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## **DEXIN CHINA HOLDINGS COMPANY LIMITED**

**德 信 中 国 控 股 有 限 公 司**

*(A company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2019)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **FINANCIAL HIGHLIGHTS**

- Contracted sales amounted to approximately RMB43,030.0 million for the six months ended 30 June 2021, representing a period-on-period increase of 67.4%.
- Revenue for the six months ended 30 June 2021 amounted to approximately RMB13,071.0 million, representing an increase of 68.5% as compared to the corresponding period in 2020.
- Gross profit for the six months ended 30 June 2021 amounted to approximately RMB2,850.1 million, representing an increase of 37.7% as compared to the corresponding period in 2020.
- Net profit for the six months ended 30 June 2021 amounted to approximately RMB1,378.4 million, representing an increase of 2.6% as compared to the corresponding period in 2020.
- As of 30 June 2021, cash and bank balances (including restricted cash) amounted to approximately RMB17,840.8 million (31 December 2020: RMB15,648.2 million) representing an increase of 14.0% as compared to the corresponding period in 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of Dexin China Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 with the comparative figures for the corresponding period in 2020 as follows:

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	13,071,024	7,756,947
Cost of sales		(10,220,906)	(5,687,239)
<b>Gross profit</b>		<b>2,850,118</b>	<b>2,069,708</b>
Other income		54,615	63,944
Other losses – net		(9,276)	(4,645)
Selling and marketing expenses		(271,432)	(147,857)
Administrative expenses		(389,389)	(247,539)
Fair value gains/(losses) on investment properties		16,120	(71,540)
<b>Operating profit</b>		<b>2,250,756</b>	<b>1,662,071</b>
Finance income		72,827	27,532
Finance costs		(303,088)	(408,715)
Finance costs – net	5	(230,261)	(381,183)
Share of results of joint ventures and associates		124,852	519,038
<b>Profit before income tax</b>		<b>2,145,347</b>	<b>1,799,926</b>
Income tax expenses	6	(766,979)	(457,050)
<b>Profit for the period</b>		<b>1,378,368</b>	<b>1,342,876</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		630,185	700,043
Non-controlling interests		748,183	642,833
		<b>1,378,368</b>	<b>1,342,876</b>
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic and diluted	7	0.23	0.26

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>1,378,368</b>	1,342,876
Other comprehensive income	–	–
<b>Total comprehensive income for the period</b>	<b>1,378,368</b>	1,342,876
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>630,185</b>	700,043
Non-controlling interests	<b>748,183</b>	642,833
	<b>1,378,368</b>	1,342,876

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		903,247	511,369
Investment properties		4,023,590	3,478,381
Intangible assets		816	956
Investments accounted for using the equity method		5,696,094	5,402,191
Financial assets at fair value through profit or loss		94,679	93,157
Deferred income tax assets		805,952	772,325
Amounts due from related parties		64,186	–
Trade and other receivables and prepayments	8	–	79,301
<b>Total non-current assets</b>		<b>11,588,564</b>	<b>10,337,680</b>
<b>Current assets</b>			
Properties under development		54,830,339	49,429,752
Completed properties held for sale		2,506,065	1,524,348
Trade and other receivables and prepayments	8	7,565,276	4,637,845
Amounts due from non-controlling interests		12,986,509	8,695,353
Amounts due from related parties		4,580,936	5,033,402
Contract acquisition costs		241,742	190,517
Prepaid income taxes		1,598,255	996,416
Financial assets at fair value through profit or loss		180,247	109,768
Restricted cash		1,208,901	928,980
Cash and cash equivalents		16,631,853	14,719,240
<b>Total current assets</b>		<b>102,330,123</b>	<b>86,265,621</b>
<b>Total assets</b>		<b>113,918,687</b>	<b>96,603,301</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	10	9,200	9,200
Reserves		5,951,066	5,836,082
		5,960,266	5,845,282
Non-controlling interests		14,085,578	10,765,522
<b>Total equity</b>		<b>20,045,844</b>	<b>16,610,804</b>

		<b>30 June 2021</b>	<b>31 December 2020</b>
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings from bank and other financial institutions		<b>19,355,401</b>	16,949,610
Amounts due to non-controlling interests		<b>219,046</b>	26,318
Deferred income tax liabilities		<b>208,087</b>	208,528
Lease liabilities		<b>8,700</b>	471,566
<b>Total non-current liabilities</b>		<b>19,791,234</b>	17,656,022
<b>Current liabilities</b>			
Trade and other payables	9	<b>8,032,108</b>	7,182,058
Amounts due to non-controlling interests		<b>5,590,616</b>	5,748,068
Amounts due to related parties		<b>8,006,841</b>	7,082,019
Contract liabilities		<b>38,110,869</b>	32,309,337
Current income tax liabilities		<b>1,338,588</b>	1,269,148
Borrowings from bank and other financial institutions		<b>12,994,409</b>	8,738,454
Lease liabilities		<b>8,178</b>	7,391
<b>Total current liabilities</b>		<b>74,081,609</b>	62,336,475
<b>Total liabilities</b>		<b>93,872,843</b>	79,992,497
<b>Total equity and liabilities</b>		<b>113,918,687</b>	96,603,301

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Dexin China Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in the property development and construction services, property investment and hotel operations in the People’s Republic of China (the “**PRC**”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 February 2019.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 26 August 2021.

This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

### 3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2020, except for the adoption of new and amended standards and interpretations as set out below.

- (a) New and amended standards and interpretations adopted by the Group

Amendments to HKFRS 7, HKFRS 9 and HKAS 39

Interest Rate Benchmark Reform

The adoption of the new and amended standards and interpretations does not have significant impact on the interim condensed consolidated financial information.

- (b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing this interim condensed consolidated financial information. The impact of new standards and amendments to standards and interpretations above is still under assessment by the Group.

- (c) The Group has changed the presentation of certain financial statement line items in the interim condensed consolidated income statement as at 30 June 2021 so as to provide more relevant information to the understanding of the financial statement users to the Group's business. Accordingly, the comparative amounts, including as at the beginning of the preceding period, have been reclassified and re-presented as below.

Interim condensed consolidated income statement (Extract)	Six months ended 30 June 2020 Originally presented RMB'000 (Unaudited)	Reclassification RMB'000 (Unaudited)	Six months ended 30 June 2020 Re-presented RMB'000 (Unaudited)
Revenue	7,649,353	107,594	7,756,947
Other income	117,454	(53,510)	63,944
Finance income	81,616	(54,084)	27,532

#### 4. SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance. The Group is organised into three business segments: property development and construction, property investment, and other businesses. Other businesses mainly include hotel operations. As the Executive Directors of the Group consider most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The Executive Directors of the Company assess the performance of the operating segments based on a measure of segment results, which is a measure of revenue and gross profit of each operating segment.

Segment assets and segment liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment. Unallocated assets comprise financial assets at fair value through profit or loss and deferred income tax assets. Unallocated liabilities comprise deferred income tax liabilities, current income tax liabilities, borrowings from bank and other financial institutions and other financial liabilities. Management considered that it is impracticable or not meaningful in allocating these unallocated assets and liabilities to different segments.

(i) Segment results for the six months ended 30 June 2021 and 2020 are as follows:

##### Six months ended 30 June 2021 (Unaudited)

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	12,985,102	–	13,658	12,998,760
Recognised at a point in time	12,673,924	–	–	12,673,924
Recognised over time	311,178	–	13,658	324,836
Revenue from other sources: Rental income	–	72,264	–	72,264
Segment revenue	12,985,102	72,264	13,658	13,071,024
Inter-segment revenue	–	–	–	–
Revenue from external customers	12,985,102	72,264	13,658	13,071,024
Gross profit	2,795,561	48,460	6,097	2,850,118
Other income				54,615
Other losses – net				(9,276)
Selling and marketing expenses				(271,432)
Administrative expenses				(389,389)
Fair value gains on investment properties	–	16,120	–	16,120
Finance costs – net				(230,261)
Share of results of joint ventures and associates	124,852	–	–	124,852
Profit before income tax				2,145,347
Income tax expenses				(766,979)
Profit for the period				1,378,368
Depreciation and amortisation	14,520	–	8,407	22,927



Six months ended 30 June 2020 (Unaudited)

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	7,702,179	–	4,878	7,707,057
Recognised at a point in time	7,582,690	–	–	7,582,690
Recognised over time	119,489	–	4,878	124,367
Revenue from other sources: Rental income	–	49,890	–	49,890
Segment revenue	7,702,179	49,890	4,878	7,756,947
Inter-segment revenue	–	–	–	–
Revenue from external customers	7,702,179	49,890	4,878	7,756,947
Gross profit	2,036,326	30,342	3,040	2,069,708
Other income				63,944
Other losses – net				(4,645)
Selling and marketing expenses				(147,857)
Administrative expenses				(247,539)
Fair value losses on investment properties	–	(71,540)	–	(71,540)
Finance costs – net				(381,183)
Share of results of joint ventures and associates	519,038	–	–	519,038
Profit before income tax				1,799,926
Income tax expenses				(457,050)
Profit for the period				1,342,876
Depreciation and amortisation	12,389	–	3,726	16,115

- (ii) Segment assets and liabilities as at 30 June 2021 and 31 December 2020 are as follows:

**As at 30 June 2021 (Unaudited)**

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	107,014,644	4,690,100	1,133,065	1,080,878	113,918,687
Segment liabilities	56,355,365	2,736,539	557,306	34,223,633	93,872,843

**As at 31 December 2020 (Audited)**

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	90,808,155	4,219,263	600,633	975,250	96,603,301
Segment liabilities	50,073,185	2,441,150	312,422	27,165,740	79,992,497

## 5. FINANCE COSTS – NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance costs		
– Interest-bearing debts	1,340,796	858,547
– Net exchange (gains)/losses on financing activities	(43,032)	22,878
– Less: capitalised interest	(994,676)	(472,710)
	<b>303,088</b>	408,715
Finance income		
Interest income from		
– Bank deposits	(72,827)	(27,532)
Finance costs – net	<b>230,261</b>	381,183

## 6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC corporate income tax	591,212	376,973
– PRC land appreciation tax	197,408	99,200
	<b>788,620</b>	476,173
Deferred income tax:		
– PRC corporate income tax	(21,641)	(19,123)
	<b>766,979</b>	457,050

### PRC corporate income tax

The income tax provision of the Group was made at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices. The corporate income tax rate is 25%.

### PRC land appreciation tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

## PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the PRC.

## Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for the six months ended 30 June 2021 (six months ended 30 June 2020: same).

## 7. EARNINGS PER SHARE

	Six months ended 30 June 2021 (Unaudited)	2020 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	630,185	700,043
Weighted average number of ordinary shares in issue (in thousand)	2,701,341	2,701,341
Basic earnings per share (RMB per share)	0.23	0.26

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

## 8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables, net of provision ( <i>Note</i> )	205,546	113,753
Other receivables, net of provision	1,920,507	1,623,282
Prepayments	5,439,223	2,980,111
Trade and other receivables and prepayments	7,565,276	4,717,146
Less: non-current portion of trade and other receivables and prepayment	–	(79,301)
Current portion of trade and other receivables and prepayment	7,565,276	4,637,845

*Note:* Trade receivables are denominated in RMB and mainly arise from sales of properties and construction services. Proceeds from sales of properties and construction services are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

Ageing analysis of the gross trade receivables as at 30 June 2021 and 31 December 2020 based on invoice dates or contractual terms are as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Within 90 days	181,040	42,945
Over 90 days and within 365 days	526	14,743
Over 365 days and within 2 years	7,803	24,896
Over 2 years	18,789	33,813
	<b>208,158</b>	116,397

## 9. TRADE AND OTHER PAYABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade payables ( <i>Note a</i> )	2,820,275	2,186,111
Notes payable	523,280	572,500
Other payables	4,688,553	4,423,447
Total trade and other payables	<b>8,032,108</b>	7,182,058

*Note:*

- (a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Within 90 days	1,951,974	1,306,681
Over 90 days and within 365 days	742,352	809,537
Over 365 days	125,949	69,893
	<b>2,820,275</b>	2,186,111

## 10. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares <i>US\$</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>
<b>Authorised:</b>			
As at 1 January 2021 and 30 June 2021	5,000,000,000	2,500,000	–
<b>Issued:</b>			
As at 1 January 2021 and 30 June 2021	2,701,341,000	1,350,671	9,200

## 11. DIVIDEND

Pursuant to the resolution of the Company's annual general meeting held on 4 June 2021, the Company has declared 2020 dividends of RMB297,148,000 out of the share premium account of the Company. These dividends have not been paid as at the date of this interim condensed consolidated financial information.

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: same).

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL OVERVIEW

In the first half of 2021, people across the world were being vaccinated, but the COVID-19 pandemic has not been fully contained. China is one of the few countries where both the pandemic is close to be under control and the overall economy has rebounded to the pre-pandemic level. According to the National Bureau of Statistics of China, the gross domestic product (“GDP”) in the first quarter of 2021 increased by 18.3% period-on-period and in the second quarter increased by 7.9% period-on-period. In the first half of 2021, sales in the real estate market became far more prosperous than the same period of last year. Overall, compared with the six months ended 30 June 2020, the sales of the real estate market in China increased significantly in the same period of 2021.

In respect of policies, the central government was determined to pursue the policy that “houses are for living in and not for speculative investment” and the policy for “stabilizing the land premium, house price and market expectations”. Meanwhile, the central government accelerated the establishment of a housing system with multiple house suppliers, various guarantee channels, and houses for rent and purchase. The efforts aimed to establish an effective system and assist the long-term, stable and sound development of the real estate industry. At the same time, regulators implemented a prudent financial management system for the real estate industry, to promote more flow of financial resources to the key areas and weak links of the real economy. Regulated with the policy of “centralized land supply”, the investment transparency of land market improved, and housing enterprises need higher financial management and operation capacity. On the whole, the real estate industry is still influenced by the central government, funds and market policies. However, as the demand in the industry is robust and the industry will remain stable on the whole.

The year 2021 is the third year since the Group’s listing. With the support of shareholders and the unremitting efforts of employees, the Group has insisted on optimizing and diversifying its business development strategy, constantly improving the corporate strength. In the first half of 2021, the Group further improved its revenue scale and profitability by virtue of nationwide layout, high quality land reserve, efficient operations, targeted strategies and high-quality products, achieving total revenue of RMB13,071.0 million and gross profit of RMB2,850.1 million, a period-on-period growth of 68.5% and 37.7% respectively, with a core profit of RMB2,084.0 million, a period-on-period growth of 15.0%. The sales performance is also excellent, achieving half-year full-caliber sales of RMB43,030.0 million, a period-on-period increase of nearly 67.4%, reflecting the market’s high recognition of the products and services of the Group. In terms of expansion of land reserve, in the first half of 2021, we acquired 27 land parcels with an increased total gross floor area (“GFA”) of approximately 4.93 million sq.m. and 75% were located in first – and second-tier cities. As of 30 June 2021, the Group operated a total of 161 projects in 27 cities. As at the end of the period, the total land reserve of approximately 19.93 million sq.m. further consolidated the strategic layout in the four core metropolitan areas, namely, the Yangtze River Delta, Pearl River Delta, Chengdu-Chongqing Double-city and the Middle Reaches of the Yangtze River Economic Belt.

## BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, property construction and project management services, management and consulting service, lease of commercial properties and hotel operations. For the six months ended 30 June 2021, the Group recorded a total revenue of approximately RMB13,071.0 million, representing a period-on-period increase of approximately 68.5%.

### Contracted sales

For the six months ended 30 June 2021, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB43,030.0 million, representing a period-on-period increase of 67.4%, and contracted GFA sold of approximately 2,041,000 sq.m., representing a period-on-period increase of 68.0%. The average selling price (“ASP”) of our contracted sales for the six months ended 30 June 2021 was approximately RMB21,081 per sq.m., representing a period-on-period slight decrease of approximately 0.38%.

### Sales of properties

For the six months ended 30 June 2021, the revenue from sales of properties increased by approximately 67.1% period-on-period to approximately RMB12,673.9 million, accounting for approximately 97.0% of the total revenue of the Group. The significant increase was primarily attributable to the increase of GFA delivered to the buyers during the period compared with the corresponding period in 2020. For the six months ended 30 June 2021, the Group recognised total GFA of approximately 666,040 sq.m., representing an increase of approximately 50.2% as compared to the corresponding period in 2020. The ASP of the properties recognised as property sales was approximately RMB19,029 per sq.m., representing a period-on-period increase of approximately 11.3%. The increase of ASP was mainly due to the increase in the recognised GFA of areas with higher ASP.

Based in Zhejiang Province, the Group continued to lay a solid foundation in the Yangtze River Delta Region and key hub cities of China during the six months ended 30 June 2021.

The following table sets out the recognised sales and GFA sold of each city for the six months ended 30 June 2021:

City	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>	Recognised revenue <i>RMB'000</i> (unaudited)
Hangzhou	213,240	24,967	5,323,955
Huzhou	140,482	18,644	2,619,197
Ningbo	78,709	25,531	2,009,558
Wenzhou	65,566	18,317	1,200,966
Shangrao	109,757	6,845	751,246
Xuzhou	19,968	16,377	327,014
Taizhou	29,053	10,203	296,440
Nanjing	9,265	15,709	145,548
<b>Total</b>	<b>666,040</b>	<b>19,029</b>	<b>12,673,924</b>

*Note:*

Recognised revenue in the above table includes the revenue from residences, commercial spaces, car parks and storage spaces, and recognised GFA does not include the GFA of car parks and storage spaces.

### **Property construction and project management services**

For the six months ended 30 June 2021, the revenue from property construction and project management services significantly increased by approximately 1,293.7% period-on-period to approximately RMB165.8 million, accounting for approximately 1.3% of the total revenue of the Group. The increase was primarily attributable to the increase in the number and scale of projects under construction and management as compared with the corresponding period in 2020.

### **Management and consulting service income**

For the six months ended 30 June 2021, the revenue from management and consulting service income increased by approximately 35.1% period-on-period to approximately RMB145.4 million, accounting for approximately 1.1% of the total revenue of the Group. The increase was primarily attributable to (i) an increased number of joint ventures and associates to which the services were provided for the six months ended 30 June 2021 as compared to the corresponding period in 2020; and (ii) the larger scale of certain projects of joint ventures and associates served for the six months ended 30 June 2021 as compared to the corresponding period in 2020.

### **Lease of commercial properties**

For the six months ended 30 June 2021, the revenue from rental income increased by approximately 44.8% period-on-period to approximately RMB72.3 million, accounting for approximately 0.6% of the total revenue of the Group. The increase was primarily attributable to the leasing out of Hangzhou ONE (杭州ONE) and Nanjing Xianlinzhigu Industrial Park (南京仙林智谷產業園) to tenants in Hangzhou and Nanjing respectively during the period while there was no GFA leased out in the corresponding period in 2020.

### **Hotel operations**

For the six months ended 30 June 2021, the revenue from hotel operations significantly increased by approximately 180.0% period-on-period to approximately RMB13.7 million, accounting for approximately 0.1% of the total revenue of the Group. The increase was primarily attributable to the increase of occupancy rate for the six months ended 30 June 2021 as compared to the corresponding period in 2020.



## Investment properties

The following table sets out a summary of the Group's investment properties as of 30 June 2021:

City	Project	Total GFA held for investment (sq.m.)	Leased GFA (sq.m.)	Total rental income for the six months ended 30 June	
				2021 (RMB'000)	2020 (RMB'000)
Hangzhou					
1	Artificial Intelligence Industrial Park	75,634	61,636	27,222	28,512
2	Elegant Mansion	33,278	—	—	—
3	Sky City Phase I	41,422	26,365	—	—
4	Hangzhou ONE	17,536	17,536	5,638	—
5	Hangzhou Wings	24,864	9,891	6,947	3,908
6	Dexin Konggang City (Note 2)	107,345	—	—	—
Huzhou					
7	Delan Square	13,082	8,705	3,069	3,431
Xuzhou					
8	Sky Scraper A	21,417	17,275	1,111	247
9	Sky Scraper B	51,274	9,424	1,828	462
Taizhou					
10	Shenxian Garden (Note 1)	51,663	7,544	111	65
Shanghai					
11	Shanghai Songjiang Industrial Park	58,176	5,744	1,344	1,487
Nanjing					
12	Nanjing Xianlinzhigu Industrial Park	60,509	—	—	—
		556,200	164,120	47,270	38,112
Other rental income				24,994	11,778
Total				72,264	49,890

*Note 1:* As of 30 June 2021, part of the property was under development.

*Note 2:* As of 30 June 2021, the property was under development.

The Group will further improve the efficiency in operation of our investment properties to ensure stable rental income growth, and to strengthen earnings sustainability.

## Land reserves

Leveraging on the Group's deep understanding of the property markets in the Yangtze River Delta Region and intensive studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's presence in those markets. As of 30 June 2021, the Group (together with its joint ventures and associates) had 161 projects with land reserves amounting to 19,926,629 sq.m., of which 136 projects were located in 17 cities in the Yangtze River Delta Region.

The following table sets out the GFA of the Group's land reserves (together with its joint ventures and associates) by geographical location as of 30 June 2021:

City	Total land reserves GFA (sq.m.)	Percentage of total land bank (%)
Hangzhou	5,461,700	27.4%
Wenzhou	2,370,738	11.9%
Ningbo	1,867,568	9.4%
Chengdu	1,508,667	7.6%
Nanjing	1,309,109	6.6%
Xuzhou	1,041,480	5.2%
Jiujiang	946,275	4.7%
Taizhou	788,671	4.0%
Wuhan	694,287	3.5%
Huzhou	624,620	3.1%
Guangzhou	402,574	2.0%
Quzhou	368,982	1.8%
Foshan	368,819	1.8%
Zhengzhou	310,014	1.6%
Zhoushan	290,463	1.5%
Jingjiang	242,981	1.2%
Wuhu	215,224	1.1%
Zhangzhou	210,110	1.1%
Shanghai	210,062	1.0%
Shangrao	173,346	0.9%
Kunshan	156,153	0.8%
Xian	124,221	0.6%
Suzhou	100,012	0.5%
Wuxi	87,390	0.4%
Jinhua	24,790	0.1%
New Jersey, U.S.	17,583	0.1%
Changzhou	10,790	0.1%
<b>Total</b>	<b>19,926,629</b>	<b>100.0%</b>

For the six months ended 30 June 2021, the Group (together with its joint ventures and associates) acquired 27 parcels primarily in Hangzhou, Wenzhou, Huzhou, Ningbo, Nanjing, Foshan, Wuhan, Chengdu, Guangzhou, Zhangzhou and Zhengzhou, providing a total saleable GFA of new land reserves of 4,927,371 sq.m., at an average land cost of approximately RMB5,498.1 per sq.m..

Particulars of the land parcels are set out in the following table:

Name of project	City	The Group's equity interest	GFA (sq.m.)	Attributable consideration (RMB'000)	Average land cost (RMB/sq.m.)
1 Binwang Zhichen	Hangzhou	50.0%	150,603	417,795	5,548.3
2 Chengdu Dayi Project	Chengdu	60.0%	108,552	138,866	2,132.1
3 Hangzhou Dingqiao Project	Hangzhou	49.0%	174,487	726,195	8,493.7
4 Tianjiao Zhichen	Chengdu	50.0%	75,243	325,074	8,640.7
5 Hangzhou Beiganxi Project	Hangzhou	20.0%	40,863	148,168	18,129.8
6 Wenchen Mansion	Ningbo	46.4%	85,605	421,942	10,618.1
7 Taizhou Xin Fei Long Hu Project	Taizhou	40.0%	236,370	975,200	10,314.3
8 Yunchen Mansion	Ningbo	87.5%	22,928	58,100	2,896.0
9 Wuhan East and West Lake Land Parcel	Wuhan	49.2%	254,611	472,704	3,770.5
10 Changshan Land Parcel	Quzhou	44.2%	201,132	324,061	3,649.3
11 Zhongyi Ningbo Ecological Garden Land Parcel	Ningbo	45.2%	578,973	207,153	791.1
12 Tonglu Fuchun Future City Land Parcel	Hangzhou	75.3%	181,571	1,097,296	8,031.0
13 Qicai Weilai Community Project	Hangzhou	70.0%	323,295	1,016,260	4,490.6
14 Pingyang Kunyang Town No.AB Land Parcel	Wenzhou	37.1%	193,226	336,637	4,690.9
15 Wuhu City Dongwanchun Land Parcel	Wuhu	30.1%	215,224	349,624	5,400.5
16 53 acres of Yuyao Zhongyi Land Parcel	Ningbo	65.0%	97,566	76,053	1,199.2
17 Yunzhi Chenli	Quzhou	49.0%	157,758	463,393	5,994.6
18 Dali Town Land Parcel, Nanhai District	Foshan	27.4%	202,219	568,557	10,246.3
19 Huangpu Zhishichen E2 Land Parcel	Guangzhou	25.0%	91,804	299,055	13,030.2
20 Suoqian Unit XSCQ3005-25 Land Parcel	Hangzhou	90.3%	183,571	1,431,797	8,637.5
21 Wukang Street 2020-016 Land Parcel	Huzhou	100.0%	229,554	1,397,630	6,088.5
22 Shizi Tianmu West Land Parcel	Hangzhou	20.0%	118,251	154,000	6,498.3
23 Lishui Chengnan Land Parcel	Nanjing	29.0%	168,203	300,150	6,153.3
24 Zhangzhou Project	Zhangzhou	58.6%	210,110	774,276	6,292.3
25 64.4 acres of Qingbaijiang Project	Chengdu	50.0%	90,451	109,515	2,421.5
26 108 acres of Longquanyi Project	Chengdu	50.0%	225,187	651,535	5,786.8
27 Zhengzhou Project	Zhengzhou	32.5%	310,014	209,754	2,081.8
			4,927,371	13,450,790	5,498.1

## **FINANCIAL REVIEW**

### **Overall performance**

During the six months ended 30 June 2021, total revenue of the Group was approximately RMB13,071.0 million, representing a period-on-period increase of approximately 68.5%. Gross profit was approximately RMB2,850.1 million, representing a period-on-period increase of approximately 37.7%. Gross profit margin was approximately 21.8%, representing a period-on-period decrease of approximately 4.9 percentage points. Net profit of the Group increased by 2.6% period-on-period to approximately RMB1,378.4 million for the six months ended 30 June 2021. Profit attributable to owners of the Company decreased by approximately 10.0% period-on-period to approximately RMB630.2 million for the six months ended 30 June 2021.

### **Revenue**

For the six months ended 30 June 2021, the Group recorded a total revenue of approximately RMB13,071.0 million, representing a period-on-period increase of approximately 68.5%. The increase was primarily attributable to the significant growth in recognised sales of properties, driven by an increase of the total GFA delivered to the buyers during the period. Specifically, revenue from the sales of properties was approximately RMB12,673.9 million, representing a period-on-period increase of approximately 67.1%, accounting for approximately 97.0% of the total revenue of the Group; revenue from property construction and project management services was approximately RMB165.8 million, representing a period-on-period significant increase of approximately 1,293.7%, accounting for approximately 1.3% of the total revenue of the Group; revenue from management and consulting services was approximately RMB145.4 million, representing a period-on-period increase of approximately 35.1%, accounting for approximately 1.1% of the total revenue of the Group; rental income from the lease of commercial properties was approximately RMB72.3 million, representing a period-on-period increase of approximately 44.8%, accounting for approximately 0.6% of the total revenue of the Group; and revenue from hotel operations was approximately RMB13.7 million, representing a period-on-period significant increase of approximately 180.0%, accounting for approximately 0.1% of the total revenue of the Group.

### **Cost of sales**

The cost of sales of the Group primarily consists of the costs incurred directly in relation to the property development and sales activities, property construction and project management services management and consulting services, lease of commercial properties and hotel operations.

For the six months ended 30 June 2021, the cost of sales of the Group was approximately RMB10,220.9 million, representing a period-on-period increase of approximately 79.7%.

### **Gross profit**

For the six months ended 30 June 2021, the gross profit of the Group was approximately RMB2,850.1 million, representing a significant period-on-period increase of approximately 37.7%. The increase was primarily attributable to the significant increase in revenue from sales of properties while overall gross profit margin decreased from approximately 26.7% for the six months ended 30 June 2020 to 21.8% for the six months ended 30 June 2021. The decrease of gross profit margin by approximately 4.9 percentage points was primary due to the higher land and construction cost incurred for certain projects delivered in 2021.

## **Other income**

The Group had other income of approximately RMB54.6 million for the six months ended 30 June 2021, as compared to approximately RMB63.9 million for the six months ended 30 June 2020. The other income mainly derived from the interest income from non-financial institutions and income of guarantee provided for the borrowings of joint ventures and associates approximately RMB25.1 million and RMB19.0 million respectively (for the six months ended 30 June 2020: interest income from non-financial institutions and income of guarantee provided for the borrowings of joint ventures and associates of approximately RMB54.1 million and nil, respectively).

## **Other losses – net**

The Group recorded net other losses of approximately RMB9.3 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: net other losses approximately RMB4.6 million). The Group's net other losses for the six months ended 30 June 2021 mainly included exchange losses of RMB24.6 million which was partially offset by gains on disposal of subsidiaries of approximately RMB11.9 million. The Group's net other losses for the six months ended 30 June 2020 mainly represented the loss on disposal of subsidiaries of approximately RMB11.2 million which was partially offset by gains on financial assets at fair value through profit or loss of RMB9.4 million.

## **Fair value gains on investment properties**

The Group develops and holds certain of its commercial properties such as commercial centres, office buildings, shopping malls, serviced apartments and car parks for rental income or capital appreciation, or both. Any increase or decrease in the Group's investment property value is recognised as fair value gains or losses in the Group's consolidated financial statements.

For the six months ended 30 June 2021, the Group recorded fair value gains on investment properties of approximately RMB16.1 million (for the six months ended 30 June 2020: fair value losses on investment properties of approximately RMB71.5 million), which was primarily attributable to the fair value gain of Dexin Konggang City (德信空港城) of approximately RMB15.4 million.

## **Selling and marketing expenses**

The Group's selling and marketing expenses increased by approximately 83.5% period-on-period from approximately RMB147.9 million for the six months ended 30 June 2020 to approximately RMB271.4 million for the six months ended 30 June 2021. The aforesaid expenses increased during the period mainly due to in marketing and advertising costs and staff costs, driven by the rapid growth in the Group's contracted sales, the number of sales staff, and the number of projects.

## **Administrative expenses**

The Group's administrative expenses increased by approximately 57.3% period-on-period from approximately RMB247.5 million for the six months ended 30 June 2020 to approximately RMB389.4 million for the six months ended 30 June 2021. The aforesaid expenses increased during the period and was primarily attributable to (i) the increase in staff costs and (ii) the increase in consulting fees, property management fees and office expenses, both driven by the increase in number of new property projects.

## **Finance costs – net**

Finance costs – net of the Group decreased by approximately 39.6% period-on-period from approximately RMB381.2 million for the six months ended 30 June 2020 to approximately RMB230.3 million for the six months ended 30 June 2021. The decrease was primarily attributable to (i) decrease in net finance costs of interest-bearing debts, as increase in finance costs due to increase in interest-bearing debts was offset by significant increase in capitalized interest due to increase in projects under construction during the six months ended 30 June 2021, (ii) the net exchange gains on financing activities of RMB43.0 million for the six months ended 30 June 2021 as compared with the net exchange loss on financing activities of RMB22.9 million for the corresponding period in 2020, and (iii) the increase of finance income for bank deposits from RMB27.5 million for the six months ended 30 June 2020 to RMB72.8 million for the six months ended 30 June 2021.

## **Share of results of joint ventures and associates**

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of profits of joint ventures and associates decreased by approximately 75.9% period-on-period from approximately RMB519.0 million for the six months ended 30 June 2020 to approximately RMB124.9 million for the six months ended 30 June 2021. The decrease was primarily attributable to (i) the decrease of average gross profit margin of the properties delivered and the total GFA delivered to the buyer by the joint ventures and associates during the six months ended 30 June 2021 compared to the corresponding period in 2020 and hence the decrease of total net profits recognised by the joint ventures and associates and (ii) the decrease of the percentage of the Group's equity interests held in the joint ventures and associates which delivered properties during the six months ended 30 June 2021 compared to the corresponding period in 2020.

## **Income tax expenses**

Income tax expenses of the Group significantly increased by approximately 67.8% period-on-period from approximately RMB457.1 million for the six months ended 30 June 2020 to approximately RMB767.0 million for the six months ended 30 June 2021, which was primary attributable to the increase in the profit before tax (after excluding share of results of joint ventures and associates) during the period and the increase in land appreciation tax expenses as more projects were delivered during the six months ended 30 June 2021.

## **Profit and total comprehensive income for the period**

As a result of the foregoing reasons, the Group's profit and total comprehensive income increased by approximately 2.6% from approximately RMB1,342.9 million for the six months ended 30 June 2020 to approximately RMB1,378.4 million for the six months ended 30 June 2021. The profit attributable to owners of the Company decreased by 10.0% from approximately RMB700.0 million for the six months ended 30 June 2020 to approximately RMB630.2 million for the six months ended 30 June 2021.

The basic and diluted earnings per share of the Company is RMB0.23 per share for the six months ended 30 June 2021, representing a decrease of 11.5% from RMB0.26 per share for the six months ended 30 June 2020.



## **Liquidity and financial resources**

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for future development.

### **Cash position**

During the six months ended 30 June 2021, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of rental income, income generated from investment properties, as well as bank loans and borrowings from other financial institutions.

As of 30 June 2021, the Group had a total cash and bank balances (including restricted cash) of approximately RMB17,840.8 million as compared to approximately RMB15,648.2 million as of 31 December 2020. The increase was primarily due to the increase in proceeds from sales of properties and decrease in cash outflows from investing activities. Substantially all of the Group's cash and bank balances are denominated in RMB, USD and HKD.

### **Borrowings position**

During the six months ended 30 June 2021, addition of borrowings from bank and other financial institutions amounted to approximately RMB14,849.7 million and reduction of borrowings from bank and other financial institutions was approximately RMB8,188.0 million. As of 30 June 2021, the Group's total borrowings from bank and other financial institutions amounted to approximately RMB32,349.8 million, representing an increase of approximately 25.9% compared to approximately RMB25,688.1 million as of 31 December 2020. Amongst the borrowings from bank and other financial institutions, approximately RMB12,994.4 million (as of 31 December 2020: approximately RMB8,738.5 million) will be repayable within one year and approximately RMB19,355.4 million (as of 31 December 2020: approximately RMB16,949.6 million) will be repayable after one year.

As of 30 June 2021, the Group had total contracted facilities from bank and other financial institutions of approximately RMB34,651.9 million and unused facilities from bank and other financial institutions of approximately RMB4,004.4 million.

### **Senior notes**

In January 2021, the Company has issued senior notes with a principal amount of US\$150 million due in December 2022 which were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 40497) on 14 January 2021, bearing interest at a fixed rate of 9.95% per annum with interest payable semi-annually in arrears.

### **Key financial ratios**

As of 30 June 2021, the Group's net gearing ratio (calculated as the total borrowing from bank and other financial institutions net of restricted cash, cash and cash equivalents divided by total equity) was 72.4%, a decrease of 2.6 percentage points as compared with 75.0% as of 31 December 2020. The financial leverage of the Group is currently at a stable and healthy level.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio was approximately 1.38 times as of 30 June 2021 (as of 31 December 2020: 1.38 times).

### Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 30 June 2021, the Group had not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

### Interest rate risk

The Group's interest rate risk arises from its long-term borrowings. As the Group's borrowings are mainly denominated in RMB, the interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China, which have fluctuated significantly in recent years. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

### Pledge of assets

As of 30 June 2021, certain of the Group's borrowings from bank and other financial institutions were secured by its properties held for sale, properties under development, land use rights and investment properties, with carrying value of approximately RMB34,968.4 million as of 30 June 2021 (as of 31 December 2020: RMB30,662.4 million).

### Commitments

As of 30 June 2021, the Group had commitments that are contracted but not provided as follows:

	<b>30 June 2021 (RMB'000) (unaudited)</b>	31 December 2020 (RMB'000) (audited)
Property development activities	<b>13,865,540</b>	12,320,814
Property, plant and equipment	<b>17,329</b>	11,029
Investments in joint ventures and associates	<b>1,941,565</b>	1,313,398
Investment properties	<b>186,315</b>	198,992
<b>Total</b>	<b>16,010,749</b>	13,844,233



## Financial guarantees

As of 30 June 2021, the Group's total financial guarantees are as follows:

	<b>30 June 2021 (RMB'000) (unaudited)</b>	31 December 2020 (RMB'000) (audited)
Guarantee in respect of mortgage facilities for certain purchasers (a)	<b>23,110,107</b>	14,605,341
Guarantee provided for the borrowings of joint ventures and associates (b)	<b>4,304,809</b>	3,181,893
Guarantee provided for the borrowings of an entity controlled by Mr. Hu (c)	<b>80,000</b>	–
<b>Total</b>	<b>27,494,916</b>	17,787,234

- (a) The Group has arranged bank mortgage financing for certain purchasers of the Group's property units and provided guarantees to the relevant banks to secure repayment obligations of such purchasers. As of 30 June 2021, the maximum amount of guarantees provided by the Group to the relevant banks for the mortgage arrangements of the Group's purchasers amounted to approximately RMB23,110.1 million (31 December 2020: approximately RMB14,605.3 million). These include guarantees which will be terminated upon the earlier of the following two dates: (i) the date when the property ownership rights are transferred to the purchasers, and the related building ownership certificates to which banks are beneficiaries are registered, or (ii) the date when mortgage loans are settled between the mortgagee bank and the purchaser, under the circumstance that the purchaser pays off the purchase price in advance.

Pursuant to the terms of these guarantees, if any of the Group's property purchasers default in their repayment obligations to the banks, the Group is responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulting purchasers to the banks and thereupon the Group is entitled to take over the legal title and possession of the relevant property units. The Group's guarantee period starts from the dates of grant of the mortgage facilities to its purchasers by the relevant banks.

- (b) The Group provided guarantee for borrowings of its joint ventures and associates, which amounted to approximately RMB4,304.8 million as of 30 June 2021 (31 December 2020: approximately RMB3,181.9 million). The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and the Group's guarantee was provided in addition to the pledges. As the fair value of the relevant land use rights pledged by the relevant joint ventures and associates are generally higher than the borrowing amounts, the Group's credit risk exposure associated with such guarantee is contained.
- (c) Amounts represented the maximum exposure of the guarantees provided for the borrowings of the related party at the respective balance sheet dates.

As of 30 June 2021, the Group had no other material contingent liabilities.

## **Material investments, material acquisitions and disposals of subsidiaries, associates and joint ventures**

For the six months ended 30 June 2021, the Group did not make any material investments during the reporting period and there was no other material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the reporting period.

## **Future plans for material investments**

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this interim results announcement.

## **Significant subsequent events**

The Group did not have any significant event after the reporting period.

## **Employee and remuneration policy**

As of 30 June 2021, the Group had a total of 2,199 employees (31 December 2020: 2,147 employees). Total expenditure on salary and welfare of the Group's employees for the six months ended 30 June 2021 amounted to approximately RMB302.7 million (for the six months ended 30 June 2020: RMB186.2 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In addition, the Group has formulated a project co-investment scheme and have adopted a share option scheme to fully enhance the enthusiasm of the Group's employees. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

## **Future prospects**

Looking ahead to the second half of 2021, the real estate policy will continue to adhere to the framework of "housing is used for living, not for speculation" and "stabilizing the land premium, house price and market expectations" to promote the healthy, stable and orderly development of the real estate market, which we believe is very necessary. With the full containment of the COVID-19 pandemic and the support of favorable national policies, China's economy is expected to achieve full recovery and sustained growth. The Group will seize relevant opportunities, strictly control relevant financial and liquidity risks, and adhere to the operating philosophy of marathon to achieve quality growth.

The Yangtze River Delta Region, as the largest economic circle in China, accounts for approximately one-fourth of the country's GDP. The Group has been focusing on the Yangtze River Delta region for years, and will continue to seize the development opportunities in the region by leveraging on its local brand advantages, while expanding into other core and potential cities in China. The Group will always adhere to the philosophy of high-quality and standardized construction operation in the manufacturing industry, rely on years of extensive experience in development and management and operational capabilities, continue to expand into cities with diversified development potential, support the future growth of sales scale of the Company with high-efficiency operation and destocking recoveries outperforming the market level, and also respond to changes and control risks with prudent judgment.

The Group will continue to emphasize the quality management concept of “doing a good job of internal skills, developing steadily, sticking to customer needs as the center, and creating value for customers”, and adhere to the quality image of “Hangzhou workmanship”. Under the background of the central government's general policy of stabilizing housing price, land premium and expectation and centralized land supply, the Group will persist in the steady development, adhere to the layout of “based in Zhejiang, established presence in the Yangtze River Delta region and expanded coverage in the core cities of the four metropolitan areas”, stick to prudent financing, optimize the capital structure, continue to improve financing costs, deepen the “selective and strategic” capital cooperation strategy, so as to achieve a balanced development of scale, profit and brand, achieve quality and steady growth, and bring long-term and stable investment returns to all investors.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2021.

## **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, no dividends had been paid.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **CORPORATE GOVERNANCE**

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the six months ended 30 June 2021.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

## **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 dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the reporting period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the six months ended 30 June 2021.

## **REVIEW OF FINANCIAL STATEMENTS**

### **Audit committee**

The audit committee of the Company had reviewed together with the management of the Company the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim results of the Group, for the six months ended 30 June 2021.

### **Auditor**

The interim results of the Group for the six months ended 30 June 2021 have not been audited but have been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## **PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dothinkgroup.com](http://www.dothinkgroup.com)). The interim report of the Company for the six months ended 30 June 2021 containing all the information required under Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board  
**Dexin China Holdings Company Limited**  
**Hu Yiping**  
*Chairman*

Hangzhou, the PRC, 26 August 2021

*As of the date of this announcement, the Board comprises Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Shan Bei as executive Directors, Mr. Hu Shihao as a non-executive Director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu as independent non-executive Directors.*