景瑞控股
JINGRUI HOLDINGS

JINGRUI HOLDINGS LIMITED
景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01862)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS HIGHLIGHTS

- For the six months ended 30 June 2020, the Group achieved contracted sales of RMB7,670.2 million, representing a decrease of approximately 24.3% as compared to the corresponding period last year.
- For the six months ended 30 June 2020, the Group achieved revenue of RMB3,154.4 million, representing an increase of approximately 44.3% as compared to the corresponding period last year.
- For the six months ended 30 June 2020, the Group achieved gross profit of RMB989.7 million and gross profit margin of 31.4%.
- For the six months ended 30 June 2020, the net profit of the Group was RMB344.9 million, representing a decrease of 2.6% as compared to the corresponding period last year.
- As at 30 June 2020, the Group's total assets amounted to RMB54,112.8 million, representing an increase of 3.3% as compared to 31 December 2019.
- As at 30 June 2020, land bank of the Group was approximately 4,920,052 sq.m..
- As at 30 June 2020, the net debt-to-adjusted capital ratio was approximately 68%. The total amount of bank deposits and cash on hand (including restricted cash) was RMB12,031.1 million.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020.

The board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**" or "**we**" or "**us**" or "**our**") for the six months ended 30 June 2020 (the "**Period under Review**") together with the comparative figures for the six months ended 30 June 2019 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2020

	Note	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	*4*	**3,154,371**	2,185,931
Cost of sales	*9*	**(2,164,635)**	(1,619,173)
Gross profit		**989,736**	566,758
Appreciation of investment properties under capital platform		**48,959**	26,972
Fair value (losses)/gains on investment properties under other platforms		**(25,000)**	95,022
Selling and marketing costs	*9*	**(203,564)**	(132,756)
Administrative expenses	*9*	**(303,586)**	(304,006)
Other income	*7*	**15,982**	135,419
Other gains – net	*8*	**355,800**	58,344
Operating profit		**878,327**	445,753
Finance income	*10*	**151,435**	49,442
Finance costs	*10*	**(399,847)**	(215,669)
Finance costs – net		**(248,412)**	(166,227)
Share of results of joint ventures		**23,553**	116,913
Share of results of associates		**17,473**	(2,608)
		41,026	114,305
Profit before income tax		**670,941**	393,831
Income tax expense	*11*	**(326,059)**	(39,574)
Profit for the period		**344,882**	354,257
Attributable to:			
Equity holders of the Company		**293,630**	280,037
Non-controlling interests		**51,252**	74,220
		344,882	354,257
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	*12*	**RMB0.21**	RMB0.20
– Diluted earnings per share	*12*	**RMB0.21**	RMB0.20

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**344,882**	354,257
Other comprehensive (losses)/income that will not be reclassified to profit or loss		
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	**(69,985)**	7,779
Total comprehensive income for the period, net of tax	**274,897**	362,036
Attributable to:		
Equity holders of the Company	**223,645**	287,816
Non-controlling interests	**51,252**	74,220
	274,897	362,036

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
As at 30 June 2020

	Note	**As at 30 June 2020** *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**51,617**	54,839
Investment properties		**5,933,972**	6,348,172
Intangible assets		**3,910**	2,796
Investments in joint ventures		**1,240,082**	1,012,044
Investments in associates		**1,740,620**	1,834,909
Deferred income tax assets		**301,044**	274,398
Financial assets at fair value through profit or loss		**1,156,890**	1,000,587
Financial assets at fair value through other comprehensive income		**448,365**	546,939
Trade and other receivables and prepayments	*5*	**795,169**	757,298
		11,671,669	11,831,982
Current assets			
Prepayments for leasehold land		**800,170**	720,095
Properties held or under development for sale		**19,621,745**	17,851,199
Trade and other receivables and prepayments	*5*	**8,500,763**	7,168,200
Prepaid income taxes		**394,873**	323,224
Restricted cash		**1,724,216**	3,064,679
Cash and cash equivalents		**10,306,838**	10,683,523
Contract acquisition costs		**85,439**	122,037
Financial assets at fair value through profit or loss		**991,995**	598,250
Financial assets at fair value through other comprehensive income		**15,044**	–
		42,441,083	40,531,207
Total assets		**54,112,752**	52,363,189
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value		**86,634**	86,634
Reserves		**5,143,687**	5,220,202
		5,230,321	5,306,836
Non-controlling interests		**4,182,064**	3,799,914
Total equity		**9,412,385**	9,106,750

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)
As at 30 June 2020

	Note	**As at 30 June 2020** ***RMB'000*** **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**10,591,731**	9,607,298
Deferred income tax liabilities		**1,257,435**	1,304,409
Lease liabilities		**143,738**	148,124
Derivative financial instruments		**–**	39,420
		11,992,904	11,099,251
Current liabilities			
Trade and other payables	*6*	**14,089,010**	14,369,067
Amounts due to non-controlling interests of subsidiaries		**1,320,985**	896,011
Contract liabilities		**7,225,056**	6,231,044
Current income tax liabilities		**1,262,150**	1,242,200
Borrowings		**8,752,201**	9,398,013
Lease liabilities		**20,548**	20,853
Derivative financial instruments		**37,513**	–
		32,707,463	32,157,188
Total liabilities		**44,700,367**	43,256,439
Total equity and liabilities		**54,112,752**	52,363,189

1 GENERAL INFORMATION

Jingrui Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "**the Group**") are principally engaged in property development business in the People's Republic of China (the "**PRC**").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 31 October 2013.

The condensed consolidated interim financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated and were approved and authorised for issue by the board of directors of the Company on 27 August 2020.

These condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2020 have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which are carried at fair value, and in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2019, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the new standards and amendments of HKFRSs effective for the financial year ending on 31 December 2020.

New standard and amendments of HKFRSs effective for 2020

The following new standard and amendments of HKFRSs which are relevant to the Group's operations are effective for the first time for annual period beginning on 1 January 2020.

- Amendments to HKAS 1 and HKAS 8 – definition of material
- Revised Conceptual Framework for Financial Reporting
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform
- Amendments to HKFRS 3 – Definition of a Business

The adoption of the above new standard and amendments starting from 1 January 2020 did not have any significant impact on the Group's results of operation and financial position for the six months ended 30 June 2020.

New standard, amendments and interpretation of HKFRSs not yet adopted

The Group has not early adopted any new accounting and financial reporting standards, amendments and interpretation which have been issued but are not yet effective for the financial year ending on 31 December 2020.

4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (the "**CODM**") for the purposes of allocating resources and assessing performance.

The Group manages its business by three operating segments based on their products and services, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment:

- Property development platform engages in real estate development in the PRC;
- Capital platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and
- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

(a) REVENUE

Revenue of the Group for each of the six months ended 30 June 2020 and 2019 consists of the following revenue:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contract with customers recognised at a point in time		
– Sales of properties	**2,808,611**	1,667,798
– Others	**4,485**	48,160
	2,813,096	1,715,958
Revenue from contract with customers recognised over time		
– Property management service	**224,780**	239,885
– Decoration of properties	**1,174**	150,864
	225,954	390,749
Rental income	**115,321**	79,224
	3,154,371	2,185,931

(b) SEGMENT INFORMATION

	Property development platform RMB'000	Capital platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
	Six months ended 30 June 2020 (Unaudited)					
Segment revenue	2,819,721	84,015	359,992	3,263,728	(109,357)	3,154,371
Segment profit before income tax expense	413,414	225,112	26,680	665,206	5,735	670,941
Finance income	53,987	24,872	72,576	151,435	–	151,435
Finance costs	(355,252)	(27,201)	(17,394)	(399,847)	–	(399,847)
Share of results of joint ventures	(2,813)	26,557	(191)	23,553	–	23,553
Share of results of associates	19,006	–	(1,533)	17,473	–	17,473
Depreciation and amortisation	(8,113)	(982)	(2,175)	(11,270)	–	(11,270)
A reconciliation to profit for the period is as follows:						
Total segment profits before income tax expense						670,941
Income tax expense						(326,059)
Profit for the period						344,882
	As at 30 June 2020 (Unaudited)					
Segment assets	63,240,129	8,243,496	21,515,532	92,999,157	(38,886,405)	54,112,752
Segment assets include:						
Investments in joint ventures	524,023	715,921	138	1,240,082	–	1,240,082
Investments in associates	1,655,713	–	84,907	1,740,620	–	1,740,620
Additions to non-current assets (other than financial instruments and deferred income tax assets)	51,695	7,874	20	59,589	–	59,589
Segment liabilities	54,440,253	6,363,725	22,751,350	83,555,328	(38,854,961)	44,700,367

	Six months ended 30 June 2019 (Unaudited)					
	Property development platform *RMB'000*	Capital platform *RMB'000*	All other platforms *RMB'000*	Total segment *RMB'000*	Elimination *RMB'000*	Total Group *RMB'000*
Segment revenue	1,671,160	60,811	515,088	2,247,059	(61,128)	2,185,931
Segment profit/(loss) before income tax expense	341,739	(12,028)	62,950	392,661	1,170	393,831
Finance income	20,172	3,706	25,564	49,442	–	49,442
Finance costs	(183,808)	(20,767)	(11,094)	(215,669)	–	(215,669)
Share of results of joint ventures	(12,111)	129,024	–	116,913	–	116,913
Share of results of associates	(2,541)	–	(67)	(2,608)	–	(2,608)
Depreciation and amortisation	(9,835)	(1,812)	(2,299)	(13,946)	–	(13,946)
A reconciliation to profit for the period is as follows:						
Total segment profits before income tax expense						393,831
Income tax expense						(39,574)
Profit for the period						354,257

	As at 31 December 2019 (Audited)					
Segment assets	60,387,536	7,190,836	18,147,370	85,725,742	(33,362,553)	52,363,189
Segment assets include:						
Investments in joint ventures	429,611	582,102	331	1,012,044	–	1,012,044
Investments in associates	1,748,470	–	86,439	1,834,909	–	1,834,909
Additions to non-current assets (other than financial instruments and deferred income tax assets)	666,969	349,919	5,545	1,022,433	–	1,022,433
Segment liabilities	52,388,826	5,831,372	18,028,849	76,249,047	(32,992,608)	43,256,439

5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
Trade receivables	**365,314**	652,665
Less: Provision for impairment of trade receivables	**(16,479)**	(8,246)
Trade receivables – net	**348,835**	644,419
Amounts due from joint ventures and associates	**3,466,144**	2,346,220
Prepaid taxes and surcharges and input VAT to be deducted (a)	**468,464**	327,671
Receivables arising from disposal of subsidiaries (b)	**7,743**	22,917
Loans due from disposed subsidiaries assumed by third parties (c)	**13,098**	29,485
Tender deposits (d)	**-**	50,000
Deposits with public housing fund centres (e)	**17,731**	27,653
Prepayments of construction costs	**46,542**	21,542
Temporary funding receivables (f)	**118,572**	134,154
Deposits paid for construction work	**289,260**	377,049
Amounts due from non-controlling interests of subsidiaries (g)	**2,502,202**	1,931,976
Deposits paid to secure borrowings	**36,070**	47,469
Prepayments for acquisition of completed properties for sale (h)	**468,483**	709,391
Deposits for potential investment	**367,945**	343,248
Dividend receivables	**30,228**	14,745
Net leasing investment receivables (j)	**105,738**	111,526
Receivables from a third party (i) (j)	**703,985**	660,126
Others	**369,146**	172,248
Less: Provision for impairment of other receivables	**(64,254)**	(46,341)
	9,295,932	7,925,498
Less: non-current portion (j)	**(795,169)**	(757,298)
	8,500,763	7,168,200

Notes:

(a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid are recorded as prepayments before the relevant revenue is recognised.

(b) The balances represent the outstanding consideration for disposal of subsidiaries.

(c) The balance represents the outstanding amounts originally due by the disposed subsidiaries which have been assumed by the acquirers based on the share purchase agreements.

(d) The balance represents the tender deposits for bidding of land use rights, which will be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.

(e) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(f) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.

(g) The balance as at 30 June 2020 represents the funding provided to non-controlling interests of certain subsidiaries, which are unsecured, non-interest bearing and repayable on demand.

(h) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(i) The balance as at 30 June 2020 includes the loan principal and interest receivable, totalling USD99,573,000 (equivalent to RMB703,985,000), due from a third party which will be matured in 2022.

(j) The balance as at 30 June 2020 includes the loan principal and interest receivable of RMB703,985,000 (31 December 2019: RMB660,126,000) due from a third party and the long-term portion of net leasing investment receivables of RMB91,184,000 (31 December 2019: RMB97,172,000).

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**340,861**	620,412
Between 1 and 2 years	**16,800**	30,454
Between 2 and 3 years	**6,660**	544
Over 3 years	**993**	1,255
	365,314	652,665

As at 30 June 2020 and 31 December 2019, the fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivables with a total carrying amount of RMB4,491,000 as at 30 June 2020 (31 December 2019: RMB4,463,000) were pledged as collateral for the Group's borrowings.

As at 30 June 2020 and 31 December 2019, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies：

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
– RMB	**8,224,001**	6,922,124
– USD	**851,655**	792,313
– HKD	**220,276**	211,061
	9,295,932	7,925,498

6 TRADE AND OTHER PAYABLES

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Trade payables	**3,277,666**	3,780,651
Notes payable	**80,457**	96,078
Amounts due to related parties	**5,175,493**	4,229,631
Turnover taxes payable	**226,892**	171,226
Electricity fee and cleaning fee collected on behalf	**95,080**	74,763
Deed tax collected on behalf	**4,444**	2,381
Accrued payroll	**29,968**	30,903
Interest payable	**357,009**	380,654
Temporary funding payable	**1,286,736**	1,350,005
Construction deposits received from suppliers	**39,058**	38,586
Deposits received from customers	**46,095**	21,441
Consideration payables for acquisition	**162,188**	846,540
Payment received in connection with disposal of subsidiaries	**178,000**	117,556
Dividend payable to non-controlling interests of certain subsidiaries	**315,963**	676,929
Dividend payable	**-**	1,379
Amount received in connection with the transferring the right of collection of future receivables (a)	**110,103**	183,969
Payables to related parties of non-controlling interests (b)	**466,000**	466,000
Deposits received in connection with cooperation with third parties for property development and property investment	**800,000**	800,000
Payables for acquisition of equity investments (c)	**1,143,439**	943,126
Others	**294,419**	157,249
	14,089,010	14,369,067

Notes:

(a) The balance represents the consideration received from a third party in connection with the transferring the right of collection of certain future trade receivables for the remaining receipts from sales of properties.

(b) The balance represents the payables to related parties of non-controlling interests of certain subsidiaries which are unsecured, non-interest bearing and repayable on demand.

(c) The balance represents the interest-bearing payables relating to the acquisition of equity interests in certain subsidiaries, joint ventures and associates by the Group from independent third parties. The interest rate is approximately ranging from 3% – 10% per annum.

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**2,545,921**	3,034,446
Between 1 and 2 years	**703,270**	749,824
Between 2 and 3 years	**67,749**	57,227
Over 3 years	**41,183**	35,232
	3,358,123	3,876,729

As at 30 June 2020 and 31 December 2019, the fair value of trade and other payables approximate their carrying amounts.

As at 30 June 2020 and 31 December 2019, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
– RMB	**13,774,440**	14,086,290
– USD	**296,105**	281,012
– HKD	**18,465**	1,765
	14,089,010	14,369,067

7 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**12,830**	29,223
Gain from acquisition of shares in Ningbo Puhong Investment Management Limited Liability Partnership	**–**	90,428
Dividend from financial assets at fair value through other comprehensive income	**–**	14,745
Others	**3,152**	1,023
	15,982	135,419

8 OTHER GAINS – NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gains from deemed disposal of a subsidiary (a)	**112,271**	–
Gains from disposal of shares in subsidiaries (b),(c)	**90,647**	–
Gains from re-measurement of the existing interests in a subsidiary upon lost of control (c)	**37,203**	–
Fair value gains from financial assets at fair value through profit or loss	**73,057**	52,478
Investment income from financial assets at fair value through other comprehensive income	**22,861**	–
Disposal gains of investment properties	**–**	14,373
Gain from lease modification	**–**	12,987
Net foreign exchange gains	**25,652**	1,965
Changes in fair value of derivative financial instrument	**1,907**	(21,576)
Compensation and late payment charges	**(6,402)**	(9,175)
Loss from disposal of property, plant and equipment	**(145)**	(226)
Others	**(1,251)**	7,518
	355,800	58,344

(a) In June 2020, an independent third party injected capital contribution of RMB147,000,000 to Suzhou Jingya Consulting Management Co., Ltd., ("**Suzhou Jingya**"), a wholly owned subsidiary of the Group, which resulted in an effective dilution of the Group's interests in Suzhou Jingya, and accounted for Suzhou Jingya as a joint venture thereafter. Gains of RMB112,271,000 on re-measurement of the Group's original investment in Suzhou Jingya was recognised and recorded as other gains.

(b) In March 2020, the Group entered into a shares sales agreement with an independent third party, pursuant to which, the Group sold 100% equity interests in Shanghai Hao Pei Properties Limited, at a total consideration of RMB476,000,000. The Group recognised a gain from disposal of equity interests in Shanghai Hao Pei Properties Limited amounting to RMB53,687,000.

(c) In May 2020, the Group indirectly transferred 49.84% equity interests in Beijing Tian'an Huafeng Travel Investment Co., Ltd. ("**Tian'an Huafeng**") at a consideration of RMB29,900,000 to an independent third party. Upon the completion of the transaction, the Group lost the control of Tian'an Huafeng. Gains of RMB36,960,000 on disposal of equity interests and RMB37,203,000 on re-measurement of the Group's original investment were recognised and recorded as other gains.

9 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**1,975,002**	1,350,986
Cost of property management	**129,717**	138,338
Cost of decoration	**1,425**	82,985
Surcharges	**13,620**	16,455
Depreciation of property, plant and equipment	**10,887**	13,318
Amortisation of intangible assets	**383**	628
Bank charges	**6,244**	3,474
Staff costs	**219,295**	251,321
Entertainment expenses	**7,973**	9,198
Stamp duty and other taxes	**15,442**	12,407
Professional fees	**71,449**	45,820
Auditors' remuneration	**2,675**	1,160
Sales commission	**62,320**	2,233
Advertising and publicity costs	**15,884**	16,574
Office and meeting expenses	**16,159**	15,076
Rental expenses	**4,051**	4,496
Travelling expenses	**4,041**	6,911
Accrual of provision for impairment of properties held or under development for sale	**4,915**	4,386
Net impairment losses on financial assets (Note 5)	**26,146**	7,626
Other expenses	**84,157**	72,543
Total cost of sales, selling and marketing costs and administrative expenses	**2,671,785**	2,055,935

10 FINANCE COSTS – NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits and financial assets	**151,435**	49,442
Finance costs		
– Interest on financing arrangements	**(937,847)**	(923,160)
– Net foreign exchange losses on financing activities	**(79,272)**	(17,711)
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests	**-**	(120)
– Interest on lease liabilities	**(6,557)**	(13,375)
– Less: Amounts capitalised	**623,829**	738,697
	(399,847)	(215,669)
Net finance costs	**(248,412)**	(166,227)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	**130,068**	(77,658)
– PRC corporate income tax	**250,089**	168,420
	380,157	90,762
Deferred income tax	**(54,098)**	(51,188)
Total income tax charged for the period	**326,059**	39,574

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "**CIT Law**"), the CIT rate applicable to the Group's subsidiaries located in mainland China from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. No PRC withholding income tax was accrued for the six months ended 30 June 2020. The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 30 June 2020, the Group did not recognise deferred income tax for PRC withholding income tax with an amount of RMB599,661,000 (31 December 2019: RMB541,406,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with an amount of RMB5,996,606,000 (31 December 2019: RMB5,414,056,000).

The Group did not recognise deferred income tax assets of RMB462,671,000 (31 December 2019: RMB499,341,000) in respect of tax losses amounting to RMB1,850,684,000 (31 December 2019: RMB1,997,364,000) as at 30 June 2020. All these tax losses will expire within five years.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the condensed consolidated interim income statement as income tax expense.

12 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the six months ended 30 June 2020 and 2019 is calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Group's profit attributable to equity holders of the Company *(RMB'000)*	**293,630**	280,037
Weighted average number of ordinary shares in issue *(in thousand)*	**1,395,841**	1,395,738
Basic earnings per share *(RMB)*	**0.21**	0.20

(b) Diluted earnings per share

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Group's profit attributable to equity holders of the Company *(RMB'000)*	**293,630**	280,037
Weighted average number of shares in issue *(in thousand)*	**1,395,841**	1,395,738
Effect of dilutive potential ordinary shares in respect of share award scheme *(in thousand)*	**2,192**	4,935
Weighted average number of ordinary shares for diluted earnings per share *(in thousand)*	**1,398,033**	1,400,673
Diluted earnings per share *(RMB)*	**0.21**	0.20

13 DIVIDENDS

The board of the directors has resolved not to declare any interim dividend for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

A final dividend in respect of the year ended 31 December 2019 of HKD24 cents per ordinary share, amounting to approximately RMB309,163,000 has been approved at the annual general meeting of the Company held on 26 May 2020. The dividend has been paid out by the Company on 12 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In the first half of 2020, though coronavirus pandemic (COVID-19) posed great challenges on the economic environment at home and abroad, with the coordinated implementation of pandemic prevention and control measures in various aspects of the economic and social development across the country, the pandemic prevention and control situation continued to make progress. With the resumption of work and production in an orderly manner, the economy steadily recovered and gave strong support to people's basic livelihood. The market situation was generally expected to be optimistic and the social development tended to stabilize. According to the preliminary calculation, the gross domestic product (the "**GDP**") for the first half of 2020 amounted to RMB45,661.4 billion, representing a year-on-year decrease of 1.6% based on comparable prices. In terms of quarterly GDP, the GDP for the first quarter decreased by 6.8% year-on-year while the GDP for the second quarter increased by 3.2% year-on-year. In terms of the GDP from period to period, the GDP for the second quarter increased by 11.5%.

In the first half of 2020, the PRC Central Government continued to introduce policies to reiterate the positioning that "houses are for living in, but not for speculative investment", clarify the primary responsibility of cities and achieve the targets of "stabilizing the land premium, house price and expectation". The Central Bank reduced the deposit reserve ratio for three times and the loan prime rate (LPR) for two times, and local governments reduced pressure on the market and enterprises in land transfer and real estate transactions. In the first half of 2020, the investment in real estate development amounted to RMB6,280 billion, representing a year-on-year increase of 1.9%, of which residential real estate is an important field of investment for Chinese real estate enterprises. In terms of the residential investment by region, second-tier cities have the largest scale of investment, while investment activities in first-tier cities tend to be more active.

Looking ahead to the second half of 2020, the monetary policy will generally remain loose with limited room to relax further on margin financing. The credit policy for the real estate industry will generally be neutral while positive to some extent. The restrictions on the financing of real estate enterprises may be relaxed based on respective business segments and the household leverage ratio is expected to be stabilized. Local government will continue to implement stable fiscal policies and may further relax the restrictions on the house price. However, the possibility to relax the restrictions on the purchase and sales of houses in the short term is minimal. In respect of urban development, with the advent of the "megalopolis" era of the national central cities, it is expected that there will be development opportunities in the cities around the national central cities, which will urge the national central cities to make many "urban integration" development plans, thus driving the construction of urban railway system, movement of population and industry integration in the surrounding cities. The investment opportunities in the central cities and surrounding areas of the city cluster will have higher margin of safety and profit.

PROSPECTS

The PRC real estate industry has entered a new stage with the general volume of the industry gradually reaching the upper ceiling due to the slower population growth and other factors. It is expected the PRC real estate industry will show slow decline in the future. As a huge market with over RMB10 trillion and with the advancing of the national strategy on city clusters, the real estate industry will remain an anchor and stabilizer to the PRC economic development and continue to enjoy stable development opportunities in the long term.

Jingrui will continue to firmly adhere to the strategy of large-scale asset management, keep acute awareness on customer demands, consistently develop outstanding real estate development and operating service capabilities and strengthen the asset management capability. Upholding the mission of "Dedicated to Building a Wonderful Life" (用心建築精彩生活), Jingrui will focus on development, explore and achieve people's visions and expectations on buildings and life.

BUSINESS REVIEW

Jingrui Properties

Property Development

In the first half of 2020, the Group achieved contracted sales (including those of joint ventures and associates on a 100% basis) of approximately RMB7,670.2 million and the total contracted gross floor area ("**GFA**") sold was approximately 319,208 sq.m.. Our contracted sales (excluding car parks) were primarily generated from centrally direct-controlled municipalities and Zhejiang province, which were approximately RMB3,061.8 million and RMB2,780.0 million respectively, representing 39.9% and 36.2% of the total contracted sales, respectively.

The following table sets out the geographical breakdown of the Group's contracted sales for the six months ended 30 June 2020:

Project Name	**Contracted GFA Sold** *sq.m.*	**Contracted Sales** *RMB'000*	**Contracted Average Selling Price ("ASP")** *RMB/sq.m.*
Shanghai			
Shanghai Jingrui City Park	16,751	568,411	33,933
Shanghai Jingrui Upper Riverside	1,271	157,322	123,778
Shanghai Jingrui Xinmei Mansion	7,118	178,000	25,007
Tianjin			
Tianjin The Great Habitat Mansion House	26,432	438,538	16,591
Tianjin Sea Blue City	30,192	434,445	14,389
Tianjin Jingrui Hanlin	13,427	296,843	22,108
Tianjin Jingrui No. 1, Tang Gu Bay	5,053	69,688	13,791
Tianjin No. 6, Tang Gu Bay	18,690	248,587	13,301
Tianjin Liuhe Mingzhu	10,623	124,230	11,694
Tianjin Yuetiandi	5,251	68,565	13,058
Tianjin Jingrui Yuexitai	92	1,191	12,946
Beijing			
Beijing Jingrui Shangyuan	5,768	476,000	82,524
Sub-total of centrally direct-controlled municipalities	**140,668**	**3,061,820**	**21,766**

Project Name	Contracted GFA Sold *sq.m.*	Contracted Sales *RMB'000*	Contracted ASP *RMB/sq.m.*
Hangzhou			
Hangzhou Jingrui Vital House	13,581	653,694	48,133
Hangzhou Jingrui Yuan Villa	11,546	388,737	33,669
Hangzhou Jingrui Yangming Valley	293	20,500	69,966
Ningbo			
Ningbo Xinghai Land	23,033	274,501	11,918
Ningbo Jingrui Shuiyin Jiangshan	37,757	989,466	26,206
Ningbo Jingrui In Times	613	13,156	21,462
Jiaxing			
Jiaxing Jingrui Puyue Lake（South Yaojiadang）	22,768	439,518	19,304
Zhoushan			
Zhoushan Jingrui Titian Garden	240	388	1,617
Sub-total of Zhejiang Province	**109,831**	**2,779,960**	**25,311**
Suzhou			
Suzhou Changshu Jiangnan Mansion	16,568	341,321	20,601
Suzhou Junyue Tower	16,031	193,189	12,051
Nanjing			
Nanjing Hefeng Nan'an	12,850	341,261	26,557
Nanjing Xitang Mansion	1,753	124,529	71,038
Nanjing Golden East	1,057	24,865	23,524
Nanjing Xijiang Ruifu (Lot G35, Pukou District）	16,686	434,088	26,015
Sub-total of Jiangsu Province	**64,945**	**1,459,253**	**22,469**

Project Name	Contracted GFA Sold *sq.m.*	Contracted Sales *RMB'000*	Contracted ASP *RMB/sq.m.*
Wuhan			
Wuhan Jingrui Tianfu Binjiang	114	1,534	13,456
Wuhan Jingrui Tianfu Peninsula	3,650	116,251	31,850
Sub-total of Wuhan	**3,764**	**117,785**	**31,293**
Car park (lots)	2,322	251,373	
Total	**319,208**(1)	**7,670,191**	**24,029**

Note:

(1) Excluding the area of car parks.

Land Bank

As at 30 June 2020, the total land bank of the Group was approximately 4,920,052 sq.m. or approximately 2,301,684 sq.m. on an attributable basis. In the first half of 2020, we secured 5 land parcels and property projects in Chongqing, Shanghai, Wuhan, Hangzhou and Suzhou.

Breakdown of the Group's land bank by cities as of 30 June 2020

City	Total GFA	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests	Percentage of GFA Attributable to the Group's Interests
	sq.m	*%*	*sq.m*	*%*
Municipalities directly under the central government				
Shanghai	252,170	5.2	191,874	8.3
Beijing	33,931	0.7	31,800	1.4
Tianjin	1,035,269	21.0	414,356	18.0
Chongqing	145,809	3.0	145,809	6.3
Sub-total	**1,467,179**	**29.9**	**783,839**	**34.0**
Zhejiang Province				
Hangzhou	608,686	12.4	232,192	10.1
Ningbo	275,321	5.6	113,549	4.9
Shaoxing	40,139	0.8	40,139	1.8
Zhoushan	2,238	0.0	2,238	0.1
Jiaxing	126,789	2.6	126,789	5.5
Sub-total	**1,053,173**	**21.4**	**514,907**	**22.4**
Jiangsu Province				
Suzhou	842,099	17.1	407,815	17.7
Nanjing	526,701	10.7	172,373	7.5
Changzhou	10,527	0.2	10,527	0.5
Sub-total	**1,379,327**	**28.0**	**590,715**	**25.7**
Wuhan	**1,020,373**	**20.7**	**412,223**	**17.9**
Total	**4,920,052**	**100.0**	**2,301,684**	**100.0**

Details of land and property acquisition for the six months ended 30 June 2020

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Total Investment	Average Land/ Property Cost (based on the Expected total GFA)	Average Land/ Property Cost (based on the expected total GFA above Ground)
			%	*sq.m.*	*sq.m.*	*sq.m.*	*RMB million*	*RMB/sq.m.*	*RMB/sq.m.*
Chongqing	Lot District C, Jiulongyuan, Jiulongpo District	Residential	100	57,359	144,235	103,244	218	1,511	2,112
Shanghai	No. 37-01, Unit SJC10010, Zhongshan Street, Songjiang District	Residential	100	15,042	35,326	24,067	589	16,673	24,473
Wuhan	Caidian Sino-French P (2019) 080 Project	Residential & Commercial	60	39,266	106,653	79,492	313	2,935	3,938
Hangzhou	Lot XSCQ1402-08, Ningwei Unit, Xiaoshan	Commercial & Residential	100	23,089	80,522	57,722	1,054	13,090	18,260
Suzhou	Lot 15-2, Taicang Chengxiang	Residential	33	32,399	74,383	53,320	356	4,786	6,677
Total				**167,155**	**441,119**	**317,845**	**2,530**	**5,735**	**7,960**

Revenue from Sale of Properties

Our revenue from the sale of properties from 1 January 2020 to 30 June 2020 was RMB2,808.6 million, representing an increase of 68.4% as compared to the corresponding period last year, and its distribution is mainly as follows:

	Revenue *RMB'000*	Percentage of Total Revenue *%*	GFA *sq.m.*	ASP *RMB/sq.m.*
Shanghai				
Shanghai Jingrui City Park	874,060	31.1	25,700	34,010
Shanghai Jingrui Upper Riverside	91,677	3.3	812	112,903
Jiangsu Province				
Suzhou Jingrui Jade Bay	4,062	0.1	354	11,475
Suzhou Jingrui Dignity Mansion	2,220	0.1	146	15,205
Suzhou Jingrui Majestic Mansion	112,675	4.0	3,862	29,175
Zhejiang Province				
Hangzhou Jingrui Shenhua County	6,020	0.2	134	44,925
Hangzhou Jingrui Flange Park	1,316	–	89	14,787
Hangzhou Jingrui Yangming Valley	15,888	0.6	891	17,832
Hangzhou Jingrui Yuan Villa	10,267	0.4	763	13,456
Ningbo Jingrui In Times	50,382	1.8	3,700	13,617
Zhoushan Jingrui Titian Garden	536,632	19.1	47,665	11,258
Hangzhou Jingrui Flange Park	192,303	6.8		
Chongqing				
Chongqing Jingrui Online Family	21,696	0.8	1,574	13,784
Tianjin				
Tianjin Jingrui Sunny City	3,310	0.1	209	15,837
Tianjin Jingrui No. 1, Tang Gu Bay	591,135	21.0	46,738	12,648
Tianjin Jingrui Hanlin	204,734	7.3	10,245	19,984
Other projects	1,502	0.1	539	2,787
Sub-total	**2,719,879**	**96.8**	**143,421**	**18,964**
Car parks	88,732	3.2	1,188	
Total	**2,808,611**	**100.0**		

Yan Capital Management (優鋮資管)

Yan Capital Management, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital Management has firmly cultivated fund raising, fund design and investor protection capability, extensively expanded its presence in the capital market and established a cooperative network to access to investors' resources for real estate development and optimize the capital structure.

Up to 30 June 2020, Yan Capital Management has established and promoted 15 funds, with an aggregate size of the funds of approximately RMB6.7 billion and the total size of the existing funds as at 30 June 2020 is RMB3.9 billion. The proceeds from fund raising externally in the first half of 2020 amounted to approximately RMB85 million, which is the first time raised from offshore fund, further expanding the fund raising channels. In addition, Youbang Fund of Funds has completed investments valued RMB110 million in Chongqing Jiulongyuan Project.

Jingrui Capital (景瑞不動產)

In March 2020, based on the development strategy of "large-scale asset management", Jingrui Capital platform was established by combining Joyride Apartment (悦樘公寓) and Carry Capital (鍇瑞辦公) under Jingrui, which is designed for investment, development, renovation and operation of rental apartments and office buildings. Jingrui Capital is committed to the holding, management and operation of long-term apartments and office properties, and providing end-to-end services to investors with the guidance of achieving high-quality asset management scale and concentrating on urban renewal and land matching.

In the first half of 2020, Jingrui Capital overcame the impact of the coronavirus pandemic. Except for the Shanghai Maglink Project, which is still under renovation, all projects are in normal operation. A total of RMB84.0 million of rental income was realized, of which: the average occupancy rate of apartment projects was 93.6%; the average occupancy rate of office projects was 91.1%. At the same time, in late March 2020, Jingrui Capital completed the exit of the Beijing Jingrui Shangyuan Project through disposal of the entire equity interest of Shanghai Hao Pei Properties Limited (上海浩沛置業有限公司), realizing gains of RMB53.7 million.

Jingrui Service (景瑞服務)

With escalating economic development and consumption, value of services has been highly recognized in the capital market in recent years. In March 2020, Jingrui established the "Jingrui Service" platform with Jingrui property management as its carrier. By adhering to the management concept of "focusing on ideal life" and taking the "promoter of ideal life in Chinese cities" as its development objective, Jingrui Service has built high-quality communities with quality consciousness to pursue continuous improvement of management services and provide high-standard and customized property management services for customers by meeting customers' increasing demands with positive and enthusiastic attitudes.

In the first half of 2020, Jingrui Service achieved a total of RMB224.8 million in property service revenue. As of 30 June 2020, the cumulative contracted management area exceeded 26 million square meters.

Co-Fortune Capital (合福資本)

Co-Fortune Capital, as an asset-light investment platform of the Group, aims to equip the other four major segments with asset management capability. Through "Jingrui", brand name of the Company, being a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of "Real Estate Industrial Chain + Post-Life Service".

As at 30 June 2020, the total number of investment projects reached 15 with an aggregate investment amount of RMB1,060 million were made by Co-Fortune Capital. Co-Fortune Capital completed the withdrawal of its investments in three projects, with an investment return of 21%.

Employees and Remuneration Policies

As at 30 June 2020, we had a total of 2,983 full-time employees (31 December 2019: 3,035). 964 of our employees worked in property development operations, 1,818 of our employees were engaged in property management and 201 of our employees worked in customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business. We adopted a pre-IPO share award scheme on 6 October 2013 (cancelled on 29 November 2017) and a share award scheme on 29 November 2017, respectively, pursuant to which share awards were granted to selected employees of the Group. In addition, we have also adopted the share option scheme at the annual general meeting held on 7 May 2019. By doing so, share options were granted to selected senior executives of the Group and employees are encouraged to grow together with the Company. The Group's staff costs for the six months ended 30 June 2020 amounted to RMB219.3 million (for the six months ended 30 June 2019: RMB251.3 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, the training programs for members of our management teams focus on improving their management and leadership skills. We have also designed trainings for our marketing and sales personnel to improve their sales capabilities. In addition to the internal trainings, we have also engaged external experts or sponsored continuing educations for our employees from time to time.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2020, the revenue of the Group was RMB3,154.4 million, representing an increase of 44.3% as compared to RMB2,185.9 million for the corresponding period last year. Our revenue consists of revenue from (i) sale of properties, (ii) property management services, (iii) decoration of properties, (iv) rental income and (v) others.

Revenue by business segments

	Six months ended 30 June				
	2020		2019		
		Percentage of the total revenue		Percentage of the total revenue	Year-on-year change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Revenue from contract with customers recognised at a point in time					
– Sales of properties	**2,808,611**	**89.1**	1,667,798	76.3	68.4
– Others	**4,485**	**0.1**	48,160	2.2	(90.7)
	2,813,096	**89.2**	1,715,958	78.5	63.9
Revenue from contract with customers recognised over time					
– Property management service	**224,780**	**7.1**	239,885	11.0	(6.3)
– Decoration of properties	**1,174**	**0.0**	150,864	6.9	(99.2)
	225,954	**7.1**	390,749	17.9	(42.2)
Rental income	**115,321**	**3.7**	79,224	3.6	45.6
Total	**3,154,371**	**100.0**	2,185,931	100.0	44.3

Revenue from the sale of properties has contributed, and is expected to continue to contribute to, a substantial majority of our total revenue. For the six months ended 30 June 2020, it accounted for 89.1% of our total revenue.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for our properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Period under Review, the properties delivered by the Group were mainly Shanghai Jingrui City Park, Zhoushan Jingrui Titian Garden, Tianjin Jingrui No. 1, Tang Gu Bay, Tianjin Jingrui Hanlin, Hangzhou Jingrui Flange Park. Revenue from sales of properties was RMB2,808.6 million for the first half of 2020 (the corresponding period in 2019: RMB1,667.8 million), representing an increase of 68.4% as compared to the corresponding period last year, mainly due to the increase in the GFA of properties delivered during the period.

Revenue from property management represents revenue generated from property management services we provide through our wholly owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In the first half of 2020, property management revenue of the Group was approximately RMB224.8 million (the corresponding period in 2019: RMB239.9 million), representing a decrease of approximately 6.3% as compared with the corresponding period last year. The decrease in revenue from property management was primarily due to the remission on part of property management fee affected by COVID-19.

Revenue from decoration of properties represents realized revenue generated from decoration works we provided. In the first half of 2020, such revenue of the Group was approximately RMB1.2 million (the corresponding period in 2019: RMB150.9 million), representing a significant decrease as compared with the corresponding period last year. The decrease in revenue from decoration of properties was mainly due to the deconsolidation of part of decoration services and the cyclical impact of the progress of projects.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. In the first half of 2020, rental income of the Group was approximately RMB115.3 million (the corresponding period in 2019: RMB79.2 million), representing an increase of 45.6% as compared with the corresponding period last year. The increase in rental income was mainly due to the launch of certain properties held by Jingrui Capital platform and the increase in the occupancy rate and rentals as compared with the corresponding period last year.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

Our cost of sales amounted to RMB2,164.6 million, representing an increase of 33.7% as compared with RMB1,619.2 million for the corresponding period last year.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

	Six months ended 30 June			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Construction costs	**850,984**	**39.3**	597,969	36.9
Land use right costs	**782,394**	**36.1**	510,231	31.5
Capitalized interest	**341,624**	**15.8**	242,786	15.0
Subtotal: Total cost of properties	**1,975,002**	**91.2**	1,350,986	83.4
Surcharges	**13,620**	**0.7**	16,455	1.0
Provision for impairment of properties held or under development for sale, net	**4,915**	**0.2**	4,386	0.3
Other costs[(1)]	**171,098**	**7.9**	247,346	15.3
Total	**2,164,635**	**100.0**	1,619,173	100.0

Notes:

(1) Includes costs associated with property management, leasing, decoration and other operations.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2020, the gross profit of the Group was RMB989.7 million (the corresponding period in 2019: RMB566.8 million), and the gross profit margin of the Group was 31.4% (the corresponding period in 2019: 25.9%). It increased significantly compared with the corresponding period last year, primarily due to the increase in the GFA of properties delivered with higher profit margin during the period.

Appreciation of Investment Properties under Capital Platform

For the six months ended 30 June 2020, the appreciation of investment properties under capital platform were RMB49.0 million (the corresponding period in 2019: RMB27.0 million). The appreciation of investment properties in the first half of 2020 were mainly attributable to price premium of Shanghai Jingrui Life Square and Shanghai Jingrui Xingfulai.

Fair Value (losses)/gains on Investment Properties under Other Platforms

For the six months ended 30 June 2020, the fair value losses on investment properties under other platforms were RMB25.0 million (the corresponding period in 2019: gains of RMB95.0 million). The fair value losses on investment properties in the first half of 2020 were mainly attributable to the depreciation of Ningbo Jingrui Harbour City.

Selling and Marketing Costs

For the six months ended 30 June 2020, our selling and marketing costs were RMB203.6 million (the corresponding period in 2019: RMB132.8 million), representing an increase of 53.3% as compared with the corresponding period last year, mainly due to active expansion of various sales channels and increased efforts in marketing of the Company in the context of COVID-19.

Administrative Expenses

For the six months ended 30 June 2020, our administrative expenses were RMB303.6 million (the corresponding period in 2019: RMB304.0 million), flat with the corresponding period last year.

Other Income and Other Gains, Net

For the six months ended 30 June 2020, our other income recorded a gain of RMB16.0 million (the corresponding period in 2019: RMB135.4 million), which was mainly government grants.

For the six months ended 30 June 2020, we recorded other gains of RMB355.8 million (the corresponding period in 2019: RMB58.3 million). Other gains recorded in the first half of 2020 was mainly derived from gains from the disposal of equity interest in Beijing Jingrui Shangyuan project, partial disposal of equity interest in Beijing Jingrui Xinhua Cultural Building Project and passive dilution of equity interest in Suzhou Jingrui Changshu in Times totalled RMB240.1 million, of which the fair value gains from financial assets at fair value through profit or loss and investment income from financial assets at fair value through other comprehensive income were RMB95.9 million, and the net foreign exchange gains was RMB25.7 million.

Finance Costs, Net

For the six months ended 30 June 2020, our finance income was RMB151.4 million (the corresponding period in 2019: RMB49.4 million). Our finance costs were RMB399.8 million (the corresponding period in 2019: RMB215.7 million). As a result, our net finance costs was RMB248.4 million, representing an increase of RMB82.2 million as compared to the corresponding period last year, primarily due to the decrease in capitalization rate and the increase in exchange loss.

Share of Results of Joint Ventures/Associates

For the six months ended 30 June 2020, our share of results of joint ventures/associates was a gain of RMB41.0 million (the corresponding period in 2019: RMB114.3 million), mainly because of the increase in profit from revenue carried forward of some joint ventures/associates during the period and the increase in fair value of investment property of a joint venture.

Income Tax Expense

For the six months ended 30 June 2020, our income tax expense was RMB326.1 million (the corresponding period in 2019: RMB39.6 million), the increase in income tax expense was primarily due to the substantial increase in land appreciation tax and corporate income tax as a result of the high profit margin projects carried forward.

Profit for the Period

For the six months ended 30 June 2020, we recorded the profit for the period of RMB344.9 million (the corresponding period in 2019: RMB354.3 million).

For the six months ended 30 June 2020, the profit of the Group attributable to equity holders of the Company was RMB293.6 million (the corresponding period in 2019: RMB280.0 million).

LIQUIDITY AND CAPITAL RESOURCES

The industry in which the Group operates is a capital-intensive industry. The Group has been and is expected to continue satisfying its needs of operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loan, and the Group's sources of liquid capital include loans, capital injections from shareholders and issuance of new shares.

Cash Positions

As at 30 June 2020, the Group's cash at bank and on hand (including restricted cash) decreased by approximately 12.5% to approximately RMB12,031.1 million from approximately RMB13,748.2 million as at 31 December 2019. The Group's cash at bank and on hand are mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings increased from RMB19,005.3 million as at 31 December 2019 to RMB19,343.9 million as at 30 June 2020. As at 30 June 2020, the Group had approximately RMB24,139.6 million in unutilized banking facilities. All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties held for sale, shares of the Company's subsidiaries, bank deposits and/or guarantees granted by the Company's subsidiaries. Our borrowings are mainly denominated in RMB and US dollars.

In March and June 2020, the Company issued US$190 million 12.75% and US$150 million 12.00% senior notes due March 2022 and September 2022, respectively, to refinance existing indebtedness of the Group.

Breakdown of our borrowings by categories

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*	Change %
Current Borrowings:			
Bank loans, secured	**1,451,904**	2,050,250	(29.2)
Trust financing arrangements, secured	**–**	124,700	(100.0)
Add: current portion of long-term borrowings	**7,300,297**	7,223,063	1.1
Total Current Borrowings	**8,752,201**	9,398,013	(6.9)
Non-Current Borrowings:			
Bank loans, secured	**6,504,935**	4,742,601	37.2
Other loans, secured	**1,050,590**	1,459,000	(28.0)
Trust financing arrangements, secured	**146,700**	251,700	(41.7)
Senior notes due 2020, issued in January 2019, secured	**1,061,396**	1,042,469	1.8
Senior notes due 2020, issued in April 2017, secured	**–**	2,750,975	(100.0)
Senior notes due 2021, issued in April 2018, secured	**2,468,862**	2,429,874	1.6
Senior notes due 2021, issued in April 2019, secured	**1,331,997**	1,355,493	(1.7)
Senior notes due 2022, issued in July 2019, secured	**1,826,447**	1,805,273	1.2
Senior notes due 2022, issued in March 2020, secured	**1,336,883**	–	100.0
Senior notes due 2022, issued in June 2020, secured	**1,052,957**	–	100.0
Corporate bonds due 2021	**1,111,261**	992,976	11.9
Less: current portion of long-term borrowings	**(7,300,297)**	(7,223,063)	1.1
Total Non-Current Borrowings	**10,591,731**	9,607,298	10.2
Total	**19,343,932**	19,005,311	1.8

Breakdown of our borrowings by maturity profiles

	30 June 2020		31 December 2019	
	RMB'000	***%***	*RMB'000*	*%*
Within 1 year	**8,752,201**	**45.3**	9,398,013	49.5
Between 1 and 2 years	**4,513,015**	**23.3**	5,916,425	31.1
Between 2 and 5 years	**5,644,791**	**29.2**	3,168,298	16.7
Above 5 years	**433,925**	**2.2**	522,575	2.7
Total	**19,343,932**	**100.0**	19,005,311	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 54.7% as of 30 June 2020, ensuring the healthy and stable cash flow of the Group in the future.

Interest and foreign exchange losses generated from bank loans, senior notes, corporate bonds and trust financing arrangements and other loans

	For the six months ended 30 June		
	2020	2019	Change
	RMB'000	*RMB'000*	*%*
Finance costs			
– Interest expensed	**314,018**	184,463	70.2
– Net foreign exchange losses on financing activities	**79,272**	17,711	347.6
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests	**–**	120	(100.0)
– Interest on lease liabilities	**6,557**	13,375	(51.0)
– Amounts capitalised	**623,829**	738,697	(15.6)
Total	**1,023,676**	954,366	7.3

Net Debt-to-Adjusted Capital Ratio

As of 30 June 2020, our net debt-to-adjusted capital ratio was 68%. Net debt-to-adjusted capital ratio is calculated as net debt at the end of the period divided by the sum of total equity and amounts due to non-controlling interests of subsidiaries and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

CONTINGENT LIABILITIES

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgage bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As of 30 June 2020, the contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB3,864.8 million (31 December 2019: approximately RMB4,363.1 million). In addition, we provided guarantee for certain bank loans amounting to RMB1,721.6 million (31 December 2019: RMB1,484.0 million) which were granted to our joint ventures/associates.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 30 June 2020, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

INTEREST RATE RISK

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank and trust financing providers, senior notes and corporate bonds. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk.

Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

FOREIGN EXCHANGE RISK

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2018 to 2020, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB, which may increase our exposure to fluctuations on exchange rates. We currently do not have a foreign currency hedging policy but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

As of 30 June 2020, the balance of the Group's financial assets at fair value through profit or loss mainly represented the investments in liquid opportunity fund, purchased wealth management products, and other investments in private funds. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investments in unlisted equity securities.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no major acquisitions and disposals for the six months ended 30 June 2020.

FUTURE PLANS FOR MATERIAL INVESTMENT

The Directors confirmed that as at the date of this interim results announcement, there is no current plan for any material investment other than that in the Group's ordinary business of property development and the identification of potential independent third party investors for respective project companies.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2020 (For the six months ended 30 June 2019: Nil).

IMPORTANT EVENTS AFFECTING THE GROUP SINCE 30 JUNE 2020

The Company purchased and immediately cancelled an aggregate principal amount of US$20,000,000 and an aggregate principal amount of US$15,000,000 of the Company's 13.0% senior notes due July 2020 listed on the Stock Exchange (the "**Notes Due July 2020**"), representing 13.33% and 10.00% of the aggregate principal amount of the Notes Due July 2020 originally issued, on 9 July 2020 and 16 July 2020 respectively.

On 30 July 2020, the Company redeemed the remaining aggregate principal amount of US$115,000,000 of the Notes Due July 2020 with a total consideration of US$122,475,000 (including unpaid interests accrued) upon maturity of the Notes Due July 2020 in accordance to the terms of the Notes Due July 2020. The abovementioned notes were subsequently cancelled after the redemption.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code for the six months ended 30 June 2020 except for the deviation from the code provision set out in paragraph A.2.1 of the CG Code stating that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as another co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in paragraph A.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company's growth and business expansion since 1999. The Board considers that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The administrative functions and day-to-day business management are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the two co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. For the six months ended 30 June 2020, except for the period from 18 January 2020 to 30 March 2020 when the Board had three executive Directors and three independent non-executive Directors, the Board comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a high level of independence in its composition. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG code.

AUDIT COMMITTEE REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Qian Shi Zheng (Chairman of the Audit Committee), Dr. Lo Wing Yan William and Mr. Han Jiong.

The audit committee, the management of the Group and the external auditor of the Company have reviewed the unaudited interim results for the six months ended 30 June 2020 of the Group and the accounting principles and practices adopted by the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and each of the Directors has confirmed that he has complied with the Model Code during the six months ended 30 June 2020.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2020, the Company issued, purchased and redeemed the following listed securities of the Group:

The Company purchased an aggregate principal amount of US$123,120,000 of the Company's 7.75% senior notes due April 2020 listed on the Stock Exchange (the "**Notes Due April 2020**") with a total consideration of US$127,198,000 (including unpaid interests accrued). The abovementioned notes were subsequently cancelled in March and April 2020 (together with the aggregate principal amount of US$5,000,000 of Notes Due April 2020 which were purchased in 2019).

The Company purchased an aggregate principal amount of US$6,800,000 of the Company's 10.875% senior notes due October 2021 listed on the Stock Exchange (the "**Notes Due October 2021**") with a total consideration of US$6,875,000 (including unpaid interests accrued). Among the abovementioned notes, a principal amount of US$1,600,000 of the Noted Due October 2021 were subsequently cancelled in March 2020 (together with the aggregate principal amount of US$3,400,000 of Notes Due October 2021 which were purchased in 2019).

The Company purchased an aggregate principal amount of US$200,000 of the Company's 9.45% senior notes due April 2021 listed on the Stock Exchange (the "**Notes Due April 2021**") with a total consideration of US$201,000 (including unpaid interests accrued). The abovementioned notes were subsequently cancelled in March 2020.

The Company purchased an aggregate principal amount of US$1,000,000 of the Company's 12.0% senior notes due July 2022 listed on the Stock Exchange (the "**Notes Due July 2022**") with a total consideration of US$989,000 (including unpaid interests accrued).

On 12 March 2020, the Company issued US$190,000,000 12.75% senior notes due March 2022 (the "**Notes Due March 2022**"). The Notes Due March 2022 are listed on the Singapore Exchange Securities Trading Limited. Details of the issue of the Notes Due March 2022 were disclosed in the announcement of the Company dated 4, 5 and 12 March 2020.

On 13 April 2020, the Company redeemed the remaining aggregate principal amount of US$271,880,000 of the Notes Due April 2020 with a total consideration of US$282,415,000 (including unpaid interests accrued) upon maturity of the Notes Due April 2020 in accordance to the terms of the Notes Due April 2020. The abovementioned notes were subsequently cancelled after the redemption.

On 29 June 2020, the Company issued US$150,000,000 12.00% senior notes due September 2022 (the "**Notes Due September 2022**"). The Notes Due September 2022 are listed on the Stock Exchange. Details of the issue of the Notes Due September 2022 were disclosed in the announcement of the Company dated 26 June 2020.

Save as disclosed above, during the six months ended 30 June 2020, neither the Company nor any of its subsidiaries (other than the trust of the share award scheme) repurchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND 2020 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jingruis.com) and the 2020 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course for inspection.

By order of the Board
Jingrui Holdings Limited
Yan Hao Chen Xin Ge
Co-chairmen

Hong Kong, 27 August 2020

As at the date of this announcement, the Board comprises Yan Hao, Chen Xin Ge, Xu Hai Feng and Chen Chao, as executive Directors; Han Jiong, Qian Shi Zheng and Lo Wing Yan William, as independent non-executive Directors.

* *For identification purpose only*