contracted Sales** *(sq.m.)*	**Average Contracted Selling Price** *(RMB/sq.m.)*
West Strait Economic Zone	162,064	17,273	9,383
Yangtze River Delta Region	1,927,299	111,218	17,329
Central China Region	370,129	28,169	13,140
Greater Bay Area	1,295,656	69,976	18,516
Southwest Region	282,063	24,581	11,475
Bohai Rim Region	309,028	28,094	11,000
Total	**4,346,239**	**279,311**	**15,561**

The contracted sales and GFA sold in each region in the first half of 2023 are set out in the following table:

Name of regions	**Total Amount of Contracted Sales** *(RMB'000)*	**GFA of Contracted Sales** *(sq.m.)*	**Average Contracted Selling Price** *(RMB/sq.m.)*
West Strait Economic Zone	1,527,648	99,245	15,393
Yangtze River Delta Region	5,244,420	274,616	19,097
Central China Region	919,673	64,721	14,210
Greater Bay Area	2,180,507	129,358	16,856
Southwest Region	380,273	32,154	11,827
Bohai Rim Region	1,422,300	94,126	15,111
Total	**11,674,821**	**694,220**	**16,817**

Property Investment

The Group's property investment segment covers a variety of commercial properties and strives to shape three product lines, namely "Yu Yue" brand for shopping centers, "Yuzhou Plaza" brand for office buildings and shopping streets, so as to meet the needs of various consumption groups in cities. The Yuzhou property investment projects, whose business is mainly operated in economically developed areas such as the West Strait Economic Zone, Yangtze River Delta Region and the Greater Bay Area, currently cover areas of Shenzhen, Shanghai, Hangzhou, Xiamen, Suzhou, Nanjing, Hefei, Wuhan and Quanzhou. There were a total of 41 projects, consisting of 32 projects under operation and 9 projects in the preparation period. These projects covered a commercial area of over 1.74 million sq.m., where shopping center, office building and community business accounted for 62%, 20% and 18%, respectively.

As 2024 commenced, the consumer market experienced a notable resurgence, and the commercial real estate market also returned to an active level. In 2024, guided by the annual theme of "Brand New Young Power", Yuzhou Commercial Group ("Yuzhou Commercial") deeply interpreted the business operation and management concepts of focusing on market and consumer demands from the perspectives of fresh projects, innovative marketing and new branding, with an aim to create an exquisite business that was closer to life. At the beginning of the Year of the Dragon, Yuzhou Commercial orchestrated its first Lunar New Year Cultural Festival with the theme "Unleashing the Oriental Spirit with the Presence of the Dragon (戲出東方有龍則靈)." By introducing the notion of 'Hong Kong-style Lunar New Year Celebration (港式年味),' it crafted a street for Lunar New Year festive goods, namely the Spring Festival Couplets Street (喜帖街), created a festive art fair stopover – the Joyful House of Festivities (喜事屋), and hosted the Lunar New Year Cultural Bazaar and other activities to convey diversified and innovative commercial values. During the Lunar New Year, passenger flow surged by 109% compared to the previous period, achieving the first instance of double growth in passenger numbers in the post-epidemic era. At the same time, on various festivals such as Arbor Day, Book Day, Earth Day, International Youth Day, etc., Yuzhou Commercial jointly organized a number of activities for the "Uyo City Life Festival (Uyo城市生活節)". These activities ranged from the organizing charity exhibition and charity sale of the Joint Foundation (聯動基金會) to the hosting of cultural festivals and public welfare activities of the Culture and Tourism Bureau and the district governments. Through utilizing business as a channel for expressing cultural values, it explored the concepts of "sustainable business" and "low-carbon business" from a modern perspective. Yuzhou Commercial integrated the first-store economy, bazaar economy and pet economy into its year-round activity planning. By connecting with outdoor spaces through markets, urban sports programs, night markets and other forms, it extended indoor consumption scenarios to the outdoors and brought a more flexible business model matrix. In the first half of 2024, Yuzhou Commercial held more than 1,000 outdoor activities with a cumulative passenger flow of over 2 million. Meanwhile, Yuzhou Commercial actively introduced new brands in various sectors such as tea, catering, retail and experiential services. Quanzhou Yuyue Hui added several renowned tea brands, forming a popular milk tea street with more than 10 milk tea brands in the mall. Shanghai Pudong Yuyue Hui focused on the retail sector and introduced the first stores of multiple brands in Huinan Town. Xiamen Yuyue Hui continued to strengthen its trendy experience stores and successfully introduced a number of Internet celebrity brands. The introduction of regional first stores of several well-known and Internet celebrity brands further enriched the brand portfolio and provided consumers with more comprehensive and diverse consumption choices.

In the first half of 2024, the operation services of Yuzhou Plaza were comprehensively upgraded and renewed, and the U-square office commercial service system was launched. This operation service system is a multi-dimensional business system based on users, scenarios and services. Anchored on the three core elements of security, warmth, and functionality, it introduced six service systems of "Yu Professionalism, Yu Safety, Yu Housekeeper, Yu Colorfulness, Yu Space and Yu Resources". It prioritise user needs, utilizing the rich product offerings and spaces of the Group as carriers, and emphasizing diversified resources and professional services to craft a novel experience of efficient office living. In addition, Yuzhou Commercial established an all-round, humanized, all-scenario service system with multi-dimensional space and diversified resources to shape an office experience centered on customer perception. Through a series of diversified space services including fine decoration customization, art space, shared space and multi-functional creative space, the physical boundaries of business offices were expanded.

Hotel Operation

In the first half of 2024, the Group's hotels adopted a diversified and innovative model of operation and management by continuously optimizing the existing operation and management system as well as upgrading the brand with a focus on the improvement of service quality, consumer experience and customer reputation, so as to create more space for the revenue growth of the Group on an ongoing basis. During the Period, this segment contributed approximately RMB1.10 million to the Group's revenue. In addition, Camelon Hot Spring Hotel in Tong'an District of Xiamen, Camelon Business Hotel in Hui'an of Quanzhou, and hotels in Feidong of Hefei, Taizi Lake of Wuhan and Jinhui Area of Fengxian District, Shanghai, etc. were still under construction in an orderly manner. Sticking to the service concept of "family-like service for you", the Group will bring high-quality service experience to its customers.

Quality, Safety and Product Line Design

Over the years, Yuzhou Group has always adhered to the concept of low-carbon environmental protection and green development, attached great importance to sustainable development, and taken the initiative to respond to the national goal of "carbon peaking and carbon neutrality" by building green boutique projects with "craftsmanship" and continuously increasing its practice of green building, striving to construct ecological communities where people and nature can coexist in harmony. "Environmental protection and energy saving, building green communities" has always been one of the development philosophies of Yuzhou Group's projects. As at 30 June 2024, 145 property projects of the Group (with a total area of over 21 million sq.m.) have achieved green building standards, of which approximately 5.55 million sq.m. have even reached two-star or above green building standards, either nationally or internationally.

During the Period, while passing on the establishments of the three residential product series, namely "Royale", "Langham" and "Honor", Yuzhou Group also made certain improvements by further standardizing the product system and clarifying top-level design concept of products, so as to fully demonstrate the products' values and orientation and satisfy the changing market demand at this stage. Yuzhou Group always adhered to the improvement of its products, strived to provide customers with refined quality houses that return to the essence of life. The "Temperature Space" series of products were built around "1 core, 3 spaces, 5 product principles, 6 product values" and were constantly innovating and iterating. The product design combined the natural environment and local living habits, starting from the product details. As time goes by, the highlights of life scenes are continuously presented. Owners can watch the morning glow rise from the city horizon and the sunset hide into the bay. While experiencing the leisure and happiness of urban camping downstairs of their own house, owners can also easily enjoy the leisurely gathering and chit-chatting relaxingly with friends. The Group is committed to enriching the life dimensions of the owners.

Land Reserves

Adhering to its strategic deployment of leading with locality development and following the principle of "In-depth Cultivation", the Group develops the six metropolitan areas in the Yangtze River Delta Region, West Strait Economic Zone, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region. As at 30 June 2024, the Group had land reserves amounting to approximately 11.31 million sq.m. of aggregate saleable GFA, with 163 projects located in 38 cities in the six metropolitan areas. The average land cost was approximately RMB6,005 per sq.m.. The Group believes that its land reserves currently held and managed are sufficient for its development over the next two to three years.

Saleable GFA of Land Reserves (sq.m.)
(As at 30 June 2024)

Region	**Number of projects**	**Area** *(sq.m.)*	**As of Total**
West Strait Economic Zone			
Xiamen	26	834,801	7.4%
Fuzhou	7	153,019	1.3%
Quanzhou	3	665,748	5.9%
Longyan	1	21,013	0.2%
Zhangzhou	4	661,405	5.8%
Sub-total	**41**	**2,335,986**	**20.6%**

Region	Number of projects	Area (sq.m.)	As of Total
Yangtze River Delta Region			
Shanghai	15	567,784	5.0%
Nanjing	15	277,841	2.5%
Hangzhou	2	183,511	1.6%
Shaoxing	1	127,952	1.1%
Ningbo	2	22,191	0.2%
Suzhou	14	531,942	4.7%
Changzhou	1	38,432	0.3%
Wuxi	3	78,208	0.7%
Hefei	14	743,619	6.6%
Bengbu	1	481,394	4.3%
Jinhua	1	3,316	0.0%
Yangzhou	3	332,166	2.9%
Zhoushan	1	42,460	0.4%
Xuzhou	1	1,646	0.0%
Sub-total	**74**	**3,432,462**	**30.3%**
Bohai Rim Region			
Beijing	1	27,670	0.2%
Tianjin	10	1,160,695	10.3%
Qingdao	4	78,196	0.7%
Shijiazhuang	1	7,509	0.1%
Tangshan	2	784,502	6.9%
Shenyang	1	94,054	0.8%
Sub-total	**19**	**2,152,626**	**19.0%**
Central China Region			
Wuhan	4	658,228	5.8%
Xinxiang	1	142,802	1.3%
Kaifeng	1	124,606	1.1%
Zhengzhou	3	485,246	4.3%
Sub-total	**9**	**1,410,882**	**12.5%**

Region	Number of projects	Area	As of Total
		(sq.m.)	
Greater Bay Area			
Hong Kong	1	2,214	0.0%
Shenzhen	1	51,281	0.5%
Huizhou	2	342,998	3.0%
Foshan	5	168,061	1.5%
Zhongshan	1	30,746	0.3%
Jiangmen	1	127,387	1.1%
Sub-total	**11**	**722,687**	**6.4%**
Southwest Region			
Chongqing	4	367,849	3.3%
Chengdu	2	2,297	0.0%
Sub-total	**6**	**370,146**	**3.3%**
Total	**160**	**10,424,789**	**92.1%**
Urban Redevelopment			
Greater Bay Area			
Shenzhen	1	112,609	1.0%
Zhuhai	1	627,022	5.6%
Huizhou	1	150,308	1.3%
Total	**3**	**889,939**	**7.9%**
Grand total	**163**	**11,314,728**	**100.0%**

Revenue

The revenue of the Group was mainly derived from four business categories, including property sales revenue, rental income from investment properties, property management fee income and hotel operation income. For the six-month period ended 30 June 2024, the total revenue of the Group was RMB6,377.54 million, down by 48.92% on a period-on-period basis. This was mainly due to a decrease in recognized property sales revenue, driven by a decrease in GFA delivered during the Period. Specifically, property sales revenue was approximately RMB6,128.39 million, down by 49.53% compared to the corresponding period last year, accounting for 96.09% of the total revenue; property management fee income was approximately RMB125.42 million, decreased by 39.92% on a period-on-period basis; rental income from investment properties was approximately RMB122.62 million, decreased by 3.98% on a period-on-period basis; and hotel operation income was approximately RMB1.10 million.

Cost of Sales

The cost of sales mainly encompassed land cost, construction cost, capitalized interest of the Group and fair value adjustments on properties upon reclassification to subsidiaries from joint ventures and associates in prior periods. For the six-month period ended 30 June 2024, the cost of sales of the Group was RMB6,269.51 million, down by 48.97% from RMB12,286.40 million in the corresponding period in 2023. The decrease in the cost of sales was mainly due to the decrease in GFA of properties delivered by the Group during the Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group was RMB108.03 million in the first half of 2024, and the gross profit margin was 1.69%. The decrease in gross profit was mainly due to the decrease in GFA of properties delivered by the Group during the Period.

Fair Value Loss on Investment Properties

During the first half of 2024, the Group recorded a fair value loss on investment properties of RMB346.27 million (first half of 2023: RMB2,290.23 million). The fair value loss on investment properties was mainly due to fair value loss of the investment properties situated in Xiamen, Hong Kong and Shanghai.

Other Income and Gains

Other income and gains decreased by approximately 44.98% from RMB57.63 million in the first half of 2023 to RMB31.71 million in the first half of 2024. The decrease in other income and gains was mainly due to the decrease in forfeiture of deposits in the first half of 2024.

Selling and Distribution Expenses

Selling and distribution expenses of the Group decreased by 14.07% from approximately RMB157.98 million in the first half of 2023 to approximately RMB135.75 million in the first half of 2024. With an effective cost control measure, the Group reduced the marketing and promoting expenses in the first half of 2024.

Administrative Expenses

Administrative expenses of the Group decreased by 46.63% from approximately RMB377.91 million in the first half of 2023 to approximately RMB201.70 million in the first half of 2024, which was mainly due to the decrease in staff costs and decrease in amortisation of transaction fees of senior notes of the Group.

Other Expenses

Other expenses decreased from approximately RMB561.09 million in the first half of 2023 to approximately RMB186.43 million in the first half of 2024, which was mainly due to the decrease in exchange loss to RMB41.43 million (first half of 2023: RMB498.34 million) during the Period.

Finance Costs

Finance costs of the Group increased from approximately RMB1,635.84 million in the first half of 2023 to approximately RMB1,898.18 million in the first half of 2024, which was mainly due to the increase in interest rate on offshore loans during the Period.

Share of Profits and Losses of Joint Ventures

The Group's share of profits of joint ventures was approximately RMB45.07 million in the first half of 2024, as compared to share of profits of approximately RMB29.76 million in the first half of 2023. In the first half of 2024, the total revenue of joint ventures amounted to RMB3,284.69 million, and the gross profit margin of joint ventures was 7.56%.

Share of Profits and Losses of Associates

The Group's share of losses of associates was approximately RMB155.33 million in the first half of 2024, as compared to a share of losses of approximately RMB43.08 million in the first half of 2023. In the first half of 2024, the total revenue of associates amounted to RMB1,434.03 million, and the gross profit margin of associates was 2.66%.

Income Tax

Income tax expense of the Group was approximately RMB122.69 million in the first half of 2024, as compared to income tax credit of approximately RMB150.70 million in the first half of 2023. The increase in income tax expense was mainly due to the decrease in deferred tax credit during the Period.

Loss for the Period

In the first half of 2024, the loss for the Period of the Group amounted to RMB8,012.80 million, as compared to the loss of RMB9,033.47 million for the Period in the first half of 2023. The loss mainly resulted from an increase in provision for impairment losses and finance costs, fair value loss on investment properties and decrease in revenue during the Period.

Loss Attributable to Non-Controlling Interests

In the first half of 2024, the loss attributable to non-controlling interests of the Group amounted to RMB1,756.82 million, as compared to the loss of RMB2,670.51 million for the Period in the first half of 2023. The loss was mainly attributable to impairment of properties under development, fair value loss on investment properties and losses on certain non-wholly-owned projects.

Basic Loss per Share

For the Period ended 30 June 2024, basic loss per share were RMB0.98.

Liquidity and Financial Resources

During the Period, the Group did not issue any new senior notes and recorded a weighted average finance cost of 8.33%.

Cash Position

As at 30 June 2024, the Group had cash and cash equivalents and restricted cash of approximately RMB3,561.39 million.

Borrowings

The Group adopts prudent financial policy for proactively conducting debt management and optimizing debt structure to ensure balance in financial risks and cut-down of finance costs.

As at 30 June 2024, the Group had total interest-bearing bank and other borrowings, corporate bonds and senior notes balance of RMB53,665.32 million, of which certain loans were secured by certain investment properties, properties held for sale and properties under development of the Group, representing a decrease of 1.61% as compared to RMB54,544.36 million as at 31 December 2023. Such decrease was due to repayment of bank and other borrowings for the Period. The interest rate of average borrowing cost was 8.33% per annum, increased by 0.17 percentage point from 8.16% for the year ended 31 December 2023. As at 30 June 2024, asset-liability ratio after excluding advance receipts (total liability after excluding contract liabilities divided by total asset after excluding contract liabilities) was 104.10%, which was up by 9.33 percentage points as compared to that as at 31 December 2023.

Net Gearing Ratio

As of 30 June 2024, the Group's net gearing ratio (calculated as the interest-bearing bank and other borrowings, corporate bonds and senior notes less cash and cash equivalents and restricted cash and then divided by total equity) was –1,439.76%.

As at 30 June 2024, the Group provided guarantees to banks amounting to RMB16,990.68 million (31 December 2023: RMB18,807.96 million) in respect of mortgage facilities granted to certain purchasers of the Group's properties. The amounts of guarantee to banks and other lenders by the Group in respect of facilities granted to joint ventures and associates were RMB121.80 million (31 December 2023: RMB195.62 million) and RMB1,106.08 million (31 December 2023: RMB871.20 million), respectively. The amounts of guarantee to banks and other lenders by the Group in respect of facilities granted to certain contractors for construction cost were RMB6.82 million (31 December 2023: RMB8.46 million). The Group provided guarantees to banks and other lenders in respects of facilities granted to independent third parties amounting to RMB4,753.30 million (31 December 2023: RMB4,721.65 million). The principal of RMB2,791.57 million (31 December 2023: 2,773.23 million) was included in the Group's interest-bearing bank and other borrowings, and the provision of expected credit loss on the financial guarantee was RMB2,002.89 million (31 December 2023: RMB1,833.51 million).

Currency Risk

As of 30 June 2024, the Group had total bank and other borrowings, corporate bonds and senior notes of approximately RMB53,665.32 million, of which approximately 18.28% was denominated in RMB and 81.72% was denominated in Hong Kong dollars and United States dollars.

As at 30 June 2024, the proportions of bank and other borrowings, corporate bonds, senior notes and cash balance of the Group in terms of the currencies were as follows:

	Bank and other borrowings, corporate bonds, and senior notes balance *(RMB'000)*	**Cash balance*** *(RMB'000)*
HK$	614,797	14,520
RMB	9,808,771	3,475,961
US$	43,241,753	70,908
Total	53,665,321	3,561,389

* Including restricted cash

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Human Resources

Yuzhou Group always adheres to the sage spirit of "King Yu tamed the flood, making desert an oasis (大禹治水，荒漠成洲)", embedding the core values of responsibility, practicability, synergy and win-win results throughout every aspect of corporate culture. In the first half of 2024, the Human Resources Department carried out various corporate culture initiatives under the theme of the "30th Forge Ahead". As of 30 June 2024, the Group had 1,117 staff in total.

In the first half of 2024, guided by the theme of the "30th Forge Ahead", Yuzhou Group continued to focus on improving organizational efficiency and stimulating team vitality. Meanwhile, the Group incorporated the cultural assessment into each stage of talent selection and appointment. It recruited individuals of high integrity and strong work ethic, nurtured those who display courage and practicality, and recognized those who achieved outstanding results and pursued excellence, aiming to constantly inspire its employees to persevere, forge ahead, and strive for excellence. This collaborative endeavor propelled the Group's advancement across industry cycles. Yuzhou Group has always attached great importance to the physical and mental health, as well as career development, of its employees. Through a series of "moderate and excellent" care and warmth activities, Yuzhou Group expressed its tenderness to employees and built team cohesiveness. It provided its employees with welfare and gifts for traditional festivals such as Lunar New Year, Lantern Festival and Dragon Boat Festival, while preparing warm gifts and organizing various activities for female employees on Women's Day. At the ultimate stage of closing a project, the Group provided caring supplies to colleagues working for construction projects and on marketing sites, motivating frontline colleagues to overcome difficulties and achieve excellent results.

Following the core values of “responsibility, practicability, synergy and win-win results”, the Group will actively reserve talents in line with long-term strategic footprint and build a team of talents who are courageous, pragmatic, efficient, honest and self-disciplined amidst intense market competition, so as to provide powerful talent support for the long-term development of the Group.

EMPLOYMENT AND REMUNERATION POLICIES

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed by the Group based on the performance of the employees.

EVENTS AFTER THE REPORTING PERIOD

On 10 July 2024, the Company and the Majority Initial Consenting Creditors (as defined in the RSA) entered into an amendment deed whereby the parties have agreed to amend the RSA and the Revised Term Sheet to include Existing Loans into the Proposed Restructuring and the Schemes. Save for the inclusion of the Existing Loans into the Proposed Restructuring and the Schemes, the economic terms of the Proposed Restructuring remain substantially unchanged.

At the convening hearing in respect of the Schemes in Cayman Island and Hong Kong on 2 August 2024 and 16 August 2024, respectively, the Cayman Court and the Hong Kong Court have directed that meetings of the Scheme Creditors are to be held for the purpose of considering and, if thought fit, approving the Schemes to be made between the Company and the Scheme Creditors. The Company proposes to convene the Scheme Meetings on 12 September 2024 and the substantive hearings of the petition at which the Hong Kong Court and the Cayman Court will determine whether or not to sanction the scheme to be held on 24 September 2024 and 30 September 2024, respectively.

Further details are set out in the Company’s announcements dated 11 July 2024, 16 July 2024, and 21 August 2024, respectively.

Save as disclosed above, there have been no other material events after the reporting period.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six-month period ended 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company did not enter into any material acquisitions and disposals during the Period.

FINANCIAL ASSISTANCE TO AFFILIATED COMPANIES

As at 30 June 2024, the Group has provided financial assistance, by way of advances and guarantees for facilities granted to its affiliated companies (which includes associated companies and joint ventures of the Group), the details of which are set out below:

Name of affiliated companies (the "Affiliated Companies")	The Group's attributable interest in the Affiliated Companies	Advances to the Affiliated Companies as at 30 June 2024	Guarantees for facilities granted to the affiliated companies	Total
		RMB'000	*RMB'000*	*RMB'000*
Xiamen Zhongrong Real Estate Development Co., Ltd.*	33%	997,942	–	997,942
Tianjin Yuzhou Yucheng Real Estate Development Co., Ltd.*	13%	973,397	–	973,397
Chengdu Yuhong Real Estate Development Co., Ltd.*	51%	913,297	–	913,297
Taicang Kangyida Real Estate Development Co., Ltd*	49%	391,811	392,200	784,011
Suzhou Yuhongyuanying Property Co., Ltd.*	20%	742,019	–	742,019
Tianjin Yuzhou Xinghan Real Estate Development Co., Ltd.*	26%	565,990	–	565,990
Xingyang Yaheng Real Estate Co., Ltd.*	34%	484,919	35,818	520,737
Suzhou Xin Yuxi Construction Development Co., Ltd.*	49%	272,958	238,087	511,045
Suzhou Haoyi Real Estate Development Co., Ltd.*	20%	490,624	–	490,624
Hangzhou Changhe Real-Estate Co., Ltd.*	23%	488,786	–	488,786
Tianjin Yuzhou Runcheng Property Co., Ltd.*	49%	473,870	–	473,870
Tianjin Harmonious Home Construction Development Co., Ltd.*	30%	–	466,500	466,500
Tianjin Xuanyi Real Estate Development Co., Ltd.*	60%	443,920	–	443,920
Wuxi Xinghongyi Real Estate Co., Ltd*	50%	368,815	–	368,815
Nanjing Ximao Property Co., Ltd.*	20%	312,257	–	312,257
Nanjing Kunhao Wujin Trading Company Limited*	80%	276,292	–	276,292
Qingdao Shenggang Investment Co., Ltd.*	17%	268,155	–	268,155
Chongqing Tongrong Industrial Co., Ltd.*	49%	97,718	52,920	150,638
Suzhou Huxi Real Estate Development Co., Ltd.*	20%	70,659	–	70,659
Foshan Hangfeng Dexin Real-Estate Co., Ltd.*	49%	70,022	–	70,022
Tianjin Boshang Wanyi Real Estate Development Co., Ltd.*	30%	69,545	–	69,545
Hefei Haoyi Real Estate Development Co., Ltd.*	50%	48,057	–	48,057
Hefei Ruiyun Realty Co., Ltd.*	51%	44,396	–	44,396
Yangzhou Jizhi Real Estate Development Co., Ltd.*	36%	8,668	33,063	41,731
Changzhou Guangyu Real Estate Development Co., Ltd*	49%	40,487	–	40,487
Shenzhen Shenyeminghong Real Estate Development Co., Ltd*	10%	30,603	–	30,603
Tianjin Lianyu Property Co., Ltd.*	48%	27,396	–	27,396
Nanjing Jiayang Real Estate Development Co., Ltd.*	20%	14,068	–	14,068
Wuxi Fengxiang Real Estate Development Co., Ltd*	40%	11,183	–	11,183
Yangzhou Meizan Real Estate Development Co., Ltd*	30%	–	9,297	9,297
Xiamen Vanke Maluan Bay Real Estate Co., Ltd*	20%	8,725	–	8,725
Taicang Yuzhou Yilong Real Estate Development Co., Ltd.*	23%	5,198	–	5,198
Total		9,011,777	1,227,885	10,239,662

* *For identification purpose only*

Notes:

1. Advances are unsecured, interest-free and have no fixed repayment terms and will be repaid as and when appropriate.

2. All of committed facilities will be made from the internal resources and/or banking facilities of the Group.

3. Save as disclosed above, no other obligations arise under Rules 13.13 to 13.16 of the Listing Rules.

The total amount of financial assistance provided to the Affiliated Companies, in aggregate, amount to approximately 10.9% as at 30 June 2024 under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those Affiliated Companies with financial assistance from the Group and the Group's attributable interests in those Affiliated Companies as at 30 June 2024 are presented as follows:

	Combined statement of financial position	**Group's attributable interests**
	RMB'000	*RMB'000*
Non-current assets	866,736	366,200
Current assets	43,359,665	14,175,467
Current liabilities	(29,680,016)	(9,956,403)
Total assets less current liabilities	14,546,385	4,585,264
Non-current liabilities	(2,923,603)	(994,295)
Net assets	11,622,782	3,590,969

The combined statement of financial position of the Affiliated Companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2024.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

NO MATERIAL CHANGE

Since the publication of the latest annual report for the year ended 31 December 2023 (the "Annual Report"), there have been no material changes to the Company's business.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of the end of Reporting Period, no treasury shares were held by the Company.

MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted a Code of Conduct on Directors' Securities Transactions (the "Securities Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Directors have confirmed that they have complied with the requirements set out in the Securities Code throughout the Period.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Group emphasise a quality Board, sound internal controls, and transparency and accountability to all the Shareholders of the Company.

During the reporting period, the Group had adopted, applied and complied with the Corporate Governance Code contained in Part 2 of Appendix C1 to the Rules Governing the Listing Rules on The Stock Exchange of Hong Kong Limited except the following deviation:

Code Provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Ms. Kwok Ying Lan (郭英蘭) has been assuming the roles of both the Chairman and the Chief Executive Officer since 24 June 2022. Although these two roles are performed by the same individual, certain responsibilities are shared with the executive directors to balance the power and authority. In addition, all major decisions are made in consultation with members of the Board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balances of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Group.

SHARE OPTION SCHEME

The Company did not grant any share options for the six-month period ended 30 June 2024.

SHARE AWARD SCHEME

With reference to the Annual Report, the Company would like to supplement the following information in relation to the Share Award Scheme as defined on page 229 of the Annual Report:

Participants of the Share Award Scheme

Subject to the rules of the Share Award Scheme, the board of the directors of the Company may, from time to time, at its absolute discretion select any employee (other than any excluded employee) for participation in the Share Award Scheme as a selected employee, and grant such number of awarded shares to any selected employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

Total Number of Shares Available for Issue Under the Share Award Scheme and Percentage

As at 1 January 2024, 30 June 2024 and the date of this announcement, the total number of Shares available for award under the Share Award Scheme was 10,324,504, representing approximately 0.16% of the issued shares of the Company. None of the shares purchased has been awarded under the Share Award Scheme. As no shares purchased has been awarded, there is no weighted average closing price of the shares immediately before the date on which the awards were vested.

Maximum Entitlement

The maximum number of shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

Vesting of Awarded Shares

Subject to the terms and condition of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective awarded shares held by the trustee on behalf of the selected employee pursuant to the provision of the rules of the Share Award Scheme shall vest in such selected employee in accordance with the relevant vesting schedule (if any), and the trustee shall, at the instruction of the selected employee, either cause the vesting shares to be transferred to such selected employee on the vesting date, or cause the vesting shares to be sold with the proceeds of sale (after the deduction of related sale expenses) to be transferred to the selected employee.

In respect of a selected employee who died or retired by agreement with a member of the Group at any time prior to or on the vesting date, all the awarded shares of the relevant selected employee shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

The total number of shares that may be issued in respect of options and awards granted under all the share option schemes and share award scheme of the Company and the percentage of the issued shares that it represents as at the date of this announcement are 116,732,504 and 1.78% (1 January 2024: 120,092,504 and 1.84%), respectively.

REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive directors, namely Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Mr. Yu Shangyou.

The Audit Committee has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Company (http://yuzhou-group.com/) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2024 interim report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

DEVELOPMENT STRATEGIES AND PROSPECTS

The Third Plenary Session of the 20th CPC Central Committee held in July 2024 emphasized importance of ongoing risk prevention and resolution in key sectors. It stressed the implementation of new policies to promote the stable and sustainable growth of the real estate market, emphasizing the integration of digesting the existing inventory with the optimization of incremental growth. The session advocated actively promoting the acquisition of current commodity housing for affordable housing, ensuring the delivery of housing and expediting the establishment of a new model for real estate development. In the second half of 2024, it is expected that real estate policies will continue to be loose and favorable, and refinancing policies for real estate enterprises may be further adjusted to provide prevention and resolution in real estate debt risks. The government's expansion of urban amounts to store commodity housing will enhance the supply of affordable housing, assisting real estate enterprises in reducing their inventory. The Central Government has given local governments sufficient autonomy in regulating the real estate market. Under the policy of tailored measures, it is conducive to the continuous relaxation of restrictive policies on local housing purchase. Favorable measures, such as the cancellation of the minimum mortgage rates and the reduction of provident fund loan interest rates, which aim to lower the threshold for home purchases and alleviate residents' mortgage burden, will further release the housing demand and promote the stable development of the real estate market. Supporting a varied enhancement of residents' housing requirements will significantly drive the continuous enhancement of commodity housing offerings. Previously competitive properties characterized by tall structures, high population density, and large plot ratios might progressively lose their appeal. In contrast, properties featuring lower heights, lower density, and reduced plot ratios could captivate potential buyers, reestablishing homes as their primary function and fostering a more enjoyable domestic lifestyle for individuals.

Faced with the perpetually changing and persistently sluggish real estate market environment, Yuzhou Group will be committed to overcoming industry pressure. It will strictly control construction progress and quality, adhere to the principle of "guaranteeing project completion, guaranteeing housing delivery", firmly fulfill its responsibilities as a real estate enterprise and carry out its commitment to deliver high-quality residential products. Yuzhou Group will constantly make every effort to promote sales and revitalize existing assets. Aligning with the latest real estate related policies, it will thoroughly study, analyze and prepare for them, tailoring strategies based on the enterprise's actual circumstances. It will actively pursue breakthroughs and constantly explore innovative marketing strategies to promote sales and inventory clearance. Yuzhou Group will continuously adhere to the financial policy of "Cash dominating everything", prioritizing operational cash flow and viewing it as the Company's lifeblood of as well as a responsibility of all employees. It will leverage the financial policies issued by the government, reasonably plan debt arrangements and earnestly fulfill its own debt repayment obligations in a pragmatic manner. The environment ceaselessly evolves, so does demand. Seizing market demand opportunities relies on the sharply perceptive frontline awareness but also on its down-to-earth, courageous and innovative moves to make changes. Yuzhou Group actively practices the work ethic of "daring to voice opinions, daring to take actions and daring to assume responsibility". It vigorously recruits outstanding talents who are down-to-earth, creative and hardworking. By engaging in proactive explorations, making breakthroughs, and demonstrating readiness to tackle upcoming challenges, the Group will "Forge Ahead in the 30th Anniversary".

By Order of the Board
Yuzhou Group Holdings Company Limited
Kwok Ying Lan
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the executive directors of the Company are Ms. Kwok Ying Lan (Chairman) and Mr. Lin Conghui, the non-executive directors of the Company are Mr. Lam Lung On (J.P.) and Mr. Song Jiajun, and the independent non-executive directors of the Company are Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Mr. Yu Shangyou.