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## 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 2021

#### INTERIM RESULTS HIGHLIGHTS

- For the six months ended 30 June 2021, the Group achieved contracted sales of RMB18,734.5 million, representing an increase of approximately 144.3% as compared to the corresponding period last year.
- For the six months ended 30 June 2021, the Group achieved revenue of RMB5,099.5 million, representing an increase of approximately 61.7% as compared to the corresponding period last year. Gross profit amounted to RMB1,227.3 million and gross profit margin was 24.1%.
- For the six months ended 30 June 2021, the net profit of the Group was RMB365.8 million, representing an increase of 6.1% as compared to the corresponding period last year.
- As at 30 June 2021, the Group's total assets amounted to RMB66,751.8 million, representing a decrease of 2.3% as compared to 31 December 2020.
- As at 30 June 2021, land bank of the Group was approximately 5,292,545 sq.m..
- As at 30 June 2021, the net debt-to-adjusted capital ratio was approximately 74%. The total amount of cash at bank and on hand was RMB14,229.8 million.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021.

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 2021 (the “**Period under Review**”) together with the comparative figures for the six months ended 30 June 2020 as follows:

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	4	<b>5,099,478</b>	3,154,371
Cost of sales	9	(3,872,174)	(2,164,635)
<b>Gross profit</b>		<b>1,227,304</b>	989,736
Fair value (losses)/gains on investment properties under capital platform		(2,514)	48,959
Fair value gains/(losses) on investment properties under other platforms		2,000	(25,000)
Selling and marketing costs	9	(273,321)	(203,564)
Administrative expenses	9	(289,010)	(303,586)
Other income	7	13,245	15,982
Other gains – net	8	237,504	355,800
<b>Operating profit</b>		<b>915,208</b>	878,327
Finance income	10	196,335	151,435
Finance costs	10	(408,253)	(399,847)
<b>Finance costs – net</b>		<b>(211,918)</b>	(248,412)
Share of results of joint ventures		(25,615)	23,553
Share of results of associates		4,859	17,473
		(20,756)	41,026
<b>Profit before income tax</b>		<b>682,534</b>	670,941
Income tax expense	11	(316,769)	(326,059)
<b>Profit for the period</b>		<b>365,765</b>	344,882
<b>Attributable to:</b>			
Equity holders of the Company		295,306	293,630
Non-controlling interests		70,459	51,252
		<b>365,765</b>	344,882
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
– Basic earnings per share	12	<b>RMB0.19</b>	RMB0.21
– Diluted earnings per share	12	<b>RMB0.19</b>	RMB0.21

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2021*

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b><u>365,765</u></b>	<b><u>344,882</u></b>
<b>Other comprehensive losses that will not be reclassified to profit or loss</b>		
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	<b><u>(5,117)</u></b>	<b><u>(69,985)</u></b>
<b>Total comprehensive income for the period, net of tax</b>	<b><u>360,648</u></b>	<b><u>274,897</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	<b>290,189</b>	<b>223,645</b>
Non-controlling interests	<b><u>70,459</u></b>	<b><u>51,252</u></b>
	<b><u><u>360,648</u></u></b>	<b><u><u>274,897</u></u></b>

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2021

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		107,045	101,330
Right-of-use assets		128,318	129,614
Investment properties		5,958,900	5,950,300
Intangible assets		75,437	75,556
Investments in joint ventures		1,507,704	1,534,959
Investments in associates		948,439	1,635,556
Deferred income tax assets		443,336	295,886
Financial assets at fair value through profit or loss		1,258,319	1,144,684
Financial assets at fair value through other comprehensive income		503,924	486,650
Trade and other receivables and prepayments	5	1,103,451	753,652
		<u>12,034,873</u>	<u>12,108,187</u>
<b>Current assets</b>			
Prepayments for leasehold land		150,000	1,239,780
Properties held or under development for sale		29,987,872	28,755,174
Trade and other receivables and prepayments	5	8,697,588	10,795,590
Prepaid income taxes		501,433	444,130
Cash at bank and on hand		14,229,825	13,646,489
Contract acquisition costs		160,107	152,707
Financial assets at fair value through profit or loss		990,090	1,161,929
Financial assets at fair value through other comprehensive income		–	15,257
		<u>54,716,915</u>	<u>56,211,056</u>
<b>Total assets</b>		<u><b>66,751,788</b></u>	<u><b>68,319,243</b></u>
<b>OWNERS' EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		87,813	87,813
Reserves		6,030,978	6,078,734
		<u>6,118,791</u>	<u>6,166,547</u>
<b>Non-controlling interests</b>		<u><b>4,988,158</b></u>	<u><b>5,130,319</b></u>
<b>Total equity</b>		<u><b>11,106,949</b></u>	<u><b>11,296,866</b></u>

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)***As at 30 June 2021*

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>14,739,951</b>	12,304,938
Deferred income tax liabilities		<b>1,311,781</b>	1,421,053
Lease liabilities		<b>134,420</b>	132,597
		<b>16,186,152</b>	13,858,588
<b>Current liabilities</b>			
Trade and other payables	6	<b>16,796,525</b>	18,905,889
Amounts due to non-controlling interests of subsidiaries		<b>1,129,371</b>	1,414,043
Contract liabilities		<b>10,977,932</b>	11,639,042
Current income tax liabilities		<b>2,020,608</b>	2,018,143
Borrowings		<b>8,495,159</b>	9,139,870
Lease liabilities		<b>20,892</b>	21,202
Derivative financial instruments		<b>18,200</b>	25,600
		<b>39,458,687</b>	43,163,789
<b>Total liabilities</b>		<b>55,644,839</b>	57,022,377
<b>Total equity and liabilities</b>		<b>66,751,788</b>	68,319,243

## 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 23 August 2021.

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 2021 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 2020, 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 2020, 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 2021.

### **New amendments of HKFRSs effective for 2021**

The following new amendments of HKFRSs which are relevant to the Group’s operations are effective for the first time for annual period beginning on 1 January 2021.

- Amendments to HKFRS 16 – Covid-19-related Rent Concessions
- Amendments of HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 -Interest Rate Benchmark Reform – Phase 2

The adoption of the above new amendments starting from 1 January 2021 did not have any significant impact on the Group’s results of operation and financial position for the six months ended 30 June 2021.

### **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 2021.

#### 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.

The Group’s revenue is mainly attributable to the market in the PRC and the Group’s non-current assets are mainly located in the PRC.

##### (a) REVENUE

Revenue of the Group for each of the six months ended 30 June 2021 and 2020 consists of the following revenue:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contract with customers recognised at a point in time</b>		
– Sales of properties	<b>4,636,072</b>	2,808,611
– Others	<b>5,291</b>	4,485
	<b>4,641,363</b>	2,813,096
<b>Revenue from contract with customers recognised over time</b>		
– Property management service	<b>350,470</b>	224,780
– Decoration of properties	<b>–</b>	1,174
	<b>350,470</b>	225,954
<b>Rental income</b>	<b>107,645</b>	115,321
	<b>5,099,478</b>	3,154,371

**(b) SEGMENT INFORMATION**

Six months ended 30 June 2021 (Unaudited)						
	Property development platform <i>RMB'000</i>	Capital platform <i>RMB'000</i>	All other platforms <i>RMB'000</i>	Total segment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total Group <i>RMB'000</i>
Segment revenue	<u>4,642,611</u>	<u>94,743</u>	<u>439,964</u>	<u>5,177,318</u>	<u>(77,840)</u>	<u>5,099,478</u>
Segment profit/(loss) before income tax expense	<u>607,963</u>	<u>87,584</u>	<u>(16,750)</u>	<u>678,797</u>	<u>3,737</u>	<u>682,534</u>
Finance income	162,908	4,229	29,198	196,335	–	196,335
Finance costs	(371,397)	(6,546)	(30,310)	(408,253)	–	(408,253)
Share of results of joint ventures	(7,583)	(18,032)	–	(25,615)	–	(25,615)
Share of results of associates	6,114	–	(1,255)	4,859	–	4,859
Depreciation and amortisation	<u>(11,498)</u>	<u>(458)</u>	<u>(2,384)</u>	<u>(14,340)</u>	<u>–</u>	<u>(14,340)</u>
A reconciliation to profit for the period is as follows:						
Total segment profits before income tax expense						682,534
Income tax expense						<u>(316,769)</u>
Profit for the period						<u>365,765</u>
As at 30 June 2021 (Unaudited)						
Segment assets	<u>108,474,147</u>	<u>8,480,305</u>	<u>12,105,108</u>	<u>129,059,560</u>	<u>(62,307,772)</u>	<u>66,751,788</u>
Segment assets include:						
Investments in joint ventures	834,758	672,946	–	1,507,704	–	1,507,704
Investments in associates	876,362	–	72,077	948,439	–	948,439
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>430,045</u>	<u>5,993</u>	<u>5,457</u>	<u>441,495</u>	<u>–</u>	<u>441,495</u>
Segment liabilities	<u>101,655,150</u>	<u>5,091,854</u>	<u>11,337,502</u>	<u>118,084,506</u>	<u>(62,439,667)</u>	<u>55,644,839</u>



Six months ended 30 June 2020 (Unaudited)

	Property development platform <i>RMB'000</i>	Capital platform <i>RMB'000</i>	All other platforms <i>RMB'000</i>	Total segment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total Group <i>RMB'000</i>
Segment revenue	<u>2,819,721</u>	<u>84,015</u>	<u>359,992</u>	<u>3,263,728</u>	<u>(109,357)</u>	<u>3,154,371</u>
Segment profit before income tax expense	<u>413,414</u>	<u>225,112</u>	<u>26,680</u>	<u>665,206</u>	<u>5,735</u>	<u>670,941</u>
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	<u>(8,113)</u>	<u>(982)</u>	<u>(2,175)</u>	<u>(11,270)</u>	<u>–</u>	<u>(11,270)</u>
A reconciliation to profit for the period is as follows:						
Total segment profits before income tax expense						670,941
Income tax expense						<u>(326,059)</u>
Profit for the period						<u>344,882</u>

As at 31 December 2020 (Audited)

Segment assets	<u>101,624,806</u>	<u>7,109,564</u>	<u>20,699,113</u>	<u>129,433,483</u>	<u>(61,114,240)</u>	<u>68,319,243</u>
Segment assets include:						
Investments in joint ventures	843,980	690,979	–	1,534,959	–	1,534,959
Investments in associates	1,550,786	–	84,770	1,635,556	–	1,635,556
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>256,586</u>	<u>18,843</u>	<u>58,964</u>	<u>334,393</u>	<u>–</u>	<u>334,393</u>
Segment liabilities	<u>93,924,118</u>	<u>5,004,005</u>	<u>19,213,348</u>	<u>118,141,471</u>	<u>(61,119,094)</u>	<u>57,022,377</u>

## 5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 <b>RMB'000</b> (Unaudited)	As at 31 December 2020 <b>RMB'000</b> (Audited)
Trade receivables	499,183	545,579
Less: Provision for impairment of trade receivables	(46,284)	(26,124)
Trade receivables – net	452,899	519,455
Amounts due from joint ventures and associates	1,900,982	3,124,230
Prepaid taxes and surcharges and input VAT to be deducted (a)	585,157	613,740
Loans due from disposed subsidiaries assumed by third parties (b)	–	13,098
Tender deposits (c)	76,500	–
Deposits with public housing fund centres (d)	11,557	11,252
Prepayments of construction costs	85,269	56,469
Temporary funding receivables (e)	140,267	152,999
Deposits paid for construction work	532,407	236,002
Amounts due from non-controlling interests of subsidiaries (f)	3,578,587	3,958,825
Deposits paid to secure borrowings	68,144	26,259
Prepayments for acquisition of completed properties for sale (g)	16,017	82,746
Deposits for potential investment	348,571	299,362
Dividend receivables	34,749	30,228
Net leasing investment receivables	101,034	104,399
Receivables from third parties (h)	1,017,572	620,604
Receivables in connection with the compensation of demolition costs	43,203	133,203
Amounts due from related parties of non-controlling interests of a subsidiary	–	748,095
Deposits paid for advanced proceeds received from customers (i)	41,145	–
Others	850,107	906,829
Less: Provision for impairment of other receivables	(83,128)	(88,553)
	9,801,039	11,549,242
Less: non-current portion (j)	(1,103,451)	(753,652)
	8,697,588	10,795,590

### Notes:

- (a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid turnover taxes and surcharges are recorded as prepayments before the relevant revenue is recognised.
- (b) The balance as at 31 December 2020 represented the outstanding amounts originally due by the disposed subsidiaries which have been assumed by the acquirers based on the share purchase agreements and was fully received for the six months ended 30 June 2021.
- (c) The balance represents the tender deposits for bidding of land use rights, which would be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.
- (d) 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.
- (e) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing, unsecured and repayable on demand.

- (f) The balance represents the funding provided to non-controlling interests of certain subsidiaries, which are unsecured, non-interest bearing and repayable on demand.
- (g) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.
- (h) The balance as at 30 June 2021 includes the loan principal and interest receivables of USD115,812,000 and HKD327,374,000 (totalling equivalent to RMB1,017,572,000) (31 December 2020: USD93,658,000 (equivalent to RMB620,604,000)) due from third parties, which will be matured in 2022 and 2023, respectively.
- (i) The balance represents the deposits paid to local government for the advanced proceeds of properties received from customers in Changzhou.
- (j) The balance as at 30 June 2021 includes the loan principal and interest receivables of RMB1,017,572,000 (31 December 2020: RMB620,604,000) due from third parties and the long-term portion of net leasing investment receivables of RMB85,879,000 (31 December 2020: RMB89,845,000).

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

	As at <b>30 June</b> <b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2020 <b>RMB'000</b> <b>(Audited)</b>
Less than 1 year	<b>319,062</b>	359,428
Between 1 and 2 years	<b>137,609</b>	177,388
Between 2 and 3 years	<b>39,794</b>	7,421
Over 3 years	<b>2,718</b>	1,342
	<b>499,183</b>	545,579

As at 30 June 2021 and 31 December 2020, the fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivables with a total carrying amount of RMB6,046,000 as at 30 June 2021 (31 December 2020: RMB5,219,000) were pledged as collateral for the Group's borrowings.

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies :

	As at <b>30 June</b> <b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2020 <b>RMB'000</b> <b>(Audited)</b>
– RMB	<b>8,467,212</b>	10,629,276
– USD	<b>860,806</b>	717,012
– HKD	<b>473,021</b>	202,954
	<b>9,801,039</b>	11,549,242

## 6 TRADE AND OTHER PAYABLES

	As at 30 June 2021 <b>RMB'000</b> (Unaudited)	As at 31 December 2020 <b>RMB'000</b> (Audited)
Trade payables	4,451,997	3,994,211
Notes payable	96,443	144,749
Amounts due to related parties	2,602,306	5,303,035
Turnover taxes payable	961,700	912,053
Electricity fee and cleaning fee collected on behalf	89,827	105,946
Deed tax collected on behalf	345	1,964
Accrued payroll	32,700	34,541
Interest payable	315,042	394,258
Temporary funding payables (a)	2,804,962	2,086,956
Construction deposits received from suppliers	33,736	56,621
Deposits received from customers	397,800	84,048
Consideration payables for acquisition	302,964	283,965
Dividend payable to non-controlling interests of certain subsidiaries	286,138	315,963
Dividend payable (Note 13)	320,846	–
Amount received in connection with the transferring the right of collection of future receivables (b)	107,656	141,781
Payables to related parties of non-controlling interests of subsidiaries (c)	911,112	1,147,179
Deposits received in connection with cooperation with third parties and non-controlling interests for property development and property investment	800,000	943,240
Payables for acquisition of equity investments (d)	1,541,117	2,444,060
Others	739,834	511,319
	<b>16,796,525</b>	<b>18,905,889</b>

### Notes:

- (a) Temporary funding payables are funds temporarily received from non-related parties, which are non-interest bearing, unsecured and repayable on demand.
- (b) 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.
- (c) 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.
- (d) The balance represents the payables due to certain third parties in connection with the acquisition of equity interests in certain subsidiaries, joint ventures and associates by the Group. The rate of return is ranging from approximately 7.9% – 13% per annum.

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

	As at <b>30 June</b> <b>2021</b> <b><i>RMB'000</i></b> <b>(Unaudited)</b>	As at 31 December 2020 <b><i>RMB'000</i></b> <b>(Audited)</b>
Less than 1 year	3,887,781	3,392,791
Between 1 and 2 years	533,592	665,377
Between 2 and 3 years	90,708	41,416
Over 3 years	36,359	39,376
	<u>4,548,440</u>	<u>4,138,960</u>

As at 30 June 2021 and 31 December 2020, the fair value of trade and other payables approximate their carrying amounts.

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other payables are denominated in below currencies:

	As at <b>30 June</b> <b>2021</b> <b><i>RMB'000</i></b> <b>(Unaudited)</b>	As at 31 December 2020 <b><i>RMB'000</i></b> <b>(Audited)</b>
– RMB	16,079,040	18,655,324
– USD	378,322	231,800
– HKD	339,163	18,765
	<u>16,796,525</u>	<u>18,905,889</u>

## 7 OTHER INCOME

	Six months ended 30 June <b>2021</b> <b><i>RMB'000</i></b> <b>(Unaudited)</b>	2020 <b><i>RMB'000</i></b> <b>(Unaudited)</b>
Government grants	8,886	12,830
Compensation income	876	–
Others	3,483	3,152
	<u>13,245</u>	<u>15,982</u>

## 8 OTHER GAINS-NET

	Six months ended 30 June	
	2021	2020
	<i>RMB' 000</i>	<i>RMB' 000</i>
	(Unaudited)	(Unaudited)
Gains from deemed disposal of a subsidiary	–	112,271
Gains from disposal of shares in subsidiaries	<b>156,584</b>	90,647
Gains from re-measurement of the existing interests in a subsidiary upon lost of control	–	37,203
Fair value gains from financial assets at fair value through profit or loss	<b>111,735</b>	73,057
Investment income from financial assets at fair value through profit or loss	<b>56,434</b>	–
Investment income from financial assets at fair value through other comprehensive income	<b>9,049</b>	22,861
Gains from disposal of shares in an associate	<b>1,061</b>	–
Net foreign exchange (losses)/gains	<b>(27,618)</b>	25,652
Changes in fair value of derivative financial instrument	<b>7,400</b>	1,907
Compensation and late payment charges	<b>(72,413)</b>	(6,402)
Gains/(losses) from disposal of property, plant and equipment	<b>468</b>	(145)
Others	<b>(5,196)</b>	(1,251)
	<b>237,504</b>	355,800

## 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	
	2021	2020
	<i>RMB' 000</i>	<i>RMB' 000</i>
	(Unaudited)	(Unaudited)
Cost of properties sold	<b>3,558,939</b>	1,975,002
Cost of property management	<b>229,072</b>	129,717
Cost of decoration	–	1,425
Surcharges	<b>22,133</b>	13,620
Depreciation of property, plant and equipment	<b>13,893</b>	10,887
Amortisation of intangible assets	<b>447</b>	383
Bank charges	<b>12,519</b>	6,244
Staff costs	<b>245,651</b>	219,295
Entertainment expenses	<b>12,471</b>	7,973
Stamp duty and other taxes	<b>16,019</b>	15,442
Professional fees	<b>41,757</b>	71,449
Auditors' remuneration	<b>2,813</b>	2,675
Sales commission	<b>78,160</b>	62,320
Advertising and publicity costs	<b>41,391</b>	15,884
Office and meeting expenses	<b>18,779</b>	16,159
Rental expenses	<b>1,450</b>	4,051
Travelling expenses	<b>6,387</b>	4,041
Accrual of provision for impairment of properties held or under development for sale	<b>26,427</b>	4,915
Net impairment losses on financial assets	<b>14,735</b>	26,146
Other expenses	<b>91,462</b>	84,157
Total cost of sales, selling and marketing costs and administrative expenses	<b>4,434,505</b>	2,671,785

## 10 FINANCE COSTS – NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits and financial assets	84,810	151,435
– Net foreign exchange gains on financing activities	111,525	–
	<u>196,335</u>	<u>151,435</u>
Finance costs		
– Interest on financing arrangements	(1,201,777)	(937,847)
– Net foreign exchange losses on financing activities	–	(79,272)
– Interest on lease liabilities	(5,728)	(6,557)
– Less: Amounts capitalised	799,252	623,829
	<u>(408,253)</u>	<u>(399,847)</u>
Net finance costs	<u>(211,918)</u>	<u>(248,412)</u>

## 11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	105,228	130,068
– PRC corporate income tax	391,142	250,089
	<u>496,370</u>	<u>380,157</u>
Deferred income tax	<u>(179,601)</u>	<u>(54,098)</u>
Total income tax charged for the period	<u>316,769</u>	<u>326,059</u>

### 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 2021. 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 2021, the Group did not recognise deferred income tax for PRC withholding income tax with an amount of RMB671,147,000 (31 December 2020: RMB639,120,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with an amount of RMB6,711,469,000 (31 December 2020: RMB6,391,198,000).

The Group did not recognise deferred income tax assets of RMB655,880,000 (31 December 2020: RMB634,773,000) in respect of tax losses amounting to RMB2,623,521,000 (31 December 2020: RMB2,539,092,000) as at 30 June 2021. 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 2021 and 2020 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	
	2021	2020
	(Unaudited)	(Unaudited)
Group's profit attributable to equity holders of the Company ( <i>RMB'000</i> )	<u>295,306</u>	<u>293,630</u>
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	<u>1,536,093</u>	<u>1,395,841</u>
Basic earnings per share ( <i>RMB</i> )	<u>0.19</u>	<u>0.21</u>

### (b) Diluted earnings per share

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Group's profit attributable to equity holders of the Company ( <i>RMB'000</i> )	<u>295,306</u>	<u>293,630</u>
Weighted average number of shares in issue ( <i>in thousand</i> )	<u>1,536,093</u>	<u>1,395,841</u>
Effect of dilutive potential ordinary shares in respect of share award scheme ( <i>in thousand</i> )	<u>509</u>	<u>2,192</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>in thousand</i> )	<u>1,536,602</u>	<u>1,398,033</u>
Diluted earnings per share ( <i>RMB</i> )	<u>0.19</u>	<u>0.21</u>

## 13 DIVIDENDS

The board of directors of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2021 (Six months ended 30 June 2020: Nil).

A final dividend in respect of the year ended 31 December 2020 of HKD 25 cents per ordinary share, amounting to approximately RMB320,846,000 has been approved at the annual general meeting of the Company held on 8 June 2021. The dividend has been paid out by the Company on 14 July 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET OVERVIEW

In 2021, the COVID-19 pandemic (the “**Pandemic**”) prevention and control has improved to some extent across the world. However, repeated regional outbreaks still have a significant impact on economic recovery. In Europe and America, the governments continued to implement loose monetary policies to stimulate the economy, resulting in an obvious inflation. The Chinese government endeavoured to make plannings on both the Pandemic prevention and control and economic development, and therefore the economy continued to recover and improve steadily. The gross domestic product for the first half of 2021 amounted to RMB53.2 trillion, representing a year-on-year increase of 12.7%, which maintained the leading advantage of the Pandemic prevention and control and economic recovery. We are full of confidence in the PRC’s future economic development.

In the first half of 2021, the state adhered to the orientation of “housing is for accommodation, not for speculation”, and further strengthened its efforts in regulation and control, such as the issuance of policies including “the concentration of land supply” and expansion of coverage of cities within the “linkage mechanism for land price and house price” on the basis of “Three Red Lines”, as well as implementation of classification management of real estate loan facilities of banks. The drastic adjustment and changes of a series of regulations had significantly affected the real estate industry. Looking forward to the second half of 2021, the regulation and control on adoption of differential measures in light of different situations in different cities will be more refined and there will be more limitations on the overall sales volume and profits in the industry, while the whole industry will enter into a differentiated stage. The development model of land hoarding only through raising borrowings will gradually fade out and the real estate industry is going into a refined development stage that exploits management for benefits.

### PROSPECTS

In the second half of 2021, adhering to the guiding principles of seeking steady progress, the state will continue to maintain a stringent regulation and control on the real estate industry, and the industry as a whole will be under a steady development with structural differentiation. Along with the advancing of the national strategy on city clusters and focuses on steady development of urbanization of city clusters and metropolitan areas, incremental development opportunities will be constantly brought about. Leveraging on the further expansion of the housing rental market in first-tier cities, the landlord agent model with sequacious expansion is being abandoned in the market, and the long-term rental apartment business turns to be more rational and normative. As the economy returns to normal, the recovery of the office market will be accelerated. The property service market is under redefinition, and through technology penetration and empowerment as well as the upgrading of business models, a new development opportunity is coming. For the development in the second half of 2021, Jingrui will deeply develop into the core cities and metropolitan areas and make efforts to seize quality development projects, which will ensure the profitability level by enhancing production capacity and excellent operation capacity. We will insist on developing the real estate business based on the asset management model and continuously build up an outstanding operation management capacity, to enhance the value of assets. Also, we will further expand the property service, follow the industry reform trend and enhance the technology empowerment and training empowerment, to improve the service efficiency in an all-rounded way and in turn facilitate the realization of quality development.

## BUSINESS REVIEW

### Jingrui Properties

#### *Property Development*

In the first half of 2021, the Group achieved contracted sales (including those of joint ventures and associates on a 100% basis) of approximately RMB18,734.5 million and the total contracted gross floor area (“GFA”) sold was approximately 969,335 sq.m.. Our contracted sales (excluding car parks) were primarily generated from Jiangsu Province and centrally direct-controlled municipalities, which were approximately RMB7,313.5 million and RMB5,619.7 million respectively, representing 39.0% and 30.0% 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 2021:

<b>Project Name</b>	<b>Contracted GFA Sold <i>sq.m.</i></b>	<b>Contracted Sales <i>RMB’000</i></b>	<b>Contracted Average Selling Price (“ASP”) <i>RMB/sq.m.</i></b>
<b>Shanghai</b>			
Shanghai Jingrui Jiangshanyue	22,410	1,038,900	46,359
Shanghai Jingrui Upper Riverside	2,140	267,076	124,802
Shanghai Sheshan Yuehu Villa	760	121,100	159,342
<b>Tianjin</b>			
Tianjin The Great Habitat Mansion House	300	6,500	21,667
Tianjin Yuetiandi	25,300	335,000	13,241
Tianjin Jingrui Yuexitai	9,850	126,500	12,843
Tianjin Jingrui Yujing Tiandi (Lot Huayuan, Binhai New Area)	103,550	1,748,500	16,886
Tianjin Sea Blue City	44,160	670,669	15,187
<b>Chongqing</b>			
Chongqing Jingrui Jiangshan Yufu	35,930	297,500	8,280
Chongqing Jingrui Tianchen Yujing (Lot L66 sub-district L, Xiyong Group, Shapingba District)	72,190	1,008,000	13,963
<b>Sub-total of centrally direct-controlled municipalities</b>	<b>316,590</b>	<b>5,619,745</b>	<b>17,751</b>

<b>Project Name</b>	<b>Contracted GFA Sold <i>sq.m.</i></b>	<b>Contracted Sales <i>RMB'000</i></b>	<b>ASP <i>RMB/sq.m.</i></b>
<b>Hangzhou</b>			
Hangzhou Jingrui Vital House	16,690	371,859	22,280
Hangzhou Jingrui Qinghai	31,360	1,429,510	45,584
Hangzhou Jingrui Haiyi Cuiting	15,080	375,866	24,925
<b>Ningbo</b>			
Ningbo Jingrui Xingning Mansion	290	4,442	15,317
Ningbo Xinghai Land	1,850	28,334	15,316
<b>Zhoushan</b>			
Zhoushan Jingrui Peninsula Bay	1,100	10,500	9,545
<b>Sub-total of Zhejiang Province</b>	<b>66,370</b>	<b>2,220,511</b>	<b>33,457</b>
<b>Suzhou</b>			
Suzhou Jingrui Changshu in Times	3,120	29,700	9,519
Suzhou Jingrui Changshu Jiangnan Mansion	14,980	288,500	19,259
Suzhou Jingrui Taicang Yueting	41,450	537,000	12,955
Suzhou Taicang Luminaries Park	45,810	762,400	16,643
<b>Wuxi</b>			
Wuxi Jingrui Hubin Tianyu (Lot Xiguotu (Jing) 2020-42, Binhu District)	15,990	507,400	31,732
<b>Nanjing</b>			
Nanjing Jingrui Xitang Mansion	13,850	305,400	22,051
Nanjing Xijiang Ruifu	87,600	2,372,000	27,078
<b>Yangzhou</b>			
Yangzhou Jingrui Yujing Fenghua (Lot Tangwang Middle School, Guangling District)	58,130	1,018,000	17,512
<b>Changzhou</b>			
Changzhou Jingrui Chenyun Tianfu (North Lot of Juhu Road, Wujin District)	59,090	1,493,100	25,268
<b>Sub-total of Jiangsu Province</b>	<b>340,020</b>	<b>7,313,500</b>	<b>21,509</b>

<b>Project Name</b>	<b>Contracted GFA Sold <i>sq.m.</i></b>	<b>Contracted Sales <i>RMB'000</i></b>	<b>ASP <i>RMB/sq.m.</i></b>
<b>Wuhan</b>			
Wuhan Jingrui Tianfu Binjiang	88,700	1,346,695	15,183
Wuhan Jingrui Tianfu Peninsula	650	16,100	24,769
Wuhan Jingrui Jiangshanyue	29,590	406,800	13,748
Wuhan Jingrui Jiangnanyue	96,300	1,307,700	13,579
<b>Hefei</b>			
Hefei Jingrui Haomen Jindi	10,079	97,448	9,668
<b>Nanchang</b>			
Nanchang Jingrui Hongxing Plaza	21,036	295,977	14,070
<b>Sub-total of other provinces</b>	<b>246,355</b>	<b>3,470,720</b>	<b>14,088</b>
Car park (lots)	1,230	110,024	
<b>Total</b>	<b>969,335</b>	<b>18,734,500</b>	<b>19,327</b>

*Note:*

(1) Excluding the area of car parks.

### **Land Bank**

As at 30 June 2021, the total land bank of the Group was approximately 5,292,545 sq.m. or approximately 2,934,791 sq.m. on an attributable basis. In the first half of 2021, we secured 4 land parcels and property projects in Ningbo, Shanghai, Wuhan and Jinhua.

**Breakdown of the Group's land bank by cities as of 30 June 2021**

<b>City</b>	<b>Total GFA sq.m.</b>	<b>Percentage of the Group's Total GFA %</b>	<b>GFA Attributable to the Group's Interests sq.m.</b>	<b>Percentage of GFA Attributable to the Group's Interests %</b>
<b>Municipalities directly under the central government</b>				
Shanghai	320,629	6.1	194,036	6.6
Beijing	33,931	0.6	31,800	1.1
Tianjin	666,737	12.6	429,783	14.6
Chongqing	243,995	4.6	196,551	6.7
<b>Sub-total</b>	<b>1,265,292</b>	<b>23.9</b>	<b>852,170</b>	<b>29.0</b>
<b>Zhejiang Province</b>				
Hangzhou	212,958	4.0	152,698	5.2
Ningbo	269,994	5.1	244,574	8.3
Shaoxing	53,605	1.0	53,605	1.8
Zhoushan	1,997	0.0	1,997	0.1
Jinhua	84,093	1.6	84,093	2.9
Jiaxing	130,387	2.5	52,155	1.8
<b>Sub-total</b>	<b>753,034</b>	<b>14.2</b>	<b>589,122</b>	<b>20.1</b>
<b>Jiangsu Province</b>				
Suzhou	873,622	16.5	330,861	11.3
Nanjing	411,548	7.8	132,466	4.5
Wuxi	57,115	1.1	24,063	0.8
Changzhou	199,296	3.8	199,296	6.8
Yangzhou	259,925	4.9	115,763	3.9
<b>Sub-total</b>	<b>1,801,506</b>	<b>34.1</b>	<b>802,449</b>	<b>27.3</b>
<b>Other provinces</b>				
Nanchang	251,298	4.7	128,162	4.4
Chengdu	151,923	2.9	111,294	3.8
Wuhan	1,069,492	20.2	451,594	15.4
<b>Sub-total</b>	<b>1,472,713</b>	<b>27.8</b>	<b>691,050</b>	<b>23.6</b>
<b>Total</b>	<b>5,292,545</b>	<b>100.0</b>	<b>2,934,791</b>	<b>100.0</b>

## Details of land and property acquisition for the six months ended 30 June 2021

### Details of land acquisition since 1 January 2021

City	Project/Land Parcel	Land Use	Attributable Interest %	Site Area sq.m.	Expected Total GFA sq.m.	Expected Total GFA Above Ground sq.m.	Total Investment RMB million	Average Land/Property Cost (based on the expected total GFA)	Average Land/Property Cost (based on the expected total GFA above ground)
								RMB/sq.m.	RMB/sq.m.
Ningbo	Land lot 19-72, Xidian Town, Ninghai County	Residential	100	24,703	84,417	62,103	209	2,476	3,365
Wuhan	No.145 Jiangxia Wulijie P(2020)	Residential	54	67,854	187,943	146,702	540	2,873	3,681
Jinhua	Land lot on the east side of the civil square of Wuyi County	Residential	100	41,687	80,270	50,024	780	9,717	15,593
Shanghai	Hongqiao Lianghua Project	Commercial integrated	25	16,702	64,938	37,575	438	6,745	11,657
<b>Total</b>				<u>150,946</u>	<u>417,568</u>	<u>296,404</u>	<u>1,967</u>	<u>4,711</u>	<u>6,636</u>

## Revenue from Sales of Properties

Our revenue from the sales of properties from 1 January 2021 to 30 June 2021 was RMB4,636.1 million, representing an increase of 65.1% as compared to the corresponding period last year, and its distribution is mainly as follows:

	Revenue <i>RMB' 000</i>	Percentage of Total Revenue %	GFA <i>sq.m.</i>	ASP <i>RMB/sq.m.</i>
<b>Shanghai</b>				
Shanghai Jingrui City Park	31,616	0.7	969	32,627
Shanghai Jingrui Upper Riverside	320,088	6.9	2,513	127,373
<b>Jiangsu Province</b>				
Suzhou Jingrui Sino Park	332,314	7.2	17,494	18,996
Suzhou Jingrui Huyu Shangyuan	354,412	7.6	20,736	17,092
Nanjing Jingrui Xitang Mansion	233,169	5.0	8,278	28,167
<b>Zhejiang Province</b>				
Hangzhou Jingrui Vital House	15,717	0.3	384	40,930
Hangzhou Jingrui Yangming Valley	26,418	0.6	1,085	24,348
Hangzhou Jingrui Yuan Villa	3,394	0.1	303	11,201
Ningbo Jingrui Xingning Mansion	8,447	0.2	606	13,939
Ningbo Jingrui Shuiyin Jiangshan	2,216,455	47.8	93,198	23,782
Zhoushan Jingrui Peninsula Bay	2,679	0.1	331	8,094
<b>Tianjin</b>				
Tianjin Jingrui No. 1, Tang Gu Bay	4,249	0.1	431	9,858
Tianjin Jingrui Hanlin	55,593	1.2	3,251	17,100
<b>Wuhan</b>				
Wuhan Jingrui Tianfu Peninsula	35,880	0.8	1,352	26,538
<b>Nanchang</b>				
Nanchang Jingrui Hongxing Plaza	956,917	20.6	80,933	11,824
<b>Sub-total</b>	<b>4,597,348</b>	<b>99.2</b>	<b>231,864</b>	<b>19,828</b>
Car parks (lots)	38,724	0.8	631	
<b>Total</b>	<b>4,636,072</b>	<b>100.0</b>		

## **Yan Capital Management (優鉞資管)**

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 2021, Yan Capital Management has established and promoted 24 funds, with an aggregate size of the funds of approximately RMB8.67 billion and the total size of the existing funds as at 30 June 2021 is RMB4.14 billion. The proceeds from fund raising externally in the first half of 2021 amounted to approximately RMB780 million. In the first half of 2021, the withdrawal of external limited partnership of Youbang Fund (優邦基金) and Yousu Fund (優蘇基金) was realized, with exit yield of 13.3% and 11.3%, respectively.

## **Jingrui Capital (景瑞不動產)**

Jingrui Capital (景瑞不動產) is based on the development strategy of "large-scale asset management". Jingrui Capital platform was established by combining Joyride Apartment (悅樺公寓) and Carry Capital (錯瑞辦公) under Jingrui, which are 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 2021, except for the Shanghai Maglink Project, which is still under renovation, all projects of Jingrui Capital (景瑞不動產) are in normal operation. A total of RMB94.7 million of rental income was realized, of which: the time-point occupancy rate of apartment projects was 97.4%; the time-point occupancy rate of office projects was 86.4%. In early April 2021, Shanghai Hongqiao Lianghua Project (上海虹橋良華項目), with a total GFA of 64,938 sq.m., was acquired through acquisition of minority interests and cooperation with foreign funds, which is expected to be completed in mid-September 2021. The acquisition of the project opened up a new prospect for the operations of our real estate business.



## **Jingrui Service (景瑞服務)**

With economic development and consumption upgrading, 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 Properties 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.

As of 30 June 2021, there were a total of 342 projects under management by Jingrui Service in 50 cities across the PRC, with a contracted GFA of approximately 46.80 million sq.m..

## **Co-Fortune Capital (合福資本)**

Co-Fortune Capital, as a light-asset 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 2021, the total number of investment projects reached 15 with an aggregate investment amount of RMB1,164 million being made by Co-Fortune Capital. Co-Fortune Capital completed the withdrawal of its investments in four projects, with an investment return of 18.1%.

## **Employees and Remuneration Policies**

As at 30 June 2021, we had a total of 2,996 full-time employees (31 December 2020: 3,017). 992 of our employees worked in property development operations, 1,883 of our employees were engaged in property management and 121 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 compared 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 2021 amounted to RMB245.7 million (for the six months ended 30 June 2020: RMB219.3 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 2021, the revenue of the Group was RMB5,099.5 million, representing an increase of 61.7% as compared to RMB3,154.4 million for the corresponding period last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management services, (iii) rental income and (iv) others.

### Revenue by business segments

	Six months ended 30 June 2021		2020		Year-on-year change
	RMB'000	Percentage of the total revenue %	RMB'000	Percentage of the total revenue %	
Revenue from contract with customers recognised at a point in time					
– Sales of properties	4,636,072	90.9	2,808,611	89.1	65.1
– Others	5,291	0.1	4,485	0.1	18.0
	<u>4,641,363</u>	<u>91.0</u>	<u>2,813,096</u>	<u>89.2</u>	<u>65.0</u>
Revenue from contract with customers recognised over time					
– Property management service	350,470	6.9	224,780	7.1	55.9
– Decoration of properties	–	–	1,174	0.0	(100.0)
	<u>350,470</u>	<u>6.9</u>	<u>225,954</u>	<u>7.1</u>	<u>55.1</u>
Rental income	<u>107,645</u>	<u>2.1</u>	<u>115,321</u>	<u>3.7</u>	<u>(6.7)</u>
<b>Total</b>	<u><b>5,099,478</b></u>	<u><b>100.0</b></u>	<u><b>3,154,371</b></u>	<u><b>100.0</b></u>	<u><b>61.7</b></u>

Revenue from the sales 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 2021, it accounted for 90.9% 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 the 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 Ningbo Jingrui Shuiyin Jiangshan and Nanchang Jingrui Hongxing Plaza. Revenue from sales of properties was RMB4,636.1 million for the first half of 2021 (the corresponding period in 2020: RMB2,808.6 million), representing an increase of 65.1% as compared to the corresponding period last year, mainly due to the increase in the GFA of properties delivered during the Period under Review.

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 2021, property management revenue of the Group was approximately RMB350.5 million (the corresponding period in 2020: approximately RMB224.8 million), representing an increase of approximately 55.9% as compared with the corresponding period last year. The increase in revenue from property management was primarily due to the significant increase in the contracted GFA from third parties.

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 2021, rental income of the Group was approximately RMB107.6 million (the corresponding period in 2020: approximately RMB115.3 million), representing a decrease of approximately 6.7% as compared with the corresponding period last year. The slight decrease in rental income was mainly due to the decrease of the rental period as a result of the upgrading and renovation of some properties during the Period under Review.

## 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.

In the first half of 2021, our cost of sales amounted to RMB3,872.2 million, representing an increase of 78.9% as compared with RMB2,164.6 million for the corresponding period last year, which was in line with the increase in revenue.

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			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Construction costs	1,187,986	30.7	850,984	39.3
Land use right costs	2,073,019	53.5	782,394	36.1
Capitalized interest	297,934	7.7	341,624	15.8
<b>Sub-total: Total cost of properties</b>	<b>3,558,939</b>	<b>91.9</b>	<b>1,975,002</b>	<b>91.2</b>
Surcharges	22,133	0.6	13,620	0.7
Provision for impairment of properties held or under development for sale, net	26,427	0.7	4,915	0.2
Other costs <sup>(1)</sup>	264,675	6.8	171,098	7.9
<b>Total</b>	<b>3,872,174</b>	<b>100.0</b>	<b>2,164,635</b>	<b>100.0</b>

*Note:*

(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 2021, the gross profit of the Group was RMB1,227.3 million (the corresponding period in 2020: RMB989.7 million), and the gross profit margin of the Group was 24.1% (the corresponding period in 2020: 31.4%). The gross profit margin decreased compared with the corresponding period last year, primarily due to the increase in land costs of property projects carried forward during the Period under Review.

## Fair Value (Losses)/Gains on Investment Properties under Capital Platform

For the six months ended 30 June 2021, the fair value losses on investment properties under capital platform was RMB2.5 million (the corresponding period in 2020: gains of RMB49.0 million).

## **Fair Value Gains/(Losses) on Investment Properties under Other Platforms**

For the six months ended 30 June 2021, the fair value gains on investment properties under other platforms were RMB2.0 million (the corresponding period in 2020: losses of RMB25.0 million).

## **Selling and Marketing Costs**

For the six months ended 30 June 2021, our selling and marketing costs were RMB273.3 million (the corresponding period in 2020: RMB203.6 million), representing an increase of 34.2% as compared with the corresponding period last year, mainly due to the increased sales and marketing efforts of the Group to promote our properties in new cities and regions where the Group operates.

## **Administrative Expenses**

For the six months ended 30 June 2021, our administrative expenses were RMB289.0 million (the corresponding period in 2020: RMB303.6 million), representing a decrease of 4.8% as compared with the corresponding period last year, mainly due to the strengthening of intensive and refined management of various platforms, which has effectively reduced administrative expenses.

## **Other Income and Other Gains, Net**

For the six months ended 30 June 2021, our other income recorded a gain of RMB13.2 million (the corresponding period in 2020: RMB16.0 million), which was mainly government grants.

For the six months ended 30 June 2021, we recorded other gains of RMB237.5 million (the corresponding period in 2020: RMB355.8 million). Other gains recorded in the first half of 2021, mainly derived from the gains on the disposal of equity interest in projects and the fair value gains from financial assets at fair value through profit or loss.

## **Finance Costs, Net**

For the six months ended 30 June 2021, our finance income was RMB196.3 million (the corresponding period in 2020: RMB151.4 million). Our finance costs were RMB408.3 million (the corresponding period in 2020: RMB399.8 million). As a result, our net finance cost was RMB211.9 million, representing a decrease of RMB36.5 million as compared to the corresponding period last year, primarily due to the increase in exchange gains on overseas financing arising from the appreciation of RMB.

## **Share of Results of Joint Ventures/Associates**

For the six months ended 30 June 2021, our share of results of joint ventures/associates was a loss of RMB20.8 million (the corresponding period in 2020: a gain of RMB41.0 million), mainly due to the fact that some of the joint ventures/associates did not deliver any projects or commence operations during the Period under Review, but expenses were incurred.

## **Income Tax Expense**

For the six months ended 30 June 2021, our income tax expense was RMB316.8 million (the corresponding period in 2020: RMB326.1 million), flat with the corresponding period last year.

## **Profit for the Period**

For the six months ended 30 June 2021, we recorded the profit for the period of RMB365.8 million (the corresponding period in 2020: RMB344.9 million).

For the six months ended 30 June 2021, the profit of the Group attributable to equity holders of the Company was RMB295.3 million (the corresponding period in 2020: RMB293.6 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 long-term liquid capital include loans, capital injections from shareholders and issuance of new shares.

### **Cash Positions**

As at 30 June 2021, the Group's cash at bank and on hand (including restricted cash) increased by approximately 4.3% to approximately RMB14,229.8 million from approximately RMB13,646.5 million as at 31 December 2020. 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 RMB21,444.8 million as at 31 December 2020 to RMB23,235.1 million as at 30 June 2021. As at 30 June 2021, the Group had approximately RMB25,409.0 million in unutilized banking facilities. All of the Group's secured borrowings were secured or guaranteed 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, April and May 2021, the Company issued US\$110 million 14.5%, US\$157 million 12.5% and US\$33 million 12.5% senior notes due February 2023, October 2023 and October 2023, respectively, to refinance existing indebtedness of the Group.

***Breakdown of our borrowings by categories***

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000	Change %
<b>Current Borrowings:</b>			
Bank loans, secured	2,189,090	1,908,565	14.7
Other loans, secured	–	322,000	(100.0)
Add: current portion of long-term borrowings	6,306,069	6,909,305	(8.7)
<b>Total Current Borrowings</b>	<b>8,495,159</b>	<b>9,139,870</b>	<b>(7.1)</b>
<b>Non-Current Borrowings: :</b>			
Bank loans, secured	7,503,914	6,418,178	16.9
Other loans, secured	1,137,722	2,190,498	(48.1)
Trust financing arrangements, secured	2,287,700	1,046,500	118.6
Senior notes due 2021, issued in April 2018, secured	–	1,348,822	(100.0)
Senior notes due 2021, issued in April 2019, secured	1,162,317	1,260,924	(7.8)
Senior notes due 2022, issued in July 2019, secured	1,672,842	1,688,076	(0.9)
Senior notes due 2022, issued in March 2020, secured	1,224,165	1,234,231	(0.8)
Senior notes due 2022, issued in June 2020, secured	964,232	972,150	(0.8)
Senior notes due 2023, issued in November 2020, secured	1,539,448	1,551,964	(0.8)
Senior notes due 2023, issued in March 2021, secured	714,410	–	100.0
Senior notes due 2023, issued in April 2021, secured	1,003,743	–	100.0
Senior notes due 2023, issued in May 2021, secured	214,485	–	100.0
Corporate bonds due 2021	–	1,221,712	(100.0)
Corporate bonds due 2022	281,374	281,188	0.1
Corporate bonds due 2024	1,339,668	–	100.0
Less: current portion of long-term borrowings	(6,306,069)	(6,909,305)	(8.7)
<b>Total Non-Current Borrowings</b>	<b>14,739,951</b>	<b>12,304,938</b>	<b>19.8</b>
<b>Total</b>	<b>23,235,110</b>	<b>21,444,808</b>	<b>8.3</b>



***Breakdown of our borrowings by maturity profiles***

	<b>30 June 2021</b>		<b>31 December 2020</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Within 1 year	<b>8,495,159</b>	<b>36.6</b>	9,139,870	42.6
Between 1 and 2 years	<b>8,801,780</b>	<b>37.9</b>	7,056,245	32.9
Between 2 and 5 years	<b>5,542,743</b>	<b>23.8</b>	4,841,365	22.6
Above 5 years	<b>395,428</b>	<b>1.7</b>	407,328	1.9
<b>Total</b>	<b><u>23,235,110</u></b>	<b><u>100.0</u></b>	<b><u>21,444,808</u></b>	<b><u>100.0</u></b>

The proportion of the Group's long-term borrowings in the total borrowings was 63.4% as at 30 June 2021, 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***

	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
Finance costs			
– Interest expensed	<b>402,525</b>	314,018	28.2
– Net foreign exchange losses on financing activities	<b>–</b>	79,272	(100.0)
– Interest on lease liabilities	<b>5,728</b>	6,557	(12.6)
– Amounts capitalised	<b>799,252</b>	623,829	28.1
<b>Total</b>	<b><u>1,207,505</u></b>	<b><u>1,023,676</u></b>	<b><u>18.0</u></b>

**Net Debt-to-Adjusted Capital Ratio**

As at 30 June 2021, our net debt-to-adjusted capital ratio was 74%. Net debt-to-adjusted capital ratio is calculated as net debt at the end of the Period under Review 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 at bank and on hand.

## **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 at 30 June 2021, our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB2,629.3 million (31 December 2020: approximately RMB5,416.5 million). In addition, we provided guarantee for certain bank loans amounting to RMB616.5 million (31 December 2020: RMB872.2 million) which were granted to our joint ventures/associates. We provided guarantee for certain bank loans amounting to RMB143.5 million (31 December 2020: Nil) which were granted to related parties of joint ventures.

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 guarantees disclosed above, as at 30 June 2021, 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 2019 to 2021, 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 at 30 June 2021, the balance of the Group's financial assets at fair value through profit or loss mainly represented the investments in liquid opportunity fund, wealth management products purchased, 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 2021.

## **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 2021 (for the six months ended 30 June 2020: Nil).

## **IMPORTANT EVENTS AFFECTING THE GROUP SINCE 30 JUNE 2021**

On 17 August 2021, the Company issued US\$50,000,000 12.5% senior notes due 2023 (to be consolidated and form a single series with the US\$157,000,000 12.5% senior notes due 2023 issued on 26 April 2021 and the US\$33,000,000 12.5% senior notes due 2023 issued on 17 May 2021), the offering price of the notes will be 99.98% of the principal amount of the notes, and the proceeds will be used to refinance the Group's existing indebtedness. Further details of issuance of senior notes due 2023 were disclosed in the announcements of the Company dated 17 and 18 August 2021.

Save as disclosed above, no other important event affecting the Group has occurred since 30 June 2021 and up to the date of this interim results announcement.

## 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 2021 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 officer 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 2021, 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 2021 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 2021.

## REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2021, the Company repurchased, sold or redeemed the following listed securities of the Company:

The Company purchased an aggregate principal amount of US\$14,000,000 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\$14,212,000 (including unpaid interests accrued). The abovementioned notes were subsequently cancelled in June 2021 (together with the aggregate principal amount of US\$700,000 of Notes Due October 2021 which were purchased in 2020).

On 22 April 2021, the Company redeemed the aggregate principal amount of US\$206,985,000 of the senior notes due April 2021 (the "**Notes Due April 2021**") with a total consideration of US\$216,765,000 (including unpaid interests accrued) upon maturity of the Notes Due April 2021 in accordance with the terms of the Notes Due April 2021. The abovementioned notes were subsequently cancelled after the redemption.

Save as disclosed above, during the six months ended 30 June 2021, 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 2021 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](http://www.hkexnews.hk)) and the Company ([www.jingruis.com](http://www.jingruis.com)) and the 2021 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, 23 August 2021

*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*