Sinic Holdings (Group) Company Limited
新力控股(集團)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2103)

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

FINANCIAL HIGHLIGHTS

- Total contracted sales and attributable contracted sales for the Period reached RMB58,789.3 million and RMB27,039.6 million respectively, representing a year-on-year increase of approximately 35.0% and 28.4%, respectively.
- Total revenue increased by approximately 28.9% year-on-year to RMB11,218.9 million for the Period.
- Gross profit amounted to RMB2,438.4 million, and the gross profit margin was 21.7%.
- Profit for the Period was RMB891.7 million, representing a year-on-year increase of approximately 2.4%.
- Net profit margin was 7.9%.
- Core profit attributable to the owners of the parent*(Note 1)* was RMB730.1 million, representing a year-on-year increase of approximately 7.4%.
- Cash and bank balances*(Note 2)* amounted to RMB19,349.5 million as at 30 June 2021, representing an increase of approximately 10.3% as compared with 31 December 2020.
- Net gearing ratio decreased by 13.1 percentage points, from 63.6% as at 31 December 2020 to 50.5% as at 30 June 2021.

Notes:

(1) Core profit attributable to the owners of the parent represents profit attributable to the owners of the parent less the changes in fair value of investment properties (net of tax) and changes in fair value of financial assets/liabilities (net of tax).

(2) Cash and bank balances comprise restricted cash, pledged deposits and cash and cash equivalents.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	**2021** ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
REVENUE	*3*	**11,218,932**	8,703,375
Cost of sales		**(8,780,508)**	(6,073,523)
GROSS PROFIT		**2,438,424**	2,629,852
Finance income		**226,304**	58,482
Other income and gains	*3*	**188,319**	36,696
Selling and distribution expenses		**(453,458)**	(365,978)
Administrative expenses		**(327,119)**	(243,110)
Other expenses		**(9,668)**	(9,498)
Fair value gains on investment properties		**70,010**	148,507
Fair value (losses)/gains on financial assets at fair value through profit or loss		**(18,661)**	31,051
Fair value gains on financial liabilities at fair value through profit or loss		**19**	40
Finance costs	*4*	**(286,685)**	(286,455)
Share of profits and losses of:			
Joint ventures		**(91,227)**	(17,241)
Associates		**47,346**	116,427
PROFIT BEFORE TAX	*5*	**1,783,604**	2,098,773
Income tax expense	*6*	**(891,892)**	(1,227,762)
PROFIT FOR THE PERIOD		**891,712**	871,011
Attributable to:			
Owners of the parent		**763,974**	822,045
Non-controlling interests		**127,738**	48,966
		891,712	871,011
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB0.21**	RMB0.23

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**891,712**	871,011
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**14,968**	(55,705)
Net other comprehensive profit/(loss) that may be reclassified to profit or loss in subsequent periods	**14,968**	(55,705)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**14,968**	(55,705)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**906,680**	815,306
Attributable to:		
Owners of the parent	**778,942**	766,340
Non-controlling interests	**127,738**	48,966
	906,680	815,306

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	**30 June 2021** *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**72,117**	72,565
Right-of-use assets		**39,056**	50,229
Investment properties		**2,762,200**	2,395,300
Intangible assets		**31,962**	28,999
Investments in joint ventures		**3,276,586**	4,867,128
Investments in associates		**10,088,443**	9,514,957
Deferred tax assets		**2,226,306**	2,113,865
Other non-current assets		**1,021,233**	948,780
Total non-current assets		**19,517,903**	19,991,823
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**740,858**	640,520
Properties under development		**55,406,375**	43,594,738
Completed properties held for sale		**4,967,891**	4,218,401
Trade receivables	*9*	**40,876**	42,068
Due from related companies		**6,161,536**	6,010,466
Prepayments, other receivables and other assets		**5,482,195**	4,392,606
Tax recoverable		**371,026**	202,102
Cash and cash equivalents		**19,349,499**	17,535,147
Total current assets		**92,520,256**	76,636,048

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2021

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*10*	**8,020,521**	6,907,719
Other payables and accruals		**3,884,190**	3,090,290
Contract liabilities		**35,712,729**	25,586,430
Due to related companies		**7,058,811**	5,132,922
Interest-bearing bank and other borrowings		**8,593,052**	9,535,660
Senior notes		**4,573,923**	3,531,945
Corporate bonds		**72,684**	512,623
Proceeds from asset-backed securities		**123,741**	514,722
Lease liabilities		**16,349**	21,052
Financial liabilities at fair value through profit or loss		**439**	458
Tax payable		**7,371,341**	7,127,279
Total current liabilities		**75,427,780**	61,961,100
NET CURRENT ASSETS		**17,092,476**	14,674,948
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,610,379**	34,666,771
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**14,962,456**	13,255,282
Senior notes		**–**	1,344,595
Corporate bonds		**552,833**	277,449
Proceeds from asset-backed securities		**690,000**	690,000
Lease liabilities		**10,101**	17,136
Deferred tax liabilities		**161,109**	18,620
Total non-current liabilities		**16,376,499**	15,603,082
Net assets		**20,233,880**	19,063,689
EQUITY			
Equity attributable to owners of the parent			
Share capital		**31,958**	31,958
Reserves		**10,131,698**	9,833,539
		10,163,656	9,865,497
Non-controlling interests		**10,070,224**	9,198,192
TOTAL EQUITY		**20,233,880**	19,063,689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements included in the Group's annual consolidated financial statements for the year ended 31 December 2020.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendments to IFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness.

The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the Inter Bank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group did not have any rent concessions arising as a direct consequence of the COVID-19 pandemic for the six months ended 30 June 2021.

2. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and sales, property leasing, and the provision of management consulting services. Property leasing and the provision of management consulting services are not significant in revenue contribution. Thus, property development and sales is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

There was no single customer or a group of customers under common control which had contributed 10% or more to the Group's revenue during the reporting period.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**11,214,961**	8,698,873
Revenue from other sources		
Rental income	**3,971**	4,502
	11,218,932	8,703,375

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services:		
Sale of properties	**10,846,415**	8,410,397
Project management service	**301,615**	270,196
Other consulting services	**66,931**	18,280
Total revenue from contracts with customers	**11,214,961**	8,698,873
Timing of revenue recognition:		
Properties transferred at a point in time	**9,501,613**	7,276,166
Properties transferred over time	**1,344,802**	1,134,231
Services transferred over time	**368,546**	288,476
Total revenue from contracts with customers	**11,214,961**	8,698,873

An analysis of other income and gains is as follows:

Other income and gains		
Net gains on disposal of subsidiaries	**–**	9,857
Gains on bargain purchase	**4,316**	–
Remeasurement gains on the investments in the joint venture held before business combination	**61,847**	–
Exchange gains	**28,966**	16,714
Forfeiture of deposits	**35,303**	7,054
Government grants	**55,093**	333
Net gain on disposal of items of property, plant and equipment	**280**	323
Others	**2,514**	2,415
	188,319	36,696

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings, proceeds from asset-backed securities, corporate bonds and senior notes	**1,329,070**	1,155,578
Interest on lease liabilities	**1,141**	1,127
Interest expense arising from revenue contracts	**333,217**	320,275
Total interest expense on financial liabilities not at fair value through profit or loss	**1,663,428**	1,476,980
Less: Interest capitalised	**(1,376,743)**	(1,190,525)
	286,685	286,455

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**8,691,864**	5,974,650
Cost of services provided	**88,644**	98,873
Depreciation of items of property, plant and equipment	**8,816**	12,403
Depreciation of right-of-use assets	**11,173**	12,217
Amortisation of intangible assets	**1,173**	1,859
Rental expenses	**9,933**	9,442
Auditor's remuneration	**2,900**	2,600
(Impairment losses reversal)/impairment losses on financial assets	**(35)**	138
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**267,711**	126,833
Pension scheme contributions and social welfare	**36,162**	14,736

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the six months ended 30 June 2021 and 2020.

Subsidiaries of the Group operating in Mainland China were subject to the People's Republic of China ("**PRC**") corporate income tax ("**CIT**") at a rate of 25% for the reporting period.

PRC land appreciation tax ("**LAT**") 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 land costs, borrowing costs and other property development expenditures. In addition, these subsidiaries in Jiangxi province were subject to LAT which is calculated based on 10% of their revenue in accordance with "No. 1 (2017) Announcement of Jiangxi tax bureau". The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC CIT	**879,467**	785,494
PRC LAT	**100,439**	490,767
Deferred tax	**(88,014)**	(48,499)
Total tax charge for the period	**891,892**	1,227,762

Note: The significant decrease of LAT amount was mainly due to the final clearance of LAT for three projects, which have been approved by relevant tax authority. Such final clearances of LAT were approved by relevant local tax authority based on its consideration and judgment of the development and operations of these projects. The approved LAT amount is lower than the provision estimated. Therefore, such differences were deducted from the LAT in current period.

7. DIVIDENDS

The proposed 2020 final dividend of RMB14.0 cents (equivalent to approximately HK17.05 cents) per share, totalling RMB499,826,000 (equivalent to approximately HK$608,717,000), was approved by the Company's shareholders at the annual general meeting on 4 June 2021.

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB763,974,000 (six months ended 30 June 2020: RMB822,045,000), and the weighted average number of ordinary shares of 3,570,187,000 (six months ended 30 June 2020: 3,570,187,000) in issue during the reporting period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the reporting period.

9. TRADE RECEIVABLES

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

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Within 1 year	**40,876**	42,068

10. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Within 1 year	**7,696,135**	6,790,772
Over 1 year	**324,386**	116,947
	8,020,521	6,907,719

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results

During the Period, the Group recorded revenue of RMB11,218.9 million, representing an increase of approximately 28.9% as compared with RMB8,703.4 million for the corresponding period of last year. Gross profit was RMB2,438.4 million, representing a decrease of approximately 7.3% as compared with RMB2,629.9 million for the corresponding period of last year. Profit for the Period was RMB891.7 million, representing an increase of approximately 2.4% as compared with RMB871.0 million for the corresponding period of last year. Core profit attributable to the owners of the parent was RMB730.1 million, representing an increase of 7.4% as compared with RMB679.6 million for the corresponding period of last year. The Group's basic earnings per share for the Period was RMB0.21 per share.

Review for the First Half of 2021

Market Review

In the first half of 2021, the global economy was still amid uncertainties under the influence of COVID-19 epidemic, causing a complicated and volatile international environment. In such case, the Chinese government proactively strives to perform prevention and control of the epidemic, so as to stabilize production and promote development. The economy continues to recover and shows a steady and healthy trend. According to the data from National Bureau of Statistics, the total GDP of China arrived at RMB53,216.7 billion in the first half of this year, representing a year-on-year increase of 12.7%. In terms of quarters, the GDP rose by 5.0% in Q1 and 5.5% in Q2 respectively based on a two-year average growth.

With the resumption in economy and improvement of residents' purchasing power, the domestic real estate market has realized positive growth in the first half of this year.

Since the beginning of this year, with the position of "houses are for inhabitation, not for speculation", China's real estate regulation and control policy has been continuously improved, with further emphasis on supply and increase of land supply in key cities, and the policy of "two centralizations" of land supply in key cities has been introduced. The financial supervision of real estate has been continuously strengthened, local governments have accelerated the establishment of a house-land linkage mechanism, and the regulation and control targeted at the second-hand housing market has also been continuously enhanced, and the regulation and control effects have been witnessed in some cities. With the implementation of the "three red lines" policy, the importance of cash flow management in real estate enterprises is increasingly prominent.

The Group will further deepen the transformation from scale-oriented to quality-oriented, gather various favorable resources, achieve high-quality and high-efficiency development, accelerate the improvement of overall operation and delicacy management capabilities, enhance cash flow management, adhere to "promoting sales and enhancing cash collection", and grasp the market investment opportunities and marketing progress under the "two concentration".

The development strategies of the Group are as follows:

Enhance a balanced layout of first-tier and second-tier cities in four regions

Continuously enhance the Group's leading position in Jiangxi market, and deeply cultivate the existing position in Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Region and the core cities in Central and Western China regions. With respect to land acquisition, the Group made a careful decision to improve the quality of land reserve and expand land reserve scale by implementing the following measures. Firstly, adhering to safety first and controlling the cost of acquiring land for the project with the premise of ensuring the safety and profitable level of the project. Secondly, further improving the hedging ability of the project and reducing its error tolerance rate. Thirdly, acquiring land through diversified ways, including public tender, mergers and acquisitions, as well as land acquisition by consolidating industrial resources and so on, so as to expand cooperative resources. In terms of land acquisition by consolidating industrial resources, it actively engages talents and upgrade business capability, focuses on nine major strategic industries, and has developed an aggregate of 55 industrial resource channels and formed several projects in physical industry with land acquisition plans. Fourthly, enhancing the layout of first-tier, new first-tier and second-tier cities. As at 30 June 2021, first-tier, new first-tier and second-tier cities accounted for approximately 84.0% in respect of floor area of attributable land reserves. In terms of regions, the headquarter in Jiangxi Province accounted for 33.6%, the Greater Bay Region accounted for 29.5%, the Yangtze River Delta region accounted for 21.5%, and the core cities in Central and Western China accounted for 15.4%. Lastly, carrying out fund planning and deployment in advance to form viable fund platforms to provide fund guarantee for the smooth progress of the projects.

Implement digital transformation and enhance operational efficiency

In the first half of 2021, the Group enhanced its project management such as in plotting quality, standardization implementation and exhibition area evaluation, promote project delivery quality and reduce project cost by way of a sound project control system. At the same time, the Group has further enhanced its management level and decision-making efficiency by launching digital transformation, and promoted its operational efficiency under the support of delicacy management by way of implementing digital modules and setting a higher industrial management standard.

Offering quality management and persistent services

In terms of quality management, the Group has strictly controlled front end management, product strategies to quality landing and efficiently applied systems of standard products to ensure a high quality of the products. In terms of assuring product quality, the Group has built Sinic "3+1" Quality Management System consisting of the project management center, each relevant local company, each relevant project department and the independent third parties to guarantee effective management and actual implementation for the project. The Group has implemented seven systems of project management, forming the entire-process management system covering processes from incoming material quality management to delivery review. At the same time, the Group has launched an information management platform, implemented control of the complete cycle for the project to ensure completion of high quality projects. With high quality products and good services, the Group acquired a total score of 89.8 in the third party customer satisfaction in the first half of 2021, continuously improving for six consecutive years, and ranked amongst the best in respect of many indicators such as property service and design. We put great emphasis on quality management and have gained wide recognition. We were awarded 20 product awards in 2021, including "2020–2021 Aesthetics Vogue Award — Excellence Award", "2021 GBE Real Estate Design Award" and "2021 Italy A' Design Award".

Expanding financing channels and optimizing financial structure

During the Period, the Group's credit profile continued to strengthen, the Group maintained the global scale long-term issuer corporate credit ratings (國際長期發行人主體信用評級) of "B+" (Outlook "stable"), "B" (Outlook "stable"), "B2" (Outlook "stable") and "BB–" (Outlook "positive") assigned by the international credit rating agencies Fitch Rating, Standard & Poor's, Moody's and Lianhe Global respectively. In addition, the domestic credit rating agency Lianhe Ratings has maintained the Company's corporate credit rating of "AA+" with rating outlook of "Stable", and has also maintained the Company's facility credit rating of "AA+", demonstrating the recognition of the Group's steady operation and its financial healthiness.

The Group has actively optimized and broadened its financing channels. In terms of banks, the Group further expanded and deepened its cooperation with existing banking partners. In the first half of 2021, the Company entered the white list of China Guangfa bank, obtained new credit lines offered by several banks, including ICBC and China Everbright bank etc. During the Period, the Group obtained credit lines of approximately RMB95,200 million from a number of financial institutions, with approximately 73.7% being unutilized as at 30 June 2021. The Group has adopted multi-channel financing methods, with asset-backed securities of RMB813.7 million at a maximum interest rate of 7.0%. The Group successfully issued two series of senior notes and bonds, including:

- In January 2021, the Company completed the issuance of green senior notes in the principal amount of US$250 million bearing interest at a rate of 8.5% per annum and due on 24 January 2022 which were publicly listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

- In March 2021, Sinic Real Estate Group Co., Ltd. ("**Sinic Real Estate**"), a subsidiary of the Group, completed the issuance of its 3-year corporate bonds in the principal amount of RMB255 million bearing interest at a rate of 7.0% per annum which were publicly listed in the Shanghai Stock Exchange.

Benefiting from cash flow management, enhancement of cash collection and optimization of debt structure, the Group's main credit indicators have been further improved. As of 30 June 2021, the Group's net debt-to-equity ratio was 50.5%, better than the average level in the industry; the cash-to-short-term borrowing ratio improved to approximately 1.4 times and the debt asset ratio (excluding receipts in advance) improved to approximately 73.5%. In addition, the average funding cost of the Group's in both domestic and foreign markets has decreased. At the end of the Period, the weighted average financing cost of borrowing further dropped to 8.7%.

In the future, the Group will continue to actively optimize and broaden financing channels, adjust the financing structure and reduce financing costs to achieve long-term and stable development. Meanwhile, the Group will strengthen cooperation with financial institutions, establish good strategic partnerships and maintain an excellent credit image.

Excellent investor relations and corporate governance

With the compliance with relevant listing rules and legal regulations in mind, the Group actively maintains regular and effective communication with investors through multiple channels such as telephone, email, announcements, results briefing, press conferences, investors' conference meetings, and constantly enhances the investor relations management, so as to promote the Group's best practices with a responsible attitude towards investors.

The Group has gained widespread support and recognition from the market since its listing on the Stock Exchange in November 2019. The Group was accepted by and received overall positive reviews from a number of domestic and overseas well-established investment banks including CMB International, CCB International, BNP Paribas, BOCI, Guotai Junan, Standard Chartered Bank, Barclays Bank, Citibank, Bank of America and AMTD. On 9 March 2020, the Group was officially included in both the Hang Seng Composite Index and Mainland-Hong Kong Stock Connect (港股通), which further proves the recognition of the Group by the capital market.

The Group won a number of awards and honors during the Period, including the Most Committed to Environmental Stewardship (China) and the Best Investor Relations (Hong Kong) in FinanceAsia's "Asia's Best Companies 2021 Poll"; the "Titanium Award" and "Social Responsibility-Affordable Housing Award" in "The Asset ESG Corporate Awards 2020" organized by The Asset; the Special ESG Awards-Outstanding ESG Performer of the Year and the Special Awards Voted by Fund Managers — Outstanding ESG Company in the "ESG Achievement Awards 2020"; and "Respected Company", "Chief Executive Officer" and "Best Investor Relations Officer" by Institutional Investor.

Practice ESG "Environmental, Social and Governance"

The Group recognised the importance of "Environmental, Social and Governance" ("**ESG**") to good cooperate governance, thus, it highly valued the management, practice and performance in the environmental, social and governance aspect. The Group has built a top-down ESG governance structure and is committed to translating our sustainability philosophy and commitment to stakeholders into specific actions. We have established a two-tier governance structure, which consists of the Board and the ESG working group. The ESG working groups established under the Board comprise functional departments of the headquarters and major subsidiary companies of the Group, which are responsible for implementing the Group's ESG strategies and relevant actions. We have established a sustainable development financing team to supervise project selection and ensure strong monitoring and governance with reference to the Green, Socially Responsible and Sustainable Financing Framework issued by the Company in December 2020, which was supported by the second-party opinion issued by Sustainalytics in December 2020.

Outlook for the second half of 2021

Looking forward to the second half of the year, different countries have gradually recovered from COVID-19 epidemic. The Chinese government is expected to take further measures to deliver a long-term goal of continuous and stable development of its economy. The recovery of China's economy has boosted the consumption confidence of its citizens, which is favorable for house-purchasing demand. It is expected that the real estate financial supervision will continue to be strengthened, and the price increase of houses will tend to be stable.

From the perspective of different tiers of cities, the differentiation between cities has further intensified. For real estate enterprises, with the gradual increase of industry concentration, coupled with the new regulations of "three red lines", the management system of housing loan concentration and the release of centralized land supply policy, the industry is facing new changes. The market is gradually changing from "win by quantity" to "win by quality", and the era of refined operation is coming. Under current policy environment, we believe that large scale real estate enterprises with nationwide layout, high quality land reserve, strong product strength, and emphasis on cash flow management as well as stable development, are more capable of coupling with industrial changes and challenges.

Facing the new development situation, Sinic Holdings, as a large-scale real estate developer in China, will seize the opportunity, persist in adopting the operational strategies of planting roots in the cities and high turnover, unlock the value of all of the Group's businesses and serve to reinforce its market leadership. In respect of the regional layout, the Group will continue to focus mainly on first- and second-tier cities, with third-tier cities as its secondary target. The Company will put more effort in its business expansion in the Yangtze River Delta region and the Greater Bay Region, while making full use of the advantages in its Jiangxi headquarters, and will plan its business layout in regions with high growth potential in core cities in Central and Western China, thus forming a definite strategic layout in the four major regions. With respect to land acquisition policies, the Group will continue to study and judge the market on the premise of ensuring the continuous optimization of the capital structure, the Group will ensure the profitability of individual projects, control land prices, increase profits, monitor the scope of land acquisition and achieve quick turnover; it will also encourage cooperation and appropriately diversify cooperation methods, and promote the definitization of more high-quality cooperation projects. With respect to sales, the Group will continue to upgrade its marketing and service system and actively speed up the sale process. With sufficient supply of saleable value and balanced region layout, the Group is confident to achieve the contracted sale target of the whole year. With respect of financial management, the Group will continuously strengthen its cash flow management, enhance cash collection and actively expand financing channels and optimize debt structure to maintain a stable and healthy financial situation. In terms of product enhancement, through the transcendental quality empowered by three major assertions: security, care for customers of all ages, and fineness and delicacy, the Group will continue to upgrade living experience. Meanwhile, aiming at the full-service cycle from home purchasing to living, the Group strives to upgrade and create an industry-leading customer service system.

With respect of the new journey, the Group will gather a brand-new momentum, driven by quality and with continuous focus on high-quality development, assume corporate social responsibility by spreading love and care to the public, thereby letting the capital market and customers have full confidence in the Company's future development. With the unique attitude of a craftsman, Sinic Holdings will always be able to find its own right path and forge ahead in the rapidly changing real estate industry.

Performance Highlights

	For the six months ended 30 June		
	2021	2020	**Change in percentage**
Contracted sales			
Total contracted sales (RMB'000)	**58,789,342**	43,544,436	+35.0%
Attributable contracted sales (RMB'000)	**27,039,599**	21,061,066	+28.4%
Attributable contracted gross floor area (sq.m.)	**1,792,577**	1,476,556	+21.4%
Attributable contracted average selling price ("**ASP**") (RMB/sq.m.)	**15,084**	14,264	+5.7%
Selected financial information			
Revenue (RMB'000)	**11,218,932**	8,703,375	+28.9%
Gross profit (RMB'000)	**2,438,424**	2,629,852	–7.3%
Profit for the Period (RMB'000)	**891,712**	871,011	+2.4%
Profit attributable to the owners of the parent (RMB'000)	**763,974**	822,045	–7.1%
Core profit attributable to the owners of the parent (RMB'000)	**730,114**	679,584	+7.4%
Gross profit margin (%)	**21.7**	30.2	–8.5 percentage points
Net profit margin (%)	**7.9**	10.0	–2.1 percentage points
Earnings per share (basic and diluted) (RMB cents)	**21**	23	–8.7%

	As at 30 June 2021	As at 31 December 2020	Change in percentage
Total assets (RMB'000)	**112,038,159**	96,627,871	+15.9%
Cash and bank balances (RMB'000)	**19,349,499**	17,535,147	+10.3%
Total indebtedness (RMB'000) *(Note 1)*	**29,568,689**	29,662,276	–0.3%
Total equity (RMB'000)	**20,233,880**	19,063,689	+6.1%
Equity attributable to the owners of the parent (RMB'000)	**10,163,656**	9,865,497	+3.0%
Current ratio (times) *(Note 2)*	**1.2**	1.2	–
Net gearing ratio (%) *(Note 3)*	**50.5**	63.6	–13.1 percentage points
Weighted average cost of indebtedness (%) *(Note 4)*	**8.7**	9.1	-0.4 percentage points
Cash-to-short-term borrowing ratio (times) *(Note 5)*	**1.4**	1.2	+0.2 times
Debt asset ratio (excluding receipts in advance) *(Note 6)*	**73.5**	73.2	+0.3 percentage points

Notes:

(1) The total indebtedness represents the total interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities.

(2) The current ratio is calculated by dividing the total current assets by the total current liabilities as at the relevant date.

(3) The calculation of net gearing ratio is based on total indebtedness less cash and bank balances divided by total equity at the relevant date and multiplied by 100%.

(4) Weighted average cost of indebtedness is the weighted average of interest costs of all indebtedness outstanding as at the relevant date.

(5) Cash to short-term borrowing ratio is calculated by dividing cash and cash equivalents by short-term borrowings.

(6) Debt asset ratio (excluding advance receipts) is calculated by subtracting receipts in advance (including contract liabilities) from total liabilities and dividing by total assets minus receipts in advance (including contract liabilities).

Contracted sales and property development

Based in Jiangxi Province, the Group has gradually expanded into the Guangdong-Hong Kong-Macao Greater Bay Region, the Yangtze River Delta region, the core cities in Central and Western China regions and other regions with high growth potential. Recording year-on-year growth in contracted sales, the Group is deeply involved in the development of these four regions and has further diversified its source of revenue from the sale of properties.

For the six months ended 30 June 2021, the Group's total contracted sales and attributable contracted sales were RMB58,789.3 million and RMB27,039.6 million respectively, representing a year-on-year increase of approximately 35.0% and 28.4% compared with RMB43,544.4 million and RMB21,061.1 million for the corresponding period of last year. The slowdown in growth was mainly attributable to the recovery of domestic real estate industry gradually during the Period after the impact of COVID-19 epidemic in 2020. The attributable contracted sales took place in four major regions across China, with approximately 26.7% in Jiangxi Province, approximately 12.9% in the Greater Bay Region, approximately 37.2% in the Yangtze River Delta region, and approximately 23.2% in the core cities in Central and Western China regions and other regions with high growth potential.

Jiangxi Province is where the Company hails from, and the Group occupies a leading position in terms of market share in Nanchang. With existing advantages, the Group will continuously cultivate the local market to further strengthen its market position. As at 30 June 2021, the Group had 4.8 million sq.m. of attributable land reserve in Jiangxi Province, which accounted for approximately 33.6% of the total attributable land reserve, and Nanchang accounted for approximately 76.6% of the attributable land reserve in Jiangxi Province. Nanchang Sinic City, one of the Group's key projects in Nanchang, is a premium residential property project located at Jiulong Lake West. With its desirable location, it is highly sought after by buyers. The region can currently accommodate a population of 500,000 and will become a regional trade and exhibition center. In 2020, the project received the following honors: "Best Planning and Design Award" (「最佳規劃設計獎」) by Nanchang Real Estate Association (南昌房地產協會), "Most Influential Residential Community in the Region" (「區域最具影響力樓盤」) by China (Jiangxi) Real Estate Roll of Honor (中國(江西)地產榮譽榜), "Liveable Jiangxi • Best Residential Community" (「宜居江西 • 人居典範樓盤」) by Jiangxi Real Estate Association (江西地產協會) and "Most Popular Residential Community in Nanchang in 2020" (「2020年南昌人氣樓盤」) by Tencent Real Estate (騰訊房產). Nanchang • Sinic Dajing Tiancheng is located in the Xinyue Lake area of Xinjian District and adjacent to Xinyue Lake. The project is close to Honggutan central business district with convenient transportation. It won the 2020 JINTANG PRIZE (金堂獎) and 2021 Italy A' Design Award.

Guangdong-Hong Kong-Macao Greater Bay Region is a key development area in China and is positioned as an international first-class bay area. The scientific and technological innovation and rapid development of economic activities in the region, as well as the gradual improvement of the transportation network by high-speed rail, urban railway, Shenzhen-Zhongshan Corridor and other major infrastructures, attract a large influx of talents, and will also significantly enhance the value of the cities and properties in the Greater Bay Region. As at 30 June 2021, the Group had attributable land reserve in the Greater Bay Region of 4.3 million sq.m., which accounted for 29.5% of the total attributable land reserve. Many of the projects were located in core areas and high-growth areas including Guangzhou, Shenzhen, Zhuhai, Zhongshan and Huizhou, with superior location. Huizhou Sinic City is one of the Group's most popular projects in the Greater Bay Region. Its superior geographical location in the intersection of Shuikou Huangguan Road and Qinghu Road in Huicheng District (next to Huizhou Middle School) has convenient transportation. It is close to the third Ring East Road, and is an important transportation hub in Huizhou. At the same time, it is rich in Riverview Park resources and enjoys the "two districts and four views" of Wetland Municipal Park. In 2021, it won the Best Innovative Design Award of GBE Real Estate Design Award.

The Yangtze River Delta is an important convergence zone of the "Belt and Road Initiative" and the Yangtze River Economic Belt. It is on the golden section of international important trade routes, and is therefore regarded as strategically critical in the national modernization and all-rounded opening up. The Group entered into the Yangtze River Delta Region in 2017. As at 30 June 2021, the Group had attributable land reserve in the Yangtze River Delta Region of 3.1 million sq.m., which accounted for approximately 21.5% of the total attributable land reserve. Many of the projects were located in core cities including Shanghai, Suzhou, Hangzhou, Wuxi, Nanjing and Wenzhou. Among them, Qiyunfu in Pingyao, Yuhang District, Hangzhou, close to the third center of Hangzhou-Yuncheng, is one of the most popular projects with surrounding green waters and green mountains. It is rich in heritage of 5,000 years and has well-established whole-age education nearby. Moreover, it is adjacent to the Sino-French Aviation University, a higher education institution. The integration of culture, technology and ecology in the urban planning reflects the promising future residential value of Qiyunfu. In 2021, it won 2020-2021 Aesthetics Vogue Awards the Best Landscape Design (Award of Excellence).

In recent years, the Group has actively expanded its business in Central and Western China and other regions with high growth potential, such as Changsha, Wuhan, Chengdu, Fuzhou, Shandong, etc. As at 30 June 2021, the Group had 2.2 million sq.m. of attributable land reserve in core cities in Central and Western China and other regions with high growth potential, which accounted for approximately 15.4% of the total attributable land reserve. Chengdu Dong Yuan, located in Xinshuangnan high-end ecological residential area, Chengdu, was awarded Eco-livable Real Estate of the year, Benchmark Real Estate of Ecological Villa Area, Highly Awaited Real Estate of 2019-2020, Urban Space • Regional Coconstruction Case Award (城市空間 • 區域共建案列獎) and DNA Paris Design Awards of 2021.

For the six months ended 30 June 2021, the Group achieved attributable contracted sales in gross floor area ("**GFA**") of 1,792,577 sq.m., representing an increase of approximately 21.4% from 1,476,556 sq.m. for the six months ended 30 June 2020. For the six months ended 30 June 2021, the Group's attributable contracted ASP was RMB15,084 per sq.m., representing an increase of approximately 5.7% from RMB14,264 per sq.m. for the six months ended 30 June 2020.

The following table summarizes the attributable contracted sales by region for the Period:

Region	Attributable contracted sales	Percentage of total attributable contracted sales	Attributable contracted GFA	Attributable contracted ASP
	RMB million	*%*	*sq.m.*	*RMB/sq.m.*
Jiangxi Province	721,776	26.7	586,422	12,308
The Guangdong-Hong Kong-Macao Greater Bay Region	347,552	12.9	227,275	15,292
The Yangtze River Delta region	1,006,171	37.2	565,403	17,796
Core cities in Central and Western China and other regions with high growth potential	628,461	23.2	413,477	15,199
Total	2,703,960	100.0	1,792,577	15,084

Land Reserve

The Group attaches importance to the diversified geographical distribution of its land reserve in first-tier and second-tier cities and the acquisition of high-quality land reserve. As at 30 June 2021, the total attributable land reserve amounted to 14.4 million sq.m.. Such distribution and amount of land reserve show that the Group not only possesses tremendous high-quality land reserve, but is also determined to promote nationwide development through greatly increasing its land reserve in the Greater Bay Region and in core cities in the Yangtze River Economic Belt where the Group has expanded its business. The Guangdong-Hong Kong-Macao Greater Bay Region benefits from the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Region as well as the policy of pioneering demonstration zone for socialism with Chinese characteristics, and core cities in the Yangtze River Economic Belt are the most active core regions in China's economy. These positive factors will help the Group grow faster.

For the six months ended 30 June 2021, the land reserve newly acquired by the Group was all located in cities in the four major regions. During the Period, the Group acquired a total of 5 parcels of high quality land through public auctions, mergers and acquisitions as well as joint ventures and associates, including 2 parcels in Jiangxi Province and 3 parcels in the Yangtze River Delta region. The Group focused on acquiring land plots in the Yangtze River Delta region. The total planned GFA of land parcels acquired during the Period was approximately 1.0 million sq.m., of which approximately 0.5 million sq.m. of planned GFA was attributable to the Group. The total attributable consideration of land parcels acquired during the Period was approximately RMB2,182.1 million. The average land cost for land parcels acquired during the Period was approximately RMB4,255.8 per sq.m..

In view of the Group's existing land reserve, the proportion of revenue contributed by markets outside Jiangxi Province is expected to increase further in the future, and a balanced development of the four major regions can be achieved gradually.

The following table sets forth the details of land parcels acquired by the Group during the Period:

	Project	City	The Group's equity interest	Planned GFA	Attributable planned GFA
			%	*sq.m.*	*sq.m.*
	Jiangxi Province				
1.	North of Chenghu, Nanchang County, Nanchang	Nanchang	33	105,625	34,856
2.	Wangcheng Town, Xinjian District, Nanchang	Nanchang	52	500,855	258,191
	The Yangtze River Delta region				
3.	East of Wanshun Road, Jingkai District, Wuxi	Wuxi	30	46,402	13,921
4.	South of Jiangshan Fu, Yu'an District, Liu'an	Liu'an	30	145,390	43,617
5.	Xuguan Canal of Ancient City, High-tech District, Suzhou	Suzhou	100	162,153	162,153
Total				960,425	512,738

Land reserve developed and managed by the Group's subsidiaries, joint ventures or associates

The following table sets forth the breakdown of the total attributable land reserve developed and managed by the Group's subsidiaries, joint ventures or associates by geographical location as at 30 June 2021:

Region/City	Land use	Attributable GFA	Percentage of total land reserve
		sq.m.	*%*
Jiangxi Province			
Nanchang	Residential/Commercial	3,705,932	25.7
Fuzhou	Residential/Commercial	389,456	2.7
Ganzhou	Residential/Commercial	318,323	2.2
Jingdezhen	Residential/Commercial	208,205	1.4
Ji'an	Residential/Commercial	82,495	0.6
Others	Residential/Commercial	131,736	1.0
Sub-total		4,836,147	33.6
The Guangdong-Hong Kong-Macao Greater Bay Region			
Huizhou	Residential/Commercial	3,593,691	25.0
Guangzhou	Residential	233,051	1.6
Shenzhen	Residential/Commercial	201,829	1.4
Zhuhai	Residential/Commercial	180,245	1.2
Others	Residential/Commercial	44,920	0.3
Sub-total		4,253,736	29.5

Region/City	Land use	Attributable GFA	Percentage of total land reserve
		sq.m.	*%*
The Yangtze River Delta region			
Suzhou	Residential/Commercial	1,117,309	7.8
Zhuji	Residential/Commercial	445,172	3.1
Wuxi	Residential/Commercial	400,853	2.8
Hefei	Residential/Commercial	291,929	2.0
Nanjing	Residential/Commercial	136,702	0.9
Ningbo	Residential/Commercial	119,466	0.8
Hangzhou	Residential/Commercial	114,350	0.8
Wenzhou	Residential/Commercial	105,193	0.7
Xuzhou	Residential/Commercial	102,247	0.7
Shanghai	Residential/Commercial	58,946	0.4
Others	Residential/Commercial	198,973	1.5
Sub-total		3,091,140	21.5
The core cities in Central and Western China regions and other regions with high growth potential			
Wuhan	Residential/Commercial	613,739	4.3
Changsha	Residential/Commercial	530,206	3.7
Fuzhou	Residential/Commercial	233,352	1.6
Chengdu	Residential/Commercial	230,195	1.6
Ezhou	Residential/Commercial	144,651	1.0
Zigong	Residential/Commercial	122,714	0.8
Weifang	Residential/Commercial	119,469	0.8
Xiangyang	Residential	113,896	0.8
Others	Residential/Commercial	109,879	0.8
Sub-total		2,218,101	15.4
Total		14,399,124	100.0

FINANCIAL REVIEW

Revenue

Revenue of the Group arises from sales of properties, the provision of project management and other consulting services to independent third parties and leasing of investment properties. For the six months ended 30 June 2021, approximately 96.7% (corresponding period in 2020: 96.6%) of the Group's revenue was derived from the sales of properties, approximately 3.3% (corresponding period in 2020: 3.4%) was derived from project management and other consulting services and leasing of investment properties.

The following table summarizes the revenue recognised by business for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Sales of properties	**10,846,415**	**96.7**	8,410,397	96.6
Project consulting and management services	**368,546**	**3.2**	288,476	3.3
Rental income	**3,971**	**0.1**	4,502	0.1
Total	**11,218,932**	**100.0**	8,703,375	100.0

For the six months ended 30 June 2021, the Group recorded total revenue of RMB11,218.9 million, representing an increase of approximately 28.9% as compared to RMB8,703.4 million of the corresponding period of last year, which was primarily attributable to the increase in revenue from sales of properties during the Period.

Revenue from sales of properties

For the six months ended 30 June 2021, revenue from sales of properties was mainly derived from the sales of residential properties with higher turnover rate and accounted for approximately 94.5% of the total revenue. Revenue generated from sales of properties increased by approximately 29.0% to RMB10,846.4 million for the six months ended 30 June 2021 from RMB8,410.4 million for the six months ended 30 June 2020, which was primarily due to the increase in GFA delivered and ASP of the properties delivered by the Group during the Period. For the six months ended 30 June 2021, the total GFA delivered amounted to 900,811 sq.m., representing a year-on-year increase of approximately 24.1%, while the ASP of the properties delivered amounted to RMB12,040.7 per sq.m..

Revenue from project consulting and management services

Revenue generated from the provision of project consulting and management services increased to RMB368.5 million for the six months ended 30 June 2021 from RMB288.5 million for the six months ended 30 June 2020, primarily due to the increase in projects of management and other consulting services of the Group during the Period.

Rental income

Rental income from the leasing of investment properties decreased by approximately 11.8% to RMB4.0 million for the six months ended 30 June 2021 from RMB4.5 million for the six months ended 30 June 2020, which was primarily attributable to the decrease in investment properties being leased out.

Cost of sales

Cost of sales primarily represents costs incurred by the Group relating directly to its property development activities, which mainly consist of construction costs, land acquisition costs and capitalized interest. The Group's cost of sales increased by approximately 44.6% to RMB8,780.5 million for the six months ended 30 June 2021 from RMB6,073.5 million for the six months ended in 30 June 2020, which was primarily attributable to the increase in the scale of the Group's operations and the increase in the GFA of properties delivered compared with the corresponding period of last year.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 7.3% to RMB2,438.4 million for the six months ended 30 June 2021 from RMB2,629.9 million for the six months ended 30 June 2020. The Group's gross profit margin amounted to 21.7%, representing a decrease of 8.5 percentage points as compared to 30.2% for the six months ended 30 June 2020. The decrease was primarily attributable to the higher land cost of the properties delivered during the Period compared with the corresponding period of last year.

Finance income

Finance income primarily represents interest income on bank deposits and other interest income. The Group's finance income increased by approximately 287.0% to RMB226.3 million for the six months ended 30 June 2021 from RMB58.5 million for the six months ended 30 June 2020, which was primarily attributable to the increase in interest on deposits and other interest income during the Period.

Other income and gains

The Group's other income and gains increased to RMB188.3 million for the six months ended 30 June 2021 from RMB36.7 million for the six months ended 30 June 2020. Other income and gains for the Period were primarily attributable to the valuation gains on joint ventures and government grants which were RMB61.8 million and RMB55.1 million during the Period, respectively.

Selling and distribution expenses

Selling and distribution expenses primarily consist of (i) advertising costs; (ii) sales and marketing staff costs; (iii) property management fees paid to agencies; and (iv) sales commission to real estate agents. The Group's selling and distribution expenses increased by approximately 23.9% to RMB453.5 million for the six months ended 30 June 2021 from RMB366.0 million for the six months ended 30 June 2020, which was primarily attributable to the increase in sales agency fees due to the expansion of sales scale.

The total amount of selling and distribution expenses as a percentage of the Group's revenue decreased from approximately 4.2% in the corresponding period of last year to approximately 4.0% during the Period.

Administrative expenses

Administrative expenses primarily consist of (i) administrative staff costs; (ii) office expenses; and (iii) tax expenses other than corporate income tax. The Group's administrative expenses increased by approximately 34.6% to RMB327.1 million for the six months ended 30 June 2021 from RMB243.1 million for the six months ended 30 June 2020, which was primarily attributable to the increase in employee's remuneration.

The proportion of total administrative expenses to the revenue of the Group increased from approximately 2.8% in the corresponding period of last year to approximately 2.9% during the Period.

Fair value gains on investment properties

Fair value gains on investment properties represent the increase in fair value of the investment properties located in certain commercial areas held by the Group for rental, operating income or capital appreciation. For the six months ended 30 June 2021, the Group recorded fair value gains on investment properties of RMB70.0 million, representing a decrease of approximately 52.9% from RMB148.5 million for the six months ended 30 June 2020.

Finance costs

Finance costs mainly represent interest expenses on bank and other borrowings and interest arising from a significant financing component of contract liabilities related to the pre-sale proceeds less the capitalized interest relating to properties under development. During the Period, the Group's finance costs was RMB286.7 million, which approximates to RMB286.5 million in the corresponding period in last year.

The Group's gross finance costs before capitalization for the six months ended 30 June 2021 was RMB1,663.4 million, representing an increase of approximately 12.6% from RMB1,477.0 million for the six months ended 30 June 2020. The increase was mainly due to the increase in interest expense arising from contract revenue and borrowings during the Period.

The Group's weighted average cost of indebtedness as at 30 June 2021 was approximately 8.7% (31 December 2020: 9.1%).

Share of profits and losses of joint ventures

The Group's share of losses of joint ventures increased by approximately RMB74.0 million from RMB17.2 million for the six months ended 30 June 2020 to RMB91.2 million for the six months ended 30 June 2021, mainly due to the increase of operating expenses corresponding to the Group's increased joint venture projects during the Period.

Share of profits of associates

The Group's share of profits of associates decreased by approximately 59.3% to RMB47.3 million for the six months ended 30 June 2021 from RMB116.4 million for the six months ended 30 June 2020, primarily due to the decrease in the delivery of property projects held by the Group's associates during the Period compared to the corresponding period of last year.

Profit before tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before tax decreased by approximately 15.0% to RMB1,783.6 million for the six months ended 30 June 2021 from RMB2,098.8 million for the six months ended 30 June 2020.

Income tax expense

The Group's income tax expense comprises provisions made for CIT and LAT in the PRC, net of deferred tax during the Period. The Group's income tax expense for the Period decreased by approximately 27.4% to RMB891.9 million for the six months ended 30 June 2021 from RMB1,227.8 million for the six months ended 30 June 2020, mainly attributable to decrease in provisions for land value added tax.

The effective income tax rate of the Group, being the income tax divided by profit before taxation, for the six months ended 30 June 2021 was 50.0%, compared to 58.5% for the six months ended 30 June 2020.

Profit for the Period

As a result of the aforementioned changes of the Group's financial, the Group's profit for the Period increased by approximately 2.4% to RMB891.7 million for the six months ended 30 June 2021 from RMB871.0 million for the six months ended 30 June 2020. Net profit margin decreased to 7.9% for the six months ended 30 June 2021 from 10.0% in the corresponding period of last year.

The core profit attributable to the owners of the parent was RMB730.1 million in the six months ended 30 June 2021, representing an increase of approximately 7.4% from RMB679.6 million in the corresponding period of 2020. Core profit attributable to the owners represents profit attributable to the owners amounted to RMB764.0 million less the fair value gains on investment properties (net of tax) amounted to RMB52.6 million and add back the net fair value losses on financial assets/liabilities (net of tax) amounted to RMB18.7 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations including proceeds from sale and pre-sale of properties, bank and other borrowings. The Group's need for long-term liquid capital is associated with capital allocated for property development projects and repayment of long-term loans.

Net current assets

As at 30 June 2021, the Group's net current assets amounted to RMB17,092.5 million (31 December 2020: RMB14,674.9 million). Specifically, the Group's total current assets increased by approximately 20.7% to RMB92,520.3 million as at 30 June 2021 from RMB76,636.0 million as at 31 December 2020. The Group's total current liabilities increased by approximately 21.7% to RMB75,427.8 million as at 30 June 2021 from RMB61,961.1 million as at 31 December 2020. The increase in the Group's total current assets was primarily attributable to increase in cash and cash equivalents and properties under development during the Period.

Cash position

As at 30 June 2021, the Group had cash and bank balances of RMB19,349.5 million (31 December 2020: RMB17,535.1 million). Excluding other restricted cash and pledged deposits, the cash and cash equivalents amounted to RMB14,037.0 million, of which RMB13,965.2 million, RMB13.0 million and RMB58.8 million (31 December 2020: RMB10,705.3 million, RMB48.1 million and RMB171.8 million) were denominated in RMB, Hong Kong Dollar ("**HK$**") and U.S. Dollar ("**US$**"), respectively.

Indebtedness

As at 30 June 2021, the Group had total outstanding borrowings of RMB29,568.7 million (31 December 2020: RMB29,662.3 million), of which RMB23,455.5 million (31 December 2020: RMB23,883.8 million) was carried at fixed rates.

The following table sets forth Group's total borrowings as at the dates indicated:

	As at 30 June 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Non-current		
Bank loans — secured	**9,974,621**	9,377,323
Other loans — secured	**4,987,835**	3,705,809
Other loans — unsecured	**–**	172,150
Corporate bonds and senior notes	**552,833**	1,622,044
Asset-backed securities	**690,000**	690,000
Total non-current borrowings	**16,205,289**	15,567,326
Current		
Other loans — secured	**1,200,686**	2,336,698
Current portion of long-term bank loans — secured	**3,964,965**	4,094,243
Current portion of other loans — secured	**3,427,401**	3,104,719
Corporate bonds and senior notes	**4,646,607**	4,044,568
Asset-backed securities	**123,741**	514,722
Total current borrowings	**13,363,400**	14,094,950
Total borrowings	**29,568,689**	29,662,276
Secured	**24,369,249**	23,823,514
Unsecured	**5,199,440**	5,838,762
	29,568,689	29,662,276

The following table sets forth the maturity profiles of the Group's total borrowings as at the dates indicated:

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Bank loans repayable:		
— Within one year or on demand	**3,964,965**	4,094,243
— In the second year	**4,530,880**	4,348,549
— In the third to fifth year, inclusive	**5,443,741**	5,028,774
Sub-total	**13,939,586**	13,471,566
Other borrowings, senior notes and corporate bonds repayable:		
— Within one year or on demand	**9,398,435**	10,000,707
— In the second year	**5,475,175**	4,971,597
— In the third to fifth year, inclusive	**755,493**	1,218,406
Sub-total	**15,629,103**	16,190,710
Total	**29,568,689**	29,662,276

The following table sets forth the currency denomination of the Group's total borrowings as at the dates indicated:

By currency denomination

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Analysis of borrowings by currency		
• Denominated in RMB	**23,937,880**	23,862,323
• Denominated in US$	**5,465,718**	5,637,062
• Denominated in HK$	**165,091**	162,891
	29,568,689	29,662,276

Net gearing ratio

As at 30 June 2021, the Group's net gearing ratio was 50.5% (31 December 2020: 63.6%).

Pledge of assets

As at 30 June 2021, the Group's borrowings were secured by the Group's assets of RMB32,770.4 million (31 December 2020: RMB29,505.5 million) which included (i) properties under development; and (ii) pledged deposits.

Financial risks

The Group's activities expose it to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. To minimize the Group's exposure to these risks, the Group did not use any derivatives and other instruments for hedging purposes. The Group did not hold or issue derivative financial instruments for trading purposes.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not used derivative financial instruments to hedge interest rate risk and manages its interest cost using variable rate bank borrowings and other borrowings.

Foreign currency risk

The Group primarily operates its business in China and substantially all of its revenue and expenditures are denominated in Renminbi. As at 30 June 2021, the Group had cash and bank balances denominated in HK$ and US$ of RMB13.0 million and RMB58.8 million respectively, which were subject to fluctuations in exchange rates. In addition, the Group has transactional currency exposures, arising mainly from the Group's interest-bearing bank and other borrowings denominated in HK$ and US$. The Group does not have a foreign currency hedging policy. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Credit risk

The Group divides financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

CONTINGENT LIABILITIES

Mortgage guarantees

The Group provided mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's 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 certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The total guarantee provided by the Group to banks in connection with facilities granted to the Group's customers amounted to RMB45,629.9 million as at 30 June 2021 (31 December 2020: RMB38,450.0 million). The total guarantee provided by the Group to banks in connection with facilities granted to the Group's joint ventures and associates amounted to RMB5,955.7 million as at 30 June 2021 (31 December 2020: RMB7,088.2 million).

The Group did not incur any material losses during the Period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realizable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Legal contingencies

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on the Group's business, financial condition or operating results.

COMMITMENTS

As at 30 June 2021, the Group had capital commitment in relation to the properties under development, acquisition of equity interests and capital contribution for investments in joint ventures and associates amounted to RMB29,278.9 million (31 December 2020: RMB21,026.8 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 30 June 2021, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or 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.

ISSUANCE , REPURCHASES AND REDEMPTIONS OF SENIOR NOTES AND CORPORATE BONDS

On 18 January 2021, the Company announced that a tender offer was being made (the "**Tender Offer**") to purchase for cash its outstanding 11.75% senior notes due on 10 March 2021 ("**USD Senior Notes I due 2021**") in the aggregate principal amount of US$280 million prior to maturity. As a result of the Tender Offer, the Company repurchased and cancelled a total of US$119,355,000 in the principal amount of the USD Senior Notes I due 2021. After cancellation of the repurchased USD Senior Notes I due 2021, the aggregate outstanding principal amount of the USD Senior Notes I due 2021 was US$160,645,000 (the "**Remaining USD Senior Notes I due 2021**"). For details of the repurchase, please refer to the announcements of the Company dated 18 January 2021, 26 January 2021 and 28 January 2021. The Remaining USD Senior Notes I due 2021 matured on 10 March 2021 and was fully redeemed by the Company, with a total redemption amount of US$170,029,880.90.

In January 2021, the Company completed the issuance of green senior notes in the principal amount of US$250 million bearing interest at a rate of 8.5% per annum and due on 24 January 2022 ("**USD Senior Notes due 2022**"), which were publicly listed on the Stock Exchange.

In March 2021, Sinic Real Estate Group Co., Ltd. ("**Sinic Real Estate**"), a subsidiary of the Group, completed the issuance of its 3-year corporate bonds in the principal amount of RMB255 million bearing interest at a rate of 7.0% per annum which were publicly listed in the Shanghai Stock Exchange.

In June 2021, the Company repurchased in the open market:

(i) part of its US$250 million 9.5% senior notes due 2021 in the aggregate principal amount of US$4 million;

(ii) part of its US$210 million 10.5% senior notes due 2022 in the aggregate principal amount of US$2 million; and

(iii) part of its USD Senior Notes due 2022 in the aggregate principal amount of US$5 million.

For details of the partial repurchases, please refer to the announcements of the Company dated 10 March 2021, 3 June 2021, 7 June 2021, 11 June 2021 and 23 June 2021.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associated companies and joint ventures for the six months ended 30 June 2021.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Save as disclosed in this announcement, there was no significant investment held by the Group as at 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcel in China. No concrete plan for future investments is in place as at the date of this announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, the Group had 3,094 employees. The compensation level is determined based on the qualification, position, seniority and periodic performance reviews of each of the employees. In the performance reviews, each of the employees is assessed with reference to the value that the employee has created for the Group during the performance period and any other meaningful contributions that the employee has made to the Group. Accordingly, their benefit packages are adjusted based on the assessments from the performance reviews. During the Period, the Group improved the welfare packages provided to its employees and adjusted the salary structure and the bonus payment mechanism with a view to improving its pay for performance compensation policy.

EVENTS AFTER THE REPORTING PERIOD

On 23 July 2021, Sinic Real Estate completed the issuance of its three-year corporate bonds with a principal amount of RMB451 million ("**21 Sinic 03**"), which were publicly listed on The Shanghai Stock Exchange on 23 July 2021. 21 Sinic 03 is denominated in RMB and bears interest at a rate of 7.2% per annum.

Since early 2020, a series of precautionary and control measures have been, and continued to be, implemented across China in response to the COVID-19 outbreak. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and results of operations of the Group. As at the date of this announcement, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

Save as disclosed above, there were no material events undertaken by the Group subsequent to 30 June 2021.

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the deviation from CG Code provision A.2.1, the Group's corporate governance practices are in compliance with the CG Code. CG Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Yuanlin is the chairman of the Board and the chief executive officer. In view of the fact that Mr. Zhang has been assuming day-to-day responsibilities in operating and managing the Group since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Zhang taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from CG Code provision A.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for the Directors' dealings in the securities of the Company. In response to the specific enquiry made by the Company, all Directors confirmed that they have fully complied with the Model Code during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 9 February 2021, the Company as borrower entered into a facility agreement (the "**Facility Agreement**") with BOCI Leveraged & Structured Finance Limited as lender (the "**Lender**") pursuant to which a US$75 million term loan facility (the "**Facility**") would be made available by the Lender to the Company subject to the terms and conditions of the Facility Agreement.

Pursuant to the Facility Agreement, if Mr. Zhang Yuanlin, Sinic Holdings Group Company Limited, Sinic Group Company Limited and Xin Hong Company Limited, each a controlling shareholder of the Company, collectively do not or cease to:

(i) own (directly or indirectly) at least 51% of the issued share capital of the Company;

(ii) have the power to appoint and remove a majority of the Board; or

(iii) have the power to give directions with respect to the operating and financial policies of the Company with which the Board is obliged to comply, the Lender may cancel the amount of the Facility committed by the Lender and declare all outstanding amounts together with interest accrued and all other amounts payable by the Company under the Facility to be immediately due and payable.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the Period.

REVIEW OF INTERIM RESULTS

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinicdc.com).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Tam Chi Choi (chairman), Mr. Au Yeung Po Fung, and Mr. Liu Xin, each of whom is an independent non-executive Director.

The Audit Committee and management have discussed, reviewed and agreed with the interim results of the Group for the six months ended 30 June 2021. The interim results for the six months ended 30 June 2021 have not been audited but has been reviewed by Ernst & Young, the auditor of the Company, 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 Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.sinicdc.com. The Company's 2021 interim report will be despatched to shareholders and published on the aforementioned websites in due course.

By order of the Board
Sinic Holdings (Group) Company Limited
ZHANG Yuanlin
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Yuanlin and Ms. Tu Jing as executive Directors, and Mr. Tam Chi Choi, Mr. Au Yeung Po Fung and Mr. Liu Xin as independent non-executive Directors.