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Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3301)

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

FINANCIAL HIGHLIGHTS

- Contracted sales amounted to RMB82,966.12 million, increased by 37.46% as compared with the six months ended 30 June 2020.
- Total revenue amounted to RMB21,739.46 million, increased by 3.20% as compared with the six months ended 30 June 2020.
- Gross profit amounted to RMB2,175.41 million, decreased by 30.73% as compared with the six months ended 30 June 2020.
- Profit for the Period amounted to RMB1,040.40 million, decreased by 36.77% as compared with the six months ended 30 June 2020.
- Profit for the period attributable to owners of the Company amounted to RMB684.51 million, decreased by 24.65% as compared with the six months ended 30 June 2020.
- Gearing ratio decreased by 9.64% from 0.83 as at 31 December 2020 to 0.75 as at 30 June 2021.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”).

Interim Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	6	21,739,463	21,066,011
Cost of sales		(19,564,058)	(17,925,601)
Gross profit		2,175,405	3,140,410
Selling and marketing costs		(640,535)	(492,509)
Administrative expenses		(631,675)	(690,216)
Fair value losses on investment properties		(37,757)	(97,497)
Other income		256,712	94,184
Other gains		160,969	335,096
Operating profit		1,283,119	2,289,468
Finance income		374,578	328,752
Finance costs		(98,487)	(275,347)
Finance income – net	7	276,091	53,405
Share of profit or losses of investments accounted for using equity method – net		69,547	137,801
Profit before income tax		1,628,757	2,480,674
Income tax expenses	8	(588,354)	(835,178)
Profit for the period		1,040,403	1,645,496
Profit for the period attributable to:			
Owners of the Company		684,511	908,431
Non-controlling interests		355,892	737,065
		1,040,403	1,645,496
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	9	0.41	0.53
– Diluted	9	0.41	0.53

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	1,040,403	1,645,496
Other comprehensive income	—	—
Total comprehensive income for the period	1,040,403	1,645,496
Total comprehensive income for the period attributable to:		
Owners of the Company	684,511	908,431
Non-controlling interests	355,892	737,065
	1,040,403	1,645,496

Interim Condensed Consolidated Balance Sheet

	30 June	31 December
	2021	2020
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,729,824	1,424,939
Investment properties	14,059,516	14,487,730
Right-of-use assets	444,006	444,183
Intangible assets	3,932	5,365
Investments accounted for using equity method	11,152,903	10,862,379
Financial assets at fair value through profit or loss	638,265	996,855
Deferred tax assets	697,137	668,200
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Total non-current assets	28,725,583	28,889,651
Current assets		
Properties under development	124,618,985	120,098,735
Completed properties held for sale	15,613,884	14,065,964
Contract assets	1,006,940	1,098,664
Trade and other receivables and prepayments	34,680,592	29,518,185
Amounts due from related parties	5,826,222	5,984,288
Prepaid taxation	3,848,595	3,329,274
Financial assets at fair value through profit or loss	106,177	362,248
Term deposits	6,025,322	6,989,416
Restricted cash	4,864,027	3,057,486
Cash and cash equivalents	21,293,384	19,854,876
	<hr/>	<hr/>
Total current assets	217,884,128	204,359,136
	<hr/>	<hr/>
Total assets	246,609,711	233,248,787
EQUITY		
Share capital	15	15
Share premium	3,082,681	3,786,195
Other reserves	14,611,364	13,926,853
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Capital and reserves attributable to the owners of the Company	17,694,060	17,713,063
Non-controlling interests	34,995,094	32,945,940
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Total equity	52,689,154	50,659,003

Interim Condensed Consolidated Balance Sheet

	30 June 2021	31 December 2020
<i>Note</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
LIABILITIES		
Non-current liabilities		
Borrowings	46,806,628	46,921,115
Lease liabilities	17,659	15,431
Deferred tax liabilities	1,810,895	1,915,527
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Total non-current liabilities	48,635,182	48,852,073
Current liabilities		
Borrowings	25,148,704	24,938,617
Lease liabilities	15,376	9,900
Contract liabilities	72,894,146	65,076,080
Trade and other payables	31,980,070	31,476,801
Amounts due to related parties	8,767,924	5,291,322
Current tax liabilities	6,479,155	6,944,991
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Total current liabilities	145,285,375	133,737,711
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Total liabilities	193,920,557	182,589,784
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Total equity and liabilities	246,609,711	233,248,787
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Ronshine China Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 11 September 2014 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’s principal activity is investment holding. The Company and its subsidiaries (together the “**Group**”) are principally engaged in property development business in the People’s Republic of China (the “**PRC**”).

The Company’s shares were listed on the Main Board of The Stock Exchange Hong Kong Limited (the “**Stock Exchange**”) on 13 January 2016.

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 31 August 2021.

This interim condensed consolidated financial information has not been audited.

The outbreak of the 2019 Novel Coronavirus (“**COVID-19**”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and financial position of the Group, including the delay in construction and delivery of properties, decrease in rental and service revenue and occupancy rate of investment properties and hotels, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The interim condensed consolidated financial information does not include all the notes of the type normally included in annual financial statements. Accordingly, 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 previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New amendments to standards and interpretations adopted by the Group

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 4, and HKFRS 16

The adoption of these new and amended standards and interpretations did not have any material impact on the interim condensed consolidated financial information of the Group.

(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 HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or non-current	1 January 2023
Amendments to HKAS 1, HKFRS Practice Statement 2 and HKAS 8	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	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 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
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 impact of new and amended standards and interpretations above is still under assessment by the Group.

4 ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

5 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 principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Executive Directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2021 (six months ended 30 June 2020: same).

As at 30 June 2021, the non-current assets, other than financial assets at fair value through profit or loss and deferred tax assets, were located in the PRC (31 December 2020: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the six months ended 30 June 2021 (six months ended 30 June 2020: same).

6 REVENUE

Revenue of the Group for the six months ended 30 June 2021 is as follow:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Revenue from sales of properties		
– Recognised at a point in time	20,858,476	20,571,784
Revenue from construction services, hotel operations and others:		
– Recognised at a point in time	252,421	126,093
– Recognised over time	553,110	306,513
Revenue from other sources – rental income	75,456	61,621
	21,739,463	21,066,011

7 FINANCE INCOME – NET

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
– Net foreign exchange gains	217,172	–
– Interest income from bank deposits	157,406	328,752
	<u>374,578</u>	<u>328,752</u>
Finance costs		
– Net foreign exchange losses	–	134,658
– Borrowing costs	2,726,761	2,343,814
– Less: capitalised	(2,628,274)	(2,203,125)
	<u>98,487</u>	<u>275,347</u>
Finance income – net	<u>276,091</u>	<u>53,405</u>

8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
PRC corporate income tax	637,586	803,514
Land appreciation tax (“LAT”)	67,921	18,179
	<u>705,507</u>	<u>821,693</u>
Deferred income tax		
PRC corporate income tax	(117,153)	13,485
	<u>588,354</u>	<u>835,178</u>

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2021 and 2020, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “**CIT Law**”) effective on 1 January 2008.

PRC 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 rates.

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 income 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.

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2021 (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).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from Cayman Islands income tax. The Company’s direct subsidiary in the British Virgin Islands (the “**BVI**”) was incorporated under the Business Companies Act of the BVI and is exempted from BVI income tax.

9 EARNINGS PER SHARE

9.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to owners of the Company (<i>RMB'000</i>)	684,511	908,431
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	1,683,522	1,711,413
Basic earnings per share (<i>RMB per share</i>)	0.41	0.53

9.2 Dilutive

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share option scheme. For the share option scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company for the period) based on the monetary value of the subscription rights attached to outstanding share options.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to owners of the Company (<i>RMB'000</i>)	684,511	908,431
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	1,683,522	1,711,413
Adjustments – share options and awarded shares (<i>in thousand</i>)	–	5,495
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousand</i>)	1,683,522	1,716,908
Diluted earnings per share (<i>RMB per share</i>)	0.41	0.53

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables (note (a))	30,867	158,346
Other receivables		
– Amounts due from minority shareholders	13,337,735	11,517,665
– Deposits for acquisition of land use rights and property development projects	832,813	1,023,719
– Other amounts due from third parties	4,340,528	3,815,765
– Deposits for construction contracts	145,840	145,840
– Others	1,357,808	1,306,588
Less: loss allowance	(34,563)	(29,879)
	<u>19,980,161</u>	<u>17,779,698</u>
Prepayments		
– Prepayments for acquisition of land use rights	10,803,507	6,240,560
– Prepaid value added tax and other taxes	3,635,079	5,166,163
– Others	230,978	173,418
	<u>14,669,564</u>	<u>11,580,141</u>
Trade and other receivables and prepayments	<u>34,680,592</u>	<u>29,518,185</u>

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements.

Aging analysis of the trade receivables is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	30,704	158,280
Over one year	163	66
	<u>30,867</u>	<u>158,346</u>

These trade receivables relate to a number of independent customers for whom there is no significant financial difficulty. Management does not expect any credit loss for these receivables.

11 TRADE AND OTHER PAYABLES

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables (<i>Note (a)</i>)	11,229,941	11,616,425
Note payables	142,817	280,345
Other payables		
– Amounts due to non-controlling interests	9,350,360	10,017,191
– Other taxes payable	6,392,719	5,997,416
– Interests payable	958,202	1,007,062
– Deposits received for sales of properties	216,340	312,912
– Dividend payable	703,536	24,576
– Deposits from contractors and suppliers	592,853	564,637
– Accrued payroll	145,168	410,785
– Others	2,248,134	1,245,452
	<u>31,980,070</u>	<u>31,476,801</u>

(a) The ageing analysis of the trade payables is as follows:

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	9,950,607	10,301,675
Over one year	1,279,334	1,314,750
	<u>11,229,941</u>	<u>11,616,425</u>

(b) Other payables of approximately RMB1,107,909,000 are interest bearing and repayable within one year from 30 June 2021.

12 DIVIDEND

The 2019 final dividend of HK\$0.60 per ordinary share, totaling approximately HK\$1,021,249,000 (equivalent to RMB935,157,000) according to the numbers of shares of the Company registered on 16 June 2020, was approved by the shareholders at the annual general meeting held on 5 June 2020.

The 2020 final dividend of HK\$0.50 per ordinary share, totaling approximately HK\$841,716,000 (equivalent to RMB695,173,000) according to the numbers of shares of the Company registered on 16 June 2021, was approved by the shareholders at the annual general meeting held on 4 June 2021.

OVERVIEW AND OUTLOOK

Market review

In the first half of 2021, China's achievements in epidemic prevention and control and economic and social development have been continuously expanded and consolidated. China's economy continued to steadily recover. The potential for domestic demand has been further released under the guidance of central government's policies. In the first half of the year, the gross domestic product ("GDP") increased by 12.7% year-on-year, the production demand continued to pick up, the employment rates and commodity prices gradually stabilized, and the overall forecasts for market is positive.

During the Period, the Chinese Central Government reiterated the policy of "housing is for living in, not for speculation", and strengthened financial supervision on local real estate. The 14th Five-year Plan produced in the National Two Sessions in March emphasized the implementation of a long-term mechanism for the stable and healthy development of the real estate market, aiming to promote the balanced development of real estate and the real economy, to improve the housing market system and housing security system, which stabilized the healthy development of the domestic real estate market. According to the data from the National Bureau of Statistics, real estate sales data maintained steady and positive growth. In the first half of the year, the sales of commercial housing was RMB9,293.1 billion, representing a year-on-year increase of 38.9%. The sales area of commercial housing was 886.35 million sq.m., representing a year-on-year increase of 27.7%.

Business review

As the domestic economy stabilizes and improves, the Group also keeps up with the pace of economic recovery, intensifies its sales and marketing efforts, and has achieved outstanding sales performance. In the first half of the year, the introduction of numerous new properties, such as Shanghai Four Seasons (上海海月四季), Shanghai Parallel Impression (上海海納印象), Hangzhou Yunlan Mansion (杭州雲瀾天第), Fuzhou Haina Xinchao (福州海納新潮) and Lianyungang Mansion (連雲港學院府), etc., has strongly supported sales performance. During the Period, the Group recorded a contract sales of RMB83.0 billion, representing a year-on-year increase of 37%; a contracted gross floor area of approximately 4.03 million sq.m. and an average contracted sales price of RMB20,564 per sq.m. Among which, the contracted sales from Yangtze River Delta accounted for 71% in 2021. Meanwhile, a number of high-quality projects of the Group have been well received by the market. Among them, the Shanghai Parallel Impression (上海海納印象) Project received a very good reputation and was sold out upon initial launch this year. It ranked first in terms of sales units, sales area and sales value in Jiading District, Shanghai in the first half of the year. The Fuzhou Haina Xinchao (福州海納新潮) Project was well recognized by the market, ranking second in terms of sales units, and third in terms of sales value and sales area in Fuzhou in the first half of the year. Lianyungang Mansion (連雲港學院府) was sold out immediately in two launches, and the lottery numbers recorded more than 9 times coverage on the second launch, demonstrating that it was enthusiastically welcomed by the locals.

In respect of land reserves, the Group kept deeply cultivating its existing nine core urban agglomerations (the Yangtze River Delta, the West Coast of the Straits, Middle Reaches of the Yangtze River, Zhongyuan (Central Plain), Chengdu and Chongqing Region, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Shandong Peninsula and Northwest China), selectively strengthened the advantageous areas and optimized the investment of resources. The Group adhered to the development strategy of seeking progress while maintaining stability and followed the principle of prudent land acquisition, paid more attention to the quality and profitability of projects and acquired a number of high-quality land parcels during the Period by accurately following the market cycle. The first half of the year has been rewarding for the Group as it obtained 39 new land projects, adding land reserves of approximately 5.74 million sq.m. at a consideration of approximately RMB46.9 billion and an equity consideration of approximately RMB21.7 billion. As of 30 June 2021, the Group has a total of 282 projects with total land reserves of approximately 31.62 million sq.m.. Among which, the Yangtze River Delta region accounted for 46%. At the same time, the Group has established a professional and efficient investment team and marketing team, created extensive brand influence and high-level cost control capabilities through long-term deep cultivation, highlighting its advantages in respect of project investment, project development and sales.

This year, the Group is committed to ensuring the balance of development and financial leverage, optimizing its debt structure, reducing its financing costs and continuously improving its financing capabilities. Since the introduction of the “three red lines” policy by the Government last year, the Group has attached great importance and regarded it as a key performance indicator. By the end of 2020, all three red lines were met, demonstrating a healthy debt management level. As of 30 June 2021, the balance of interest-bearing liabilities of the Group was RMB72 billion, the net gearing ratio was 75%, the cash to short-term borrowings ratio was 1.09, and the asset-to-liability ratio after excluding contracted liability was 69.7%, with three red lines maintained up to standard. Amid a sluggish domestic and overseas capital market environment this year, the Group stuck to proactive debt management, seized the capital market window, and successfully issued a number of credit bonds during the Period. In January 2021, the Group issued US\$300 million senior notes due in 2025, and then issued RMB1 billion corporate bonds in both February and July to supply sufficient liquidity. The Group continues to optimize domestic and overseas financing channels, maintains a good cooperative relationship with banks and develops smooth financing channels for development loans and mortgage loans, which enhanced the Group’s ability to acquire targeted projects and improve profitability.

Through the comprehensive improvement in respect of operational capabilities, product capabilities and service capabilities, the Group won multiple awards in the first half of this year. In March of this year, the Group was awarded the “Top 21 China Real Estate Development Enterprises of 2021 in Comprehensive Capability” and “No. 3 China Real Estate Development Enterprises of 2021 in Comprehensive Development” of the 2021 China Real Estate Top 500 Evaluation Results. In April and May, the Group won the “2021 Best Standing Brand Award” at the third China Brand Building Summit and ranked fifth of the “2020 Best 20 of China Real Estate Developers Product Capability” issued by Kinpan.com. In addition, the Group’s comprehensive product line design was able to meet the needs of different customer groups. During the Period, a total of 10 projects including Taiyuan City of Times (太原時光之城), Chongqing Hai Yue Yu Zhou (重慶海月渝州), Wenzhou Hai Yue Qing Feng (溫州海月清風), Hangzhou Sky Mansion (杭州創世紀), Fuzhou Haina Xinchao (福州海納新潮), Shaoxing Xingwang (紹興興望) and Jiujiang Jiutang (九江九棠) were shortlisted for the CREDAWARD Real Estate Design Award. In particular, Wenzhou Hai Yue Qing Feng (溫州海月清風) won the “2020 GLOBAL EXCELLENCE AWARDS FINALIST IIDA” award. Its comprehensive strength has won widely attention of and the recognition from the industry and the market.

The Group attaches great importance to the sustainable development of enterprises and cities when continuously improving its capability. The Group keeps fulfilling its corporate responsibilities in three major areas of environment, society and governance, enhances its sustainable development capabilities in multiple dimensions, including green building, urban renewal, public welfare activities and employee care. During the Period, the Group won the “Best ESG Award” in the 5th Golden Hong Kong Stocks. Rongxin Xuhui Century One Mile Project (融信旭輝世紀古美項目) was also awarded the first ultra-low energy consumption residential project in Shanghai.

Prospects

In the first half of 2021, the sales data of real estate maintained steady and positive growth. The Group believes that the real estate market will continue to grow steadily and healthily in the second half of the year under the leadership of the Government’s 14th Five-year Plan. In the future, the Group will continue to deeply cultivate Yangtze River Delta and other regions, strengthen its advantages in in-depth layout, and effectively respond to changes in the market environment.

By adhering to its vision of “becoming a quality property developer leader and a service provider for an ideal life”, the Group will be guided by strong operating capability, driven by high-quality projects and service, aiming to empower the Company’s sustainable development, and to create greater value for the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

	For the six months ended 30 June		Change in percentage
	2021	2020	
Contracted sales			
Contracted sales amount (<i>RMB'000</i>) ⁽¹⁾	82,966,121	60,357,835	37.46%
Contracted gross floor area (<i>sq.m.</i>)	4,034,465	2,573,153	56.79%
Average unit price of contracted sales (<i>RMB/sq.m.</i>)	20,564	23,457	-12.33%
Property delivered			
Revenue from delivery of properties (<i>RMB'000</i>)	20,858,476	20,571,784	1.39%
Delivered gross floor area (<i>sq.m.</i>)	1,593,536	1,271,770	25.30%
Recognised average selling price of properties delivered (<i>RMB/sq.m.</i>)	13,089	16,176	-19.08%
Revenue (<i>RMB'000</i>)	21,739,463	21,066,011	3.20%
Cost of Sales (<i>RMB'000</i>)	(19,564,058)	(17,925,601)	9.14%
Gross profit (<i>RMB'000</i>)	2,175,405	3,140,410	-30.73%
Other income and other gain – net (<i>RMB'000</i>)	417,681	429,280	-2.70%
Profit before income tax (<i>RMB'000</i>)	1,628,757	2,480,674	-34.34%
Profit for the period (<i>RMB'000</i>)	1,040,403	1,645,496	-36.77%
– attributable to owners of the Company (<i>RMB'000</i>)	684,511	908,431	-24.65%
– attributable to non-controlling interests (<i>RMB'000</i>)	355,892	737,065	-51.71%
Gross profit margin ⁽²⁾	10.01%	14.9%	-32.82%
Net profit margin ⁽³⁾	4.79%	7.8%	-38.59%
Total assets (<i>RMB'000</i>)	246,609,711	220,740,541	11.72%
Total liabilities (<i>RMB'000</i>)	193,920,557	179,618,229	7.96%
Total equity (<i>RMB'000</i>)	52,689,154	41,122,312	28.13%
Capital and reserve attributable to owners of the Company (<i>RMB'000</i>)	17,694,060	16,279,451	8.69%
Current ratio ⁽⁴⁾	1.50 times	1.55 times	1.32%
Gearing ratio ⁽⁵⁾	0.75	0.91	-17.58%

Notes:

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (3) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.
- (5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

Property Development

Contracted Sales

For the six months ended 30 June 2021, the Group and its joint ventures and associates achieved contracted sales of RMB82,966.12 million, representing a growth of approximately 37.46% compared with RMB60,357.84 million for the six months ended 30 June 2020. This increase was mainly attributable to the increase in the total gross floor area of the Group's contracted sales by approximately 56.79% from 2,573,153 sq.m. for the six months ended 30 June 2020 to 4,034,465 sq.m. for the six months ended 30 June 2021.

The following table sets forth details of the contracted sales of the Group (including its joint ventures and associates) for the six months ended 30 June 2021:

	Amount <i>RMB million</i>	Percentage <i>%</i>	Total gross floor area ("GFA") <i>sq.m.</i>	Percentage <i>%</i>	Average Selling price <i>RMB/sq.m.</i>
Hangzhou	18,784	22.64	609,522	15.11	30,817
Shanghai	9,683	11.67	131,293	3.25	73,750
Fuzhou	7,491	9.03	361,593	8.96	20,717
Nanjing	5,492	6.62	187,513	4.65	29,290
Suzhou	4,868	5.87	226,539	5.62	21,490
Chongqing	3,412	4.11	262,644	6.51	12,991
Shaoxing	3,360	4.05	202,782	5.03	16,572
Quzhou	2,627	3.17	168,590	4.18	15,582
Wenzhou	2,525	3.04	137,589	3.41	18,351
Others	24,724	29.80	1,746,400	43.28	14,157
Total	82,966	100.00	4,034,465	100.00	20,564

Projects completed

For the six months ended 30 June 2021, the Group (including its joint ventures and associates) completed a total of 21 projects or phases of projects, with total GFA of 3,428,101 sq.m. (1,592,360 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

Projects under construction

As at 30 June 2021, the Group (including its joint ventures and associates) had a total of 120 projects or phases of projects under construction, with total planned GFA of 22,214,040 sq.m. (10,657,903 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

Land reserve

During the Period, there were a total of 39 newly acquired land parcels with a total GFA of 5,741,967 sq.m. (2,899,565 sq.m., after taking into account the interests of owners of the Company in the relevant projects). The average cost of land parcels acquired was RMB11,132 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels (including its joint ventures and associates) during the six months ended 30 June 2021:

City	Project name	Date of acquisition	Site area sq.m.	Total GFA sq.m.	Total GFA of the owners of the Company interested sq.m.	Land cost RMB million	Total land cost attributable to the owners of the Company RMB million	Average land cost RMB/sq.m.
Suzhou	Changshu Project (常熟項目)	21/1/2021	37,132	97,367	50,271	477	246	6,948
Hangzhou	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	21/1/2021	11,417	40,862	8,172	766	153	26,832
Chengdu	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	4/1/2021	64,452	203,897	73,101	942	338	6,199
Chengdu	Chengdu Qingbaijiang Project (成都青白江項目)	6/1/2021	32,310	161,307	68,555	231	98	2,048
Mianyang	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	16/2/2021	69,709	235,734	117,867	549	274	3,148
Putian	Xianyou Construction and Development Cooperation Project (仙遊建發合作項目)	1/2/2021	24,035	85,494	16,757	221	43	2,881
Shaoxing	South Shaoxing Shangyu Project (紹興上虞城南項目)	21/2/2021	49,686	89,271	20,615	873	202	16,726

City	Project name	Date of acquisition	Site area sq.m.	Total GFA sq.m.	Total GFA of the owners of the Company interested sq.m.	Land cost RMB million	Total land cost attributable to the owners of the Company RMB million	Average land cost RMB/sq.m.
Fuzhou	Fuzhou Haiyue Jiangnan (福州海月江南)	1/2/2021	67,858	131,430	44,686	731	249	7,694
Hangzhou	Yue Zhen Mansion (樾臻府)	2/2/2021	25,998	85,202	18,033	263	56	4,593
Zhengzhou	Zhengzhou City of Times - 2 (鄭州時光之城-2)	3/3/2021	111,532	307,669	145,844	919	435	2,501
Zhengzhou	Zhengzhou Olympic Century - 3 (鄭州奧體世紀-3)	3/6/2021	61,392	303,141	152,692	770	388	3,485
Suzhou	Suzhou Huangqiao Project (蘇州黃橋項目)	16/3/2021	60,292	180,666	72,266	2,009	804	15,144
Wenzhou	Yueqing Dongsha Dongshan South Village Project (樂清東廈東山南村項目)	30/3/2021	20,296	89,936	35,974	414	166	5,828
Nanchong	Wanwei Nanchong Jialing District 52 mu Lot (萬為南充嘉陵區52畝地塊)	20/4/2021	34,897	115,153	54,698	249	118	2,852
Huzhou	Huzhou Xifengyang Project (湖州西鳳漾項目)	6/4/2021	76,061	180,359	144,287	717	574	6,024
Huzhou	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	8/4/2021	75,018	175,378	140,302	795	636	6,729
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	9/4/2021	39,085	99,243	92,822	623	583	8,856
Lianyungang	Lianyungang Urban Park West District (連雲港海納春江西區)	9/4/2021	50,894	126,765	121,365	817	782	8,913
Hangzhou	Hangzhou Ningwei 38 Lot (杭州寧圍38號地塊)	7/5/2021	33,558	121,347	60,674	1,846	923	22,006
Hangzhou	Hangzhou Yawangxuan (杭州雅望軒)	6/5/2021	52,503	207,840	100,335	2,560	1,236	17,413
Hangzhou	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	7/5/2021	53,082	178,907	143,126	2,481	1,985	19,474
Hangzhou	Hangzhou Aoshi Mansion (杭州傲世邸)	7/5/2021	21,750	87,658	78,893	1,482	1,334	27,253
Hangzhou	Hangzhou Rulan Mansion (杭州如瀾邸)	6/5/2021	29,184	118,644	118,644	1,561	1,561	18,441
Hangzhou	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	6/5/2021	45,439	171,057	34,211	4,838	968	44,364
Hangzhou	Hangzhou Sibao Qibao 32 Lot (杭州四堡七堡32地塊)	6/5/2021	71,966	278,366	55,673	8,085	1,617	44,938
Hangzhou	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	7/5/2021	30,894	98,332	33,433	901	306	13,890
Hangzhou	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	12/5/2021	24,072	96,449	20,118	768	160	12,278
Fuzhou	Fuzhou Lan Bay (福州瀾灣)	11/5/2021	26,312	57,319	52,476	377	345	8,955

City	Project name	Date of acquisition	Site area sq.m.	Total GFA sq.m.	Total GFA of the owners of the Company interested sq.m.	Land cost RMB million	Total land cost attributable to the owners of the Company RMB million	Average land cost RMB/sq.m.
Fuzhou	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	11/5/2021	19,930	64,965	25,986	339	136	7,087
Fuzhou	Fuzhou Residence (福州國公館)	11/5/2021	143,367	210,450	210,450	1,420	1,420	9,921
Xi'an	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	27/4/2021	77,018	243,363	73,009	1,218	365	7,156
Xi'an	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	27/4/2021	57,705	186,444	55,933	929	279	7,095
Wenzhou	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	25/5/2021	42,663	129,064	129,064	670	670	7,141
Putian	Putian Ronshine Yuezhu (莆田融信悅著)	2/5/2021	31,539	70,393	28,157	253	101	5,010
Chengdu	Chengdu Qingyang 23 mu (成都青羊23畝)	7/6/2021	15,265	52,185	52,185	417	417	11,369
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	7/6/2021	6,364	28,827	27,028	376	352	19,686
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	25/5/2021	61,481	137,395	17,985	372	49	3,360
Suzhou	Suzhou Science City Project (蘇州科技城項目)	3/6/2021	57,164	161,428	37,548	1,789	416	15,647
Tianjin	Tianjin Jinzhong Street East Lot (天津金鐘街東地塊)	14/5/2021	123,538	332,660	166,330	1,888	944	7,641
Total			1,936,858	5,741,967	2,899,565	46,936	21,729	11,132

As at 30 June 2021, the total GFA of the Group's land reserve (including its joint ventures and associates) was 31.6 million sq.m., among which, 3.3 million sq.m. were completed properties held for sale, 22.2 million sq.m. were under construction and 6.1 million sq.m. were held for future development.

As at 30 June 2021, the cost per sq.m. of the Group's land reserve (including its joint ventures and associates) was RMB8,372. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future development.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2021:

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Nanjing	Nanjing Century East (南京世紀東方)	630	4	24,957
Fuzhou	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	1,405	33	6,065
Fuzhou	Fuzhou Ronghui Hot Spring City (福州融匯溫泉城)	690	65	1,610
Fuzhou	Fuzhou Nice Villa (福州有墅)	16	5	486
Xiamen	Xiamen Boyue Bay (廈門鉞悅灣)	2,107	15	23,207
Shanghai	Shanghai Platinum (上海鉞爵)	150	2	15,409
Shanghai	Shanghai Zhongxing Road (上海中興路)	5,505	6	100,091
Nanjing	Nanjing Boan Center (南京鉞岸中心)	473	31	2,515
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	622	6	13,576
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	1,488	18	10,897
Nanjing	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	617	6	12,842
Chengdu	Chengdu Ronshine Residence (成都融信公館)	176	1	16,915
Tianjin	Tianjin West Coast (天津西海岸)	977	15	8,238
Tianjin	Tianjin Jinnan (天津津南府)	1,000	10	12,959
Putian	Putian Ronshine (莆田融信府)	820	11	10,032
Guangzhou	Guangzhou Tianyue (廣州天樾府)	653	4	14,999
Xiamen	Xiamen Century (廈門世紀)	686	4	31,520
Chongqing	Chongqing Lan Bay (重慶瀾灣)	619	14	6,189
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	194	3	5,101

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	540	28	2,577
Hangzhou	Hangzhou Century (杭州世紀)	1,651	8	30,816
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	163	22	912
Nanjing	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	305	4	12,130
Nanjing	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	148	2	9,464
Hangzhou	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	3,853	14	40,542
Hangzhou	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	558	3	24,704
Fuzhou	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	138	3	7,340
Zhengzhou	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城－蘇派－1)	171	31	470
Fuzhou	Fuzhou Lan Sky (福州瀾天)	323	2	21,973
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	277	5	4,324
Hangzhou	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	308	3	16,005
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	15	3	714
Fuyang	Xingfu Li • East County (幸福里•東郡)	63	4	2,235
Zhengzhou	Hailiang Time ONE (海亮時代ONE)	182	8	3,284
Xi'an	Hai Liang • De Wen Jun (海亮•德文郡)	148	6	2,546
Xi'an	Hailiang • Tangning Mansion (海亮•唐寧府)	32	2	1,960
Xi'an	Chang'an XiYue (長安熙悅)	7	2	446
Lanzhou	Lanzhou Xi'an Hua Fu (熙岸華府)	57	5	1,293
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	82	2	4,837
Hangzhou	Hangzhou Liwang NEO1 (杭州厘望 NEO1)	355	2	31,551

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Jiaying	Haining Lanting (海寧瀾庭)	198	4	7,200
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	181	4	5,599
Hangzhou	Hangzhou Xianghu Yuezhang (杭州湘湖悅章)	3,245	27	17,134
Huzhou	Anji Yuejiang (安吉悅江府)	52	2	2,986
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城－中喬－1)	213	38	722
Chengdu	Chengdu Lan Sky (成都瀾天)	60	2	4,200
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	15	1	2,102
Zhengzhou	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城－蘇派－2)	107	29	550
Qingdao	The Ocean Costal (青島海月星灣)	302	14	3,504
Fuzhou	Fuzhou Park Left Bank Project (福州公園左岸)	124	1	21,731
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	96	3	3,939
Fuyang	Fuyang Shangjun (阜陽上郡)	8	1	1,721
Shanghai	Shanghai Yangpu Lot (上海楊浦平涼地塊)	155	1	25,397
Fuzhou	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	22	0	7,687
Xi'an	Hai Liang • Yuchen (海亮•御宸)	110	3	4,821
Zhengzhou	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城－德藍－1)	230	58	520
Zhengzhou	Zhengzhou Olympic Century-1 (鄭州奧體世紀－1)	168	10	2,264
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	623	4	19,235
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	320	2	21,211
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	129	2	8,216
Fuzhou	Changle Lanshan (長樂瀾山)	349	9	5,005
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	481	7	11,149

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Jiangmen	Jiangmen Guoyue House (江門國樾府)	137	3	5,847
Hangzhou	Hangzhou Tianlang House (杭州天琅府)	624	5	19,433
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	362	9	6,095
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	48	1	8,500
Huzhou	Huzhou Rongjing Garden (湖州融璟園)	85	3	5,457
Jinhua	Tianyang River Mansion (天陽雲棲江境)	259	4	10,562
Tianjin	Tianjin Lanyue 3 (天津瀾悅3號)	331	4	13,001
Tianjin	Tianjin Lanyue 4 (天津瀾悅4號)	282	3	11,742
Changzhou	Changzhou Lanyue (常州瀾悅)	371	5	9,313
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	59	7	1,127
Hangzhou	Baolong Lin'an Project (寶龍臨安項目)	263	6	6,128
Fuzhou	Pingtian Lanchen (平潭瀾宸)	762	18	5,549
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	248	6	5,167
Fuyang	Fuyang Linqun Project (阜陽臨泉項目)	18	1	2,115
Wenzhou	Wenzhou Hai Yue Qing Feng (溫州海月清風)	414	8	7,491
Hangzhou	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	255	5	5,546
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	124	5	3,492
Zhengzhou	Zhengzhou City of Times (鄭州時光之城)	862	27	3,167
Jiangmen	Jiangmen Mansion (江門學院府)	312	9	4,800
Wenzhou	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	282	3	13,004
Suzhou	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	288	5	6,843
Chengdu	Shui Nian River (水碾河)	122	1	13,500

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Chengdu	Chengdu Ruilian (成都瑞聯)	174	2	14,300
Chongqing	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	367	6	9,600
Chongqing	Tan Zi Kou (灘子口)	82	1	9,255
Nantong	Nantong Lan Chen (南通瀾宸)	852	15	8,537
Fuzhou	Fuzhou CBD49 Lot (福州 CBD49地塊)	422	4	14,497
Suzhou	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	1,517	14	15,299
Shaoxing	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	484	9	7,943
Wenzhou	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	260	4	8,510
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	75	5	2,386
Chengdu	Chengdu Jinniu 16 mu (成都金牛16畝)	175	2	14,200
Nanjing	Nanjing 2019G87 (南京2019G87)	755	6	16,628
Nanjing	Nanjing 2019G94 (南京2019G94)	1,208	10	19,019
Suzhou	Kunshan Bacheng Lot (昆山巴城地塊)	168	3	5,582
Hangzhou	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	446	3	14,578
Zhengzhou	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	596	26	3,134
Taiyuan	Taiyuan City of Times-1 (太原時光之城-1)	462	42	1,355
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城-中喬-2)	16	2	790
Zhengzhou	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	15	3	751
Zhengzhou	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	154	31	717
Hangzhou	Hangzhou Zhanwang (杭州展望)	1,512	9	25,116
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	178	5	5,383

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	431	16	3,901
Wenzhou	Wenzhou Rongwang (溫州榮望)	277	5	7,203
Fuyang	Fuyang Yingzhou Project (阜陽潁州項目)	427	18	2,961
Lianyungang	Lianyungang Mansion (連雲港學院府)	437	15	3,999
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	869	9	14,197
Taiyuan	Taiyuan City of Times-2 (太原時光之城-2)	366	37	1,222
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	1,690	13	17,388
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	116	2	8,634
Fuyang	Fuyang Yingquan Project (阜陽潁泉項目)	626	21	3,854
Jiaxing	Tongxiang Project (桐鄉項目)	217	5	6,163
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	648	6	16,088
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	1,082	6	23,558
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	295	5	7,932
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	3,306	31	13,521
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	105	4	3,578
Neijiang	Neijiang Wanwei Project (內江萬為項目)	86	6	1,942
Hangzhou	Hangzhou Xingchuang Railway North 07 Project (杭州星創鐵路北07項目)	311	2	22,695
Nanjing	Nanjing Qinglan (南京青瀾)	780	6	17,439
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	467	5	12,263
Baoding	Baoding Jinyue City (保定金悅城)	131	5	3,979

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Suzhou	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	881	7	16,811
Shanghai	Shanghai Century One Mile (上海世紀古美)	2,274	6	54,814
Shanghai	Shanghai Four Seasons (上海海月四季)	525	4	22,578
Chongqing	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	166	8	2,855
Shanghai	Shanghai Parallel Impression (上海海納印象)	4,822	17	38,763
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	76	10	897
Fuyang	Linquan Junyue Mansion (臨泉君樾府)	134	7	2,592
Fuzhou	Fuzhou Yongtai Project (福州永泰項目)	55	3	2,811
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	153	2	13,169
Mengcheng	Mengcheng Junyue Mansion (蒙城君樾府)	57	4	1,662
Fuzhou	Fuzhou Heshang Project (福州鶴上項目)	433	11	5,121
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	132	2	8,281
Taizhou	Tiantai Yangfan New Project (天台楊帆新項目)	164	3	8,926
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	148	5	3,903
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	107	4	3,650
Mianyang	Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	189	8	3,266
Hangzhou	Yunhe Commercial 43 Lot (運河商業43號地塊)	274	2	14,075
Hangzhou	Yunhe Commercial 44 Lot (運河商業44號地塊)	224	2	12,859
Shanghai	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,772	4	72,000
Shaoxing	Shaoxing Yangfan Xinchang Project (紹興楊帆新昌項目)	124	3	5,780
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	103	4	3,343

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Zhengzhou	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城－蘇派－4)	14	2	716
Zhengzhou	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城－德藍－3)	8	1	751
Taiyuan	Taiyuan City of Times-3 (太原時光之城－3)	355	31	1,294
Suzhou	Changshu Project (常熟項目)	246	5	6,948
Hangzhou	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	153	1	26,832
Chengdu	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	338	7	6,199
Chengdu	Chengdu Qingbaijiang Project (成都青白江項目)	98	7	2,048
Mianyang	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	274	12	3,148
Putian	Xianyou Construction and Development Cooperation Project (仙游建發合作項目)	43	2	2,881
Shaoxing	South Shaoxing Shangyu Project (紹興上虞城南項目)	202	2	16,726
Fuzhou	Fuzhou Haiyue Jiangnan (福州海月江南)	249	4	7,694
Hangzhou	Yue Zhen Mansion (樾臻府)	56	2	4,593
Zhengzhou	Zhengzhou City of Times - 2 (鄭州時光之城－2)	435	14	2,501
Zhengzhou	Zhengzhou Olympic Century - 3 (鄭州奧體世紀－3)	388	15	3,485
Suzhou	Suzhou Huangqiao Project (蘇州黃橋項目)	804	7	15,144
Wenzhou	Yueqing Dongsha Dongshan South Village Project (樂清東廈東山南村項目)	166	3	5,828
Nanchong	Wanwei Nanchong Jialing District 52 mu Lot (萬為南充嘉陵區52畝地塊)	118	5	2,852
Huzhou	Huzhou Xifengyang Project (湖州西鳳漾項目)	574	13	6,024
Huzhou	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	636	14	6,729

Region	Project name	Total land value of reserve <i>RMB million</i>	Total GFA of reserve <i>10,000 sq.m.</i>	Average cost per sq.m. <i>RMB/sq.m.</i>
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	583	9	8,856
Lianyungang	Lianyungang Urban Park West District (連雲港海納春江西區)	782	12	8,913
Hangzhou	Hangzhou Ningwei 38 Lot (杭州寧圍38號地塊)	923	5	22,006
Hangzhou	Hangzhou Yawangxuan (杭州雅望軒)	1,236	9	17,413
Hangzhou	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	1,985	12	19,474
Hangzhou	Hangzhou Aoshi Mansion (杭州傲世邸)	1,334	5	27,253
Hangzhou	Hangzhou Rulan Mansion (杭州如瀾邸)	1,561	10	18,441
Hangzhou	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	968	3	44,364
Hangzhou	Hangzhou Sibao Qibao 32 Lot (杭州四堡七堡32地塊)	1,617	5	44,938
Hangzhou	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	306	3	13,890
Hangzhou	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	160	2	12,278
Fuzhou	Fuzhou Lan Bay (福州瀾灣)	345	5	8,955
Fuzhou	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	136	3	7,087
Fuzhou	Fuzhou Residence (福州國公館)	1,420	19	9,921
Xi'an	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	365	7	7,156
Xi'an	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	279	6	7,095
Wenzhou	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	670	13	7,141
Putian	Putian Ronshine Yuezhu (莆田融信悅著)	101	3	5,010
Chengdu	Chengdu Qingyang 23 mu (成都青羊23畝)	417	5	11,369
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	352	2	19,686
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	49	2	3,360

Region	Project name	Total land value of reserve RMB million	Total GFA of reserve 10,000 sq.m.	Average cost per sq.m. RMB/sq.m.
Suzhou	Suzhou Science City Project (蘇州科技城項目)	416	4	15,647
Tianjin	Tianjin Jinzhong Street East Lot (天津金鐘街東地塊)	944	16	7,641
Total		99,404	1,614	8,372

Note:

- (1) This represents the original land costs of these projects only, and did not reflect the fair value increase that had been recognised upon acquisitions or consolidations by the Group during the six months ended 30 June 2021.

Financial review

Revenue

For the six months ended 30 June 2021, the Group derived its revenue from (i) sales of properties in the PRC; (ii) construction services provided to local PRC governments with respect to the construction of resettlement housing; and (iii) rental income and others. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the six months ended 30 June		Change in percentage
	2021	2020	
	RMB'000	RMB'000	
Revenue			
Sales of properties	20,858,476	20,571,784	1.39%
Construction services	446,445	263,046	69.72%
Rental income and others	434,542	231,181	87.97%
Total	21,739,463	21,066,011	3.20%

The revenue of the Group increased by approximately 3.20% from RMB21,066.01 million for the six months ended 30 June 2020 to RMB21,739.46 million for the six months ended 30 June 2021. This increase was mainly attributable to:

- (i) the increase in the total GFA of properties delivered by the Group by 25.30% from 1,271,770 sq.m. for the six months ended 30 June 2020 to 1,593,536 sq.m. for the six months ended 30 June 2021;
- (ii) the increase in revenue from construction services by 69.72% from RMB263.05 million for the six months ended 30 June 2020 to RMB446.45 million for the six months ended 30 June 2021;
- (iii) the rental income increased by 22.45% from RMB61.62 million for the six months ended 30 June 2020 to RMB75.46 million for the six months ended 30 June 2021. The others comprise mainly of revenue in consulting services, sales commissions and hotel operations. During the six months ended 30 June 2021, revenue from consulting services amounted to RMB106.67 million, the sales commission was RMB187.61 million, and revenue from hotel operations of the Group was RMB62.81 million.

Revenue generated from the sales of properties amounted to RMB20,858.48 million for the six months ended 30 June 2021. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the six months ended 30 June 2021:

	For the six months ended 30 June					
	2021			2020		
	Revenue	GFA	Average	Revenue	GFA	Average
	RMB	delivered	selling	RMB	delivered	selling
	million	by the	price	million	by the	price
		Group	RMB/		Group	RMB/
		sq.m.	sq.m.		sq.m.	sq.m.
Hangzhou	4,684	223,022	21,002	4,569	193,729	23,584
Shaoxing	2,459	301,549	8,155	1,097	128,314	8,549
Fuzhou	2,165	101,634	21,302	953	73,703	12,930
Suzhou	1,439	66,043	21,789	1,694	72,920	23,231
Jiaxing	1,341	130,795	10,253	1,115	110,990	10,046
Others	8,770	770,493	11,382	11,144	692,114	16,101
Total	20,858	1,593,536	13,089	20,572	1,271,770	16,176

Cost of sales

The Group's cost of sales increased by 9.14% from RMB17,925.60 million for the six months ended 30 June 2020 to RMB19,564.06 million for the six months ended 30 June 2021. This increase mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by 30.73% from RMB3,140.41 million for the six months ended 30 June 2020 to RMB2,175.41 million for the six months ended 30 June 2021.

The Group's gross profit margin decreased from 14.91% for the six months ended 30 June 2020 to 10.01% for the six months ended 30 June 2021, primarily because the Group delivered different portfolios of properties in the first half of 2021 compared with the first half of 2020.

Other income

The Group's other income primarily includes (i) interest income from loans to non-controlling interests and related parties; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income increased by 172.56% from RMB94.18 million for the six months ended 30 June 2020 to RMB256.71 million for the six months ended 30 June 2021.

Other gains

The Group's other gains primarily include (i) gains from financial assets at fair value through profit or loss; (ii) gains from bond repurchase; and (iii) gain from disposal of property, plant and equipment. The Group's other gains decreased by 51.96% from RMB335.10 million for the six months ended 30 June 2020 to RMB160.97 million for the six months ended 30 June 2021.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) marketing, advertising and commission costs; (iii) property management fees; and (iv) other costs including rental expenses and other miscellaneous fees and expenses.

The Group's selling and marketing costs increased by 30.06% from RMB492.51 million for the six months ended 30 June 2020 to RMB640.54 million for the six months ended 30 June 2021, primarily due to the increased advertising and commission costs.

Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) other taxes; (iii) office and travel expenses; (iv) entertainment expenses; (v) consultation fees; (vi) office lease expenses; and (vii) others.

The Group's administrative expenses decreased by 8.48% from RMB690.22 million for the six months ended 30 June 2020 to RMB631.68 million for the six months ended 30 June 2021, primarily due to the decreased staff costs.

Fair value losses on investment properties

The Group recorded a fair value losses of RMB97.50 million for the six months ended 30 June 2020 and a fair value losses of RMB37.76 million for the six months ended 30 June 2021 which was due to a slight decrease of market price.

Finance income – net

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded a net finance income of RMB53.41 million for the six months ended 30 June 2020 and a net finance income of RMB276.09 million for the six months ended 30 June 2021. This fluctuation was primarily due to the increase in net foreign exchange gains of RMB351.83 million and decrease of interest income from bank deposits of RMB171.34 million.

Share of profit or losses of investments accounted for using the equity method – net

The Group's net share of profit or losses of investments accounted for using the equity method decreased by 49.53% from RMB137.80 million for the six months ended 30 June 2020 to RMB69.55 million for the six months ended 30 June 2021, primarily due to less delivery of properties from joint ventures during the six months ended 30 June 2021.

Profit before income tax

As a result of the aforementioned changes in the Group's financials, the Group's profit before income tax decreased by 34.34% from RMB2,480.67 million for the six months ended 30 June 2020 to RMB1,628.76 million for the six months ended 30 June 2021.

Income tax expenses

The Group's income tax expenses comprise provisions made for CIT (including deferred income tax) and LAT in the PRC.

The Group's income tax expenses decreased by 29.55% from RMB835.18 million for the six months ended 30 June 2020 to RMB588.35 million for the six months ended 30 June 2021. Specifically, CIT (including deferred income tax) decreased by 36.30% from RMB817.00 million for the six months ended 30 June 2020 to RMB520.43 million for the six months ended 30 June 2021, and LAT increased by 273.62% from RMB18.18 million for the six months ended 30 June 2020 to RMB67.92 million for the six months ended 30 June 2021.

Profit for the Period attributable to owners of the Company

As a result of the aforementioned changes in the Group's financials, the Group's profit for the Period attributable to owners of the Company decreased by 24.65% from RMB908.43 million for the six months ended 30 June 2020 to RMB684.51 million for the six months ended 30 June 2021.

Profit for the Period attributable to non-controlling interests

Profit for the Period attributable to non-controlling interests decreased by 51.71% from a profit of RMB737.07 million for the six months ended 30 June 2020 to a profit of RMB355.89 million for the six months ended 30 June 2021. The decrease was primarily due to the decrease in recognition of revenue from sales of properties during the six months ended 30 June 2021 in the respective projects, which were jointly developed with non-controlling parties.

Financing activities

Issuance of US\$300,000,000 7.1% senior notes due 2025

On 25 January 2021, the Company issued senior notes in the aggregated principal amount of US\$300,000,000 due in 2025 (“**2025 Notes**”) on Singapore Exchange Securities Trading Limited (“**SGX-ST**”), with an interest rate of 7.1% per annum payable semi-annually in arrears on 25 January and 25 July of each year, commencing from 25 July 2021. The maturity date of the 2025 Notes is 25 January 2025. At any time and from time to time prior to 25 January 2025, the Company may at its option redeem the 2025 Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 19 January 2021 and 26 January 2021 and the relevant offering memorandum.

As at the date of this announcement, the Group had utilised most of the net proceeds from this offering to refinance certain existing indebtedness of the Company, which was consistent with the purposes disclosed in the offering memorandum.

Issuance of US\$200,000,000 5.50% Senior Notes due 2022

On 27 January 2021, the Company issued senior notes due in February 2022 with an aggregate principal amount of US\$200,000,000, bearing interest at a rate of 5.50% per annum payable in arrears on 1 August 2021 and 1 February 2022 (the “**2022 Notes**”). The 2022 Notes will mature on 1 February 2022. At any time and from time to time prior to 1 February 2022, the Company may at its option redeem up to 35% of the 2022 Notes, at a redemption price of 105.50% of the principal amount of the 2022 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company. In addition, the Company may redeem the 2022 Notes, in whole but not in part, at any time prior to 1 February 2022, at a price equal to 100% of the principal amount of the 2022 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the 2022 Notes to refinance certain of the Group’s existing indebtedness.

Issuance of 2021 Domestic Corporate Bonds

On 2 February 2021, the Company announced that Rongxin (Fujian) Investment Company Limited (“**Rongxin Investment**”), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, had lodged an application to the Shanghai Stock Exchange in the PRC to undertake public offering(s) of domestic corporate bonds to professional investors with an aggregate principal amount of not more than RMB9.66 billion listed on the Shanghai Stock Exchange (the “**2021 Domestic Corporate Bonds**”). On 2 February 2021, the Shanghai Stock Exchange approved the application by Rongxin Investment for the proposed public issuance of the first tranche of the 2021 Domestic Corporate Bonds with a face value of not exceeding RMB1.318 billion (the “**First Tranche of the 2021 Domestic Corporate Bonds**”). On 3 February 2021, Rongxin Investment and the lead underwriter conducted a book-building exercise with professional investors for the First Tranche of the 2021 Domestic Corporate Bonds. The First Tranche of the 2021 Domestic Corporate Bonds have a term of five years, with an option for Rongxin Investment to adjust the coupon rate and a put option for investors at the end of the second and fourth year. The First Tranche of the 2021 Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

On 30 June 2021, the Company announced that Rongxin Investment proposed to publicly issue the second tranche of the 2021 Domestic Corporate Bonds with a face value of not exceeding RMB2.141 billion (the “**Second Tranche of the 2021 Domestic Corporate Bonds**”) to professional investors. The Second Tranche of the 2021 Domestic Corporate Bonds to be issued will be listed on the Shanghai Stock Exchange.

For more details, please refer to the announcements of the Company dated 2 February 2021 and 30 June 2021.

Provision of Guarantee for Joint Ventures

Provision of Guarantee for Chengdu Longteng Jinrui

On 26 February 2021, Rongxin Investment, as a guarantor, entered into a guarantee agreement in favour of the creditor, China Zheshang Bank Co., Ltd. Chengdu Branch (“**Zheshang Bank**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of 成都隆騰錦瑞置業有限公司 (Chengdu Longteng Jinrui Real Estate Co., Ltd.*) (the “**Chengdu Longteng Jinrui**”), a company indirectly owned as to 40% by the Company, to Zheshang Bank under the loan agreement entered into by the Chengdu Longteng Jinrui and Zheshang Bank on 26 February 2021.

For more details, please refer to the announcements of the Company dated 26 February 2021 and 4 March 2021.

Provision of Guarantee for Chengdu Haotian

On 18 June 2021, Rongxin Investment, as guarantor, entered into a guarantee agreement in favour of the creditor, China Guangfa Bank Co., Ltd. Chengdu Branch (“**China Guangfa Bank**”), pursuant to which Rongxin Investment agreed to provide guarantee for the due performance of the repayment obligations of 成都浩天房地產開發有限公司 (Chengdu Haotian Real Estate Development Co., Ltd.*) (“**Chengdu Haotian**”), a company indirectly owned as to 42.5% by the Company, to China Guangfa Bank under the loan agreement entered into by the Chengdu Haotian and China Guangfa Bank on 18 June 2021.

For more details, please refer to the announcement of the Company dated 18 June 2021.

Partial Repurchase of 2025 Notes

Reference is made to the issuance of the 2025 Notes. On 4 March 2021, the Company had, in the open market, repurchased part of the 2025 Notes in a principal amount of US\$34,500,000, representing 11.5% of the aggregate principal amount of the 2025 Notes outstanding. The Company will cancel the repurchased notes in accordance with the terms of the 2025 Notes and the relevant indenture.

For more details, please refer to the announcement of the Company dated 4 March 2021.

On 31 March 2021, the Company had, in the open market, repurchased part of (i) the 6.75% senior notes due 2024 (ISIN: XS2211514885) (the “**6.75% due 2024 Notes**”); and (ii) the 2025 Notes (together the “**Notes**”) in an aggregate amount of US\$30,000,000, comprising (i) the 6.75% due 2024 Notes of US\$15,000,000 in aggregate principal amount, representing 7.5% of the total principal amount of the 6.75% due 2024 Notes at the time of initial listing; (ii) the 2025 Notes of US\$15,000,000 in aggregate principal amount, representing 5% of the total principal amount of the 2025 Notes at the time of initial listing. The Company will cancel the repurchased Notes in accordance with the terms of the Notes and indentures.

For more details, please refer to the announcement of the Company dated 31 March 2021.

On 15 April 2021, the Company had, in the open market, repurchased part of the 8.75% Senior Notes due 2022 (ISIN: XS1976760782) (the “**8.75% due 2022 Notes**”) in a principal amount of US\$10,000,000, representing 1.43% of the total principal amount of the 8.75% due 2022 Notes at the time of initial listing. The Company will cancel the repurchased notes in accordance with the terms of the 8.75% due 2022 Notes and indenture.

For more details, please refer to the announcement of the Company dated 15 April 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group’s net current assets amounted to RMB72,598.75 million (31 December 2020: RMB70,621.43 million). Specifically, the Group’s total current assets increased by 6.62% from RMB204,359.14 million as at 31 December 2020 to RMB217,884.13 million as at 30 June 2021. The Group’s total current liabilities increased by 8.63% from RMB133,737.71 million as at 31 December 2020 to RMB145,285.38 million as at 30 June 2021. The increase in the Group’s total current assets was primarily attributable to the increase in trade and other receivables and prepayments by 17.49% from RMB29,518.19 million as at 31 December 2020 to RMB34,680.59 million as at 30 June 2021.

As at 30 June 2021, the Group had cash and bank balances of RMB32,182.73 million (31 December 2020: RMB29,901.78 million), total borrowings of RMB71,955.33 million (31 December 2020: RMB71,859.73 million) and weighted average effective interest rate for outstanding borrowings of 6.52% (including bank borrowings, trust and other borrowings, the domestic corporate bonds, senior notes and the ABS) (31 December 2020: 6.55%).

As at 30 June 2021, the aggregated issued amount of the domestic corporate bonds was RMB10,095.04 million, representing 14.03% of the total borrowings of the Group.

PLEDGE OF ASSETS

As at 30 June 2021, the Group’s borrowings were secured by the Group’s assets of RMB49,013.56 million (31 December 2020: RMB48,731.03 million) which includes (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash; and (vi) investment property. Certain borrowings from financial institutions were also secured by the equity interests of certain subsidiaries.

CONTINGENT LIABILITIES

The Group’s contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group’s properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB40,110.67 million as at 30 June 2021 (31 December 2020: RMB35,569.02 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

Current ratio

As at 30 June 2021, the current ratio of the Group was 1.50 times (31 December 2020: 1.53 times). The decrease of the Group's current ratio was mainly attributable to the increase of contract liabilities.

Gearing ratio

As at 30 June 2021, the gearing ratio of the Group was 0.75 (31 December 2020: 0.83), mainly due to the increase of total equity and cash and bank balances. This ratio is calculated as net borrowings divided by total equity as shown in the interim condensed consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the interim condensed consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in first-tier cities in the PRC. There is no concrete plan for future investments in place as at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company repurchased a total of 1,830,000 Shares at an aggregate consideration of HK\$9,968,110 (before expenses) on the Stock Exchange using internal resources.

Particulars of the Shares repurchased during the Period are as follows:

Date of Shares repurchased	Date of cancellation	Number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration paid (HK\$)
8 January 2021	12 March 2021	1,830,000	5.51	5.36	9,968,110.00

The above share repurchases were made by the Directors with a view to place much emphasis on Shareholders' interest.

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

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 30 June 2021, the Group's financial assets and liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB24,708.13 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

EVENTS AFTER THE BALANCE SHEET DATE

The Group had no other material events after the balance sheet date as of the date of this announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, the Group employed a total of 3,160 full-time employees (30 June 2020: 3,488 full-time employees). For the six months ended 30 June 2021, the staff cost recognised as expenses of the Group amounted to RMB571.70 million.

The remuneration policy of the Group is to provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary raise, bonus and promotion. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiatives and responsibilities. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the six months ended 30 June 2021, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2021, save and except for the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed below.

Code provision A.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong (“**Mr. Ou**”), an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou continues to act as the chairman and chief executive officer of the Group following the date upon which the Shares have been listed on the Main Board of the Stock Exchange, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Director and independent non-executive Directors.

COMPLIANCE WITH THE 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 Directors' dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2021.

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance 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.rongxingroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications. The Audit Committee has reviewed the interim results for the six months ended 30 June 2021.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

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.rongxingroup.com. The Company’s interim report for the six months ended 30 June 2021 will be dispatched to Shareholders and published on the aforementioned websites in due course.

By Order of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 31 August 2021

As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyan, Mr. Ruan Youzhi and Mr. Zhang Lixin are the executive Directors; Ms. Chen Shucui is the non-executive Director; and Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng are the independent non-executive Directors.

* *For identification purposes only*