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 2017

FINANCIAL HIGHLIGHTS

- Contracted sales amounted to RMB15.51 billion, increased by approximately 17.35% as compared with the six months ended 30 June 2016.

- Contracted unit price amounted to 25,855.4 RMB/sq.m., increased by approximately 64.29% as compared with the six months ended 30 June 2016.

- Total revenue amounted to RMB11,901 million, increased by 70.42% as compared with the six months ended 30 June 2016.

- Profit for the period amounted to RMB1,118 million, increased by approximately 9.95% as compared with the six months ended 30 June 2016.

- Profit for the period attributable to owners of the Company amounted to RMB688 million, decreased by approximately 19.85% as compared with the six months ended 30 June 2016. Assuming the one-off fair value gains on the remeasurement of joint ventures amounted to RMB278 million for the six months ended 30 June 2016 are excluded, the profit for the period attributable to owners of the Company would increase by approximately 18.58% as compared with the six months ended 30 June 2016.

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 2017.

Interim Condensed Consolidated Income Statement

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue	5	**11,900,869**	6,983,410
Cost of sales	6	**(9,691,237)**	(5,698,424)
Gross profit		**2,209,632**	1,284,986
Selling and marketing costs	6	**(197,328)**	(237,573)
Administrative expenses	6	**(319,473)**	(183,373)
Fair value gains on the remeasurement of joint ventures		**—**	278,074
Fair value gains on investment properties		**42,000**	9,000
Other income and other gains		**18,447**	4,750
Operating profit		**1,753,278**	1,155,864
Finance income — net	7	**17,172**	41,274
Share of profits of investments accounted for using the equity method, net		**269,506**	305,241
Profit before income tax		**2,039,956**	1,502,379
Income tax expenses	8	**(921,950)**	(485,585)
Profit for the period		**1,118,006**	1,016,794
Profit for the period attributable to:			
Owners of the Company		**687,851**	858,164
Non-controlling interests		**305,403**	133,661
Holders of Perpetual Capital Instruments		**124,752**	24,969
		1,118,006	1,016,794
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic	9	**0.51**	0.65
— Diluted	9	**0.51**	0.65

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	**1,118,006**	1,016,794
Other comprehensive income	**—**	—
Total comprehensive income for the period	**1,118,006**	1,016,794
Total comprehensive income for the period attributable to:		
Owners of the Company	**687,851**	858,164
Non-controlling interests	**305,403**	133,661
Holders of Perpetual Capital Instruments	**124,752**	24,969
	1,118,006	1,016,794

Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,370,351**	1,321,057
Land use rights		**471,976**	479,518
Investment properties		**5,834,086**	4,058,000
Prepayments	11	**3,167,915**	—
Intangible assets		**5,069**	4,876
Investments accounted for using the equity method		**4,463,857**	2,695,532
Available-for-sale financial assets		**—**	33,724
Term deposits		**—**	640,000
Deferred income tax assets		**217,680**	258,949
		15,530,934	9,491,656
Current assets			
Properties under development		**49,025,812**	31,614,716
Completed properties held for sale		**11,025,992**	7,572,767
Trade and other receivables and prepayments	11	**25,987,181**	32,103,325
Amounts due from joint ventures		**3,390,715**	229,101
Amounts due from customers for contract works		**1,629,979**	1,249,435
Prepaid taxation		**994,899**	512,156
Available-for-sale financial assets		**21,333**	24,000
Term deposits		**3,422,471**	3,677,169
Restricted cash		**1,143,406**	907,034
Cash and cash equivalents		**6,445,664**	11,525,557
		103,087,452	89,415,260
Total assets		**118,618,386**	98,906,916
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**12**	12
Share premium		**2,485,669**	2,485,669
Other reserves		**5,699,622**	4,984,837
		8,185,303	7,470,518
Non-controlling interests		**13,254,574**	12,386,271
Perpetual Capital Instruments		**3,186,115**	3,232,533
Total equity		**24,625,992**	23,089,322

	Note	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**39,464,183**	31,683,744
Deferred income tax liabilities		**1,585,656**	1,479,533
		41,049,839	33,163,277
Current liabilities			
Trade and other payables	12	**15,071,945**	10,947,247
Amounts due to related parties		**56,041**	1,474,137
Pre-sale proceeds received from customers		**17,384,874**	20,968,395
Current income tax liabilities		**1,546,414**	1,531,018
Borrowings		**18,883,281**	7,733,520
		52,942,555	42,654,317
Total liabilities		**93,992,394**	75,817,594
Total equity and liabilities		**118,618,386**	98,906,916

NOTES:

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 24 August 2017.

This interim condensed consolidated financial information has not been audited.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with HKAS 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, 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 applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

(a) Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a significant impact on the Group.

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2017. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 7 (Amendment)	Changes in liabilities arising from financial activities
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses
HKFRS 12 (Amendment)	Disclosure of interest in other entities

(b) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4 Segment information

The Executive Directors have been identified as the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance.

The Group is 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 2017 (six months ended 30 June 2016: same).

As at 30 June 2017, all of non-current assets of the Group were located in the PRC (31 December 2016: 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 2017 (six months ended 30 June 2016: same).

5 Revenue

Revenue of the Group for the six months ended 30 June 2017 is as follow:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue from sales of properties	**11,688,343**	6,865,200
Revenue from construction contracts	**141,744**	92,701
Rental income and income from rendering of hotel services	**70,782**	25,509
	11,900,869	6,983,410

6 Expenses by nature

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of properties sold (excluding staff costs)	**9,179,439**	5,196,934
Cost of construction contracts (excluding staff costs)	**131,879**	85,146
Staff costs (including directors' emoluments)	**226,631**	141,779
Business tax and other taxes	**342,947**	411,698
Marketing and advertising costs	**87,692**	127,124
Office lease payments	**21,839**	12,126
Property management fees	**22,572**	21,004
Depreciation	**29,542**	6,334
Amortisation of land use rights and intangible assets	**3,308**	637
Auditors' remuneration	**3,741**	1,926
Donations	**580**	16,320

7 Finance income — net

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Finance costs		
— Interests and charges related to bank and other borrowings	**1,682,799**	1,005,773
— Less: capitalised interest	**(1,669,898)**	(1,005,773)
	12,901	—
Finance income		
— Interest income from bank deposits	**(37,496)**	(26,467)
— Net foreign exchange losses/(gains)	**7,423**	(14,807)
Finance income — net	**(17,172)**	(41,274)

8 Income tax expenses

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current income tax:		
PRC corporate income tax	**325,704**	238,716
Land appreciation tax ("**LAT**")	**448,854**	244,068
	774,558	482,784
Deferred income tax	**147,392**	2,801
	921,950	485,585

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2017 (six months ended 30 June 2016: 16.5%). No Hong Kong profit tax has been provided for the six months ended 30 June 2017 as the Group did not have any assessable profits (six months ended 30 June 2016: same).

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 2017 and 2016, 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.

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.

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 British Virgin Islands and is exempted from British Virgin Islands income tax.

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. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

9 Earnings per share

9.1 Basic

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 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(Unaudited)	*(Unaudited)*
Profit attributable to owners of the Company (RMB'000)	**687,851**	858,164
Weighted average number of ordinary shares in issue (thousand shares)	**1,352,348**	1,329,622
Basic earnings per share (RMB per share)	**0.51**	0.65

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 annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2017, as the average market share price of the ordinary shares during the period was lower than the monetary value of the subscription rights attached to outstanding share options, the diluted earnings per share was equal to the basic earnings per share.

10 Dividend

The Directors of the Company did not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: none).

11 Trade and other receivables and prepayments

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables (note (a))	**43,721**	109,051
Notes receivable	**—**	1,305
Other receivables		
— Deposits for acquisitions of land use rights and property development projects	**3,430,000**	40,000
— Receivables from local governments	**440,845**	440,845
— Amounts due from non-controlling interests	**353,263**	1,351,105
— Deposits for construction contracts (note (b))	**64,545**	64,545
— Others	**593,213**	417,740
	4,881,866	2,314,235
Prepayments		
— Prepayments for acquisition of land use rights	**23,260,000**	28,897,965
— Prepaid value added tax, business tax and other taxes	**906,851**	763,305
— Others	**62,658**	17,464
	24,229,509	29,678,734
Trade and other receivables and prepayments	**29,155,096**	32,103,325
Less: non-current portion of prepayments	**(3,167,915)**	—
Current portion of trade and other receivables and prepayments	**25,987,181**	32,103,325

(a) Aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	**23,814**	82,856
Over one year	**19,907**	26,195
	43,721	109,051

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 90 days as specified in the sales and purchase agreements.

As at 30 June 2017, trade receivables of RMB42,453,000 were past due but not impaired (31 December 2016: RMB26,195,000). These relate to a number of independent customers for whom there are no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

(b) The amounts represented deposits for construction contacts of resettlement housing and land development projects.

(c) As at 30 June 2017, the Group's trade and other receivables were all denominated in RMB (31 December 2016: same).

(d) As at 30 June 2017, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2016: same). No material trade and other receivables were impaired as at 30 June 2017 (31 December 2016: same).

12 Trade and other payables

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables (note (a))	**3,787,997**	3,661,156
Amounts due to non-controlling interests	**7,015,373**	5,184,526
Deposits received for sales of properties	**2,059,201**	95,372
Interests payable	**457,687**	551,124
Other taxes payable	**439,040**	223,926
Amounts due to a trust company	**388,639**	388,639
Notes payable	**347,647**	323,891
Deposits from contractors and suppliers	**221,834**	204,441
Accrued payroll	**74,588**	103,236
Others	**279,939**	210,936
	15,071,945	10,947,247

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

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	**1,906,144**	1,765,614
Over one year	**1,881,853**	1,895,542
	3,787,997	3,661,156

Trade and other payables as at 30 June 2017 were mainly denominated in RMB (31 December 2016: same).

OVERVIEW AND OUTLOOK

Market and business review

In the first half of 2017, despite the advent of the new normal of social and economic structural transformation in the PRC, the government's attitude towards and guidance on the real estate market remain unchanged by following the strategies of "cutting excess inventory" and "formulating policies according to cities" so as to improve the real estate market environment from both the supply and demand sides. The Company had prepared sufficient supply to realise rapid growth of sales and acquired abundant premium land reserves in cities with the Company's presence and those cities the Company had newly expanded in order to rapidly accomplish the 1+N advantageous layout (1 represents the core city and N represents satellite cities within the coverage of high-speed rail or expressway network in the core city), establishing a solid foundation for the sustainable and healthy development of the Company in the future.

The Group grasped the market opportunities and adopted a flexible marketing strategy to launch houses at a reasonable price in due course, giving rise to notable results with ideal performance in terms of sales and receivables collection. For the six months ended 30 June 2017 (the "**Period**"), the Group (excluding joint ventures and associated companies) achieved contracted sales of RMB15.514 billion, representing a growth of approximately 17.35% as compared with the corresponding period of last year. The contracted sales area was approximately 600,041 square meters. The contracted unit price amounted to RMB25,855.40 RMB/sq.m., representing an increase of approximately 64.29% as compared with the corresponding period of last year.

During the Period, the Group recorded operating revenue of RMB11.901 billion, representing an increase of approximately 70.42% as compared with the corresponding period of last year; gross profit amounted to RMB2.210 billion, representing an increase of approximately 71.96% as compared with the corresponding period of last year; and net profit of RMB1.118 billion, representing an increase of approximately 10% as compared with the corresponding period of last year. The weighted average effective interest rate of the Group was 6.73% at the end of the Period, representing a decrease by 0.08% as compared with the beginning of the year.

In the first half of 2017, the overall trading volume and price of the PRC real estate market continued to increase. However, the market conditions varied greatly in different regions. According to the National Bureau of Statistics of the PRC, in the first half of 2017, the trading volume of commodity housing was 747 million square meters, representing an increase of approximately 16.10% as compared with the corresponding period of last year; and the sales of commodity housing amounted to RMB5.92 trillion, representing an increase of approximately 21.50% as compared with the corresponding period of last year.

During the Period, regulation measures including stricter qualification for purchase of housing, adoption of more stringent policy on housing loan, restriction on sales and price, reduction of bank credit limit and enhancement of mortgage rate were intensively adopted in over 40 cities in the PRC.

The PRC government's regulatory measures and intensity were different in different cities with stronger regulatory and more apparent effects in most tier-1 cities and popular tier-2 cities. In the first half of 2017, driven by an increasing demand, there was "an increase in both trading volume and price" in certain tier-3 and tier-4 cities. The regulatory measures had intensified differentiation and resulted in an increasingly higher concentration in the real estate industry.

During the Period, the Group further consolidated management and adopted a number of measures including launching houses based on demands and dynamic regulation to rapidly promote its project development under the premise of guaranteeing reasonable profit. For the regions and projects with rapid destocking, the Company properly quickened the engineering progress to provide more properties in order to meet market demand, while for those projects with slower destocking, the Company properly controlled the developing progress to ensure effective and rational allocation of the Group's funds.

The Group insisted on continuous expansion of marketing channels, proactive tapping of customer resources and enhancement of performance. Flexible pricing strategy was insistently adopted to vitalise stocks and optimise allocation of resources as well. Further, the Group adhered to its orientation to market demand and valued enhancement of product quality, accurately control project positioning and constantly optimised community plan and house type design. In addition, products and services were further improved to gain competitive edge for the Group. By holding on to accommodate with the long-term industrial regulation mechanism, the Group comprehensively improved professional competence and strengthened "soft power" in terms of product premium, service premium and brand premium.

In the first half of 2017, only 4 new properties were launched by the Group. Despite only a small number of houses was launched, the Group managed to achieve a contracted sales of RMB15.514 billion by leveraging on its competitive products and powerful marketing, accomplishing the objective set by the Company and representing an increase of approximately 17.35% as compared with the corresponding period of last year.

In the first half of 2017, the Company made continued judgment on macro-economy and monetary policy and went deep into the study and understanding of supply and demand relation of different cities. Relying on its reputation, brand and project operating capacity, the Company maintained sufficient cash flow and financial soundness and established its presence in cities including Tianjin, Guangzhou, Chengdu, Longyan and Quzhou at the right time to rapidly complete the 1+N advantageous layout. In the first half of 2017, it acquired 21 land parcels through operating companies and joint ventures, resulting in an increase in land reserves of approximately 3.81 million square meters. As at 30 June 2017, the layout of the Company covered 18 cities with the aggregate land reserves of approximately 13.01 million square meters. In July 2017, the Group entered into a formal strategic cooperation agreement with Hailiang Real Estate Holdings Group Co., Ltd* to acquire a 55% equity interest in Ningbo Hailiang Property Investment Company Limited* and Anhui Hailiang Property Company Limited* at a consideration of RMB2.897 billion, in relation to 35 projects in 17 cities surrounding the provincial cities in western and central part of the PRC with land reserves over 5 million square meters and an average land cost lower than RMB1,000 per square meters. Sufficient land reserves and balanced urban layout laid a solid foundation for the steady and better development of the Company in the future.

The Group has been committed to maintain a healthy financial position and lay emphasis on deleveraging to keep a reasonable liability level and enhance enterprise's risk resistance capacity and focus on cash return. The Group will increase efforts for recycling of funds and continuously improve the cash flow condition. Various financing means and financial products will be applied flexibly to enrich financing mode and reduce cost of capital. In terms of business development, the Group will increase efforts and speed in project development, place the focus on tier-1 cities and the regions with a large market capacity and strong executive force of development team, and pay close attention to the investment opportunities in the merger and acquisition market. It will proactively participate in domestic city renovation, development of level 1 land, acquisition cooperation and other projects. In respect of cost control, the Group will emphasize on quota design and control of residential projects, refined decoration standards and project management and control. For purchase by invitation to bid, the measures for management of centralised purchase will be adopted and the supplier management system will be strictly followed. The standardized operation mode featured by unified plan, invitation to bid, purchase and distribution can ensure evenness and consistency in terms of cost control and product quality. The centralized supply and standardized operation of materials significantly increase products' added value and reduce costs. The Group will persist in comprehensive enhancement of overall management and executive force and further streamline the decision making process, reduce administrative expenses and enhance efficiency in order to establish a solid base for the long term and steady development.

Prospects

Looking forward to the second half of 2017, it is expected that the overall economic development in the PRC will maintain steady. The Group, aiming at "giving priority to stabilisation and making progress amidst stabilisation", will continue to promote the smooth development of its projects relying on product quality. In the second half of 2017, it is expected to have 9 new properties to be launched into the market, which we believe will contribute significantly to the Company's results for the second half of 2017. In the meantime, we will continue to be customer-based in further optimisation of product and service quality to enhance our overall brand image.

As possessing high-quality land reserves are the foundation for property development business, the Group will adopt a proactive and prudent land acquisition strategy to prioritize opportunities in the cities where the existing projects with competitive edge are located and the tier-1 and tier-2 cities with great growth potentials. On the basis of precise preliminary analysis and planning, the Group will strategically seize opportunities to increase premium land in appropriate time to persistently improve the city layout and optimise the product mix, and further explore land and market opportunities.

While steadily expanding the scale, the Group will devote its efforts to maintain a steady cash flow and reasonable profit margin. Through accelerating collection of sales receivables and enhancing the financing capacity, it will further improve the capital structure, optimise the debt structure and reduce financing costs and investment will be made in an orderly manner to save operating expenses thus, achieving sustainable development. At the same time, we will continue to control cost in an effective way through standardization of products, and ensure effective management of available-for-sale resources by virtue of strict construction management.

The Group is deeply convinced that the aforementioned measures and all staff's efforts will contribute to the steady development of the Group's overall business and further enhance Ronshine's brand awareness and reputation, and enable it to gain a stable position in the market with fierce competition. Meanwhile, the Group undertakes that it will continue to vigorously engage in public charity and shoulder its responsibility as an enterprise citizen to better repay the society.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

	For the six months ended 30 June		Change in percentage
	2017	2016	
Contracted sales			
Contracted sales amount *(RMB'000)*	**15,514,294**	13,220,040	17.35%
Contracted gross floor area *(sq.m.)*	**600,041**	840,073	(28.57%)
Average unit price of contracted sales *(RMB/sq.m.)*	**25,855**	15,737	64.29%
Property delivered			
Revenue from sales of properties *(RMB'000)*	**11,688,343**	6,865,200	70.25%
Delivered gross floor area *(sq.m.)*	**675,478**	474,870	42.24%
Recognised average selling price of properties delivered *(RMB/sq.m.)*	**17,304**	14,457	19.69%
Revenue *(RMB'000)*	**11,900,869**	6,983,410	70.42%
Cost of Sales *(RMB'000)*	**(9,691,237)**	(5,698,424)	70.07%
Gross profit *(RMB'000)*	**2,209,632**	1,284,986	71.96%
Other income and other gains *(RMB'000)*	**18,447**	4,750	288.36%
Profit before income tax *(RMB'000)*	**2,039,956**	1,502,379	35.78%
Profit for the period *(RMB'000)*	**1,118,006**	1,016,794	9.95%
— attributable to owners of the Company *(RMB'000)*	**687,851**	858,164	(19.85%)
— attributable to non-controlling interests *(RMB'000)*	**305,403**	133,661	128.49%
— attributable to holders of Perpetual Capital Instruments *(RMB'000)*	**124,752**	24,969	399.63%
Gross profit margin *(Note 1)*	**18.6%**	18.4%	1.09%
Net profit margin *(Note 2)*	**9.4%**	14.6%	(35.62%)

	As at 30 June 2017	As at 31 December 2016	Change in percentage
Total assets *(RMB'000)*	**118,618,386**	98,906,916	19.93%
Total liabilities *(RMB'000)*	**93,992,394**	75,817,594	23.97%
Total equity *(RMB'000)*	**24,625,992**	23,089,322	6.66%
Capital and reserve attributable to owners of the Company *(RMB'000)*	**8,185,303**	7,470,518	9.57%
Current ratio *(Note 3)*	**1.95**	2.10	(7.14%)
Gearing ratio *(Note 4)*	**1.92**	0.98	95.92%

Notes:

(1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.

(2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.

(3) The calculation of current ratio is based on current assets divided by current liabilities.

(4) The calculation of gearing ratio is based on total borrowings less restricted cash, cash and cash equivalents and term deposits with initial terms of over three months and divided by total equity.

Property Development

Contracted Sales

For the six months ended 30 June 2017, the Group achieved contracted sales of RMB15,514 million, representing a growth of approximately 17.35% compared with RMB13,220 million for the six months ended 30 June 2016. This increase was mainly attributable to the increase in the average unit price of the Group's contracted sales by approximately 64.29% from RMB15,737 for the six months ended 30 June 2016 to RMB25,855 for the six months ended 30 June 2017.

The amount of the Group's contracted sales in Shanghai, Hangzhou, Fuzhou, Xiamen and Zhangzhou accounted for (i) approximately 18.05%, 33.74%, 37.90%, 4.71% and 5.60% of the Group's total contracted sales amount for the six months ended 30 June 2017, respectively, and (ii) approximately 12.26%, 26.38%, 47.82%, 4.28% and 9.26% of the Group's total GFA of contracted sales for the six months ended 30 June 2017, respectively. The following table sets forth details of the contracted sales of the Group for the six month ended 30 June 2017:

	Amount *(RMB million)*	**Percentage** *(%)*	**GFA** *(sq.m.)*	**Percentage** *(%)*	**Average selling price** *(RMB/sq.m.)*
Shanghai	2,800.02	18.05	73,589	12.26	38,049
Hangzhou	5,234.52	33.74	158,312	26.38	33,065
Fuzhou	5,879.47	37.90	286,856	47.82	30,496
Xiamen	731.90	4.71	25,711	4.28	28,466
Zhangzhou	868.38	5.60	55,573	9.26	15,626
Total	**15,514.29**	**100.0**	**600,041**	**100.0**	**25,855**

Projects completed

For the six months ended 30 June 2017, the Group completed a total of 8 projects or phases of projects, with total GFA of 1,165,126.34 sq.m. (781,892.24 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

Projects under construction

As at 30 June 2017, the Group had a total of 29 projects or phases of projects under construction, with total planned GFA of 7,061,935.83 sq.m. (3,912,512.42 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

Land reserve

During the six months ended 30 June 2017, there were a total of 21 newly acquired land parcels with a total GFA of 3,807,499 sq.m. (2,274,403 sq.m., after taken into account the interests of owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB8,390 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the six months ended 30 June 2017:

City	Project name	Date of acquisition	Site area	Total GFA	Total GFA of the owners of the Company interested	Land cost	Total land cost attributable to the owners of the Company	Average land cost
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB/sq.m.)*
Hangzhou	Hangzhou Yuhang Lot (余杭 2016(48) 號地塊)	19 January 2017	24,560.00	61,640.00	31,436.40	657.06	335.10	16,720.79
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	23 February 2017	53,131.00	164,000.00	83,640.00	418.00	213.18	3,146.94
Zhangzhou	Zhangzhou 2017P01 Lot (漳州 2017P01 地塊)	10 March 2017	52,438.88	193,100.00	193,100.00	1,600.00	1,600.00	10,897.04
Nanjing	Nanjing Jiangning Lot (江寧 2017G02 地塊)	31 March 2017	82,627.65	238,070.00	119,035.00	1,910.00	955.00	12,842.08
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	6 April 2017	11,100.00	61,400.00	61,400.00	751.02	751.02	16,914.86
Tianjin	Tianjin Jinghai Lot (靜海 2013-92 號地塊)	19 April 2017	106,000.00	179,200.00	179,200.00	1,048.65	1,048.65	8,237.63
Tianjin	Tianjin Jinnan Lot (津南 2016-06 號地塊)	19 April 2017	68,970.00	130,100.00	130,100.00	1,072.50	1,072.50	12,959.16
Fuzhou	Fuzhou Guihu 2017-07 Lot (桂湖 2017-07 地塊)	27 April 2017	58,563.00	173,800.00	86,900.00	770.00	385.00	5,978.26
Fuzhou	Fuzhou Guihu 2017-08 Lot (桂湖 2017-08 地塊)	27 April 2017	22,885.00	37,100.00	18,550.00	185.00	92.50	6,727.27
Fuzhou	Fuzhou Guihu 2017-09 Lot (桂湖 2017-09 地塊)	27 April 2017	24,227.00	68,400.00	34,200.00	319.00	159.50	6,267.19
Putian	Putian Xibai Lot (溪白村 2017-04 地塊)	28 April 2017	37,289.36	155,100.00	155,100.00	935.00	935.00	10,032.19
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	4 May 2017	28,001.00	151,000.00	75,500.00	1,176.00	588.00	14,999.46
Xiamen	Xiamen Tongan Lot (同安 2017P01 地塊)	18 May 2017	11,386.12	37,400.00	37,400.00	788.00	788.00	31,520.00
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	18 May 2017	117,541.00	330,300.00	165,150.00	1,455.00	727.50	6,189.33
Jinhua	Jinhua 2017-07 Lot (金華 2017-07 地塊一)	19 May 2017	64,604.83	173,200.00	86,600.00	1,621.58	810.79	12,550.00
Hangzhou	Hangzhou Jingjiang Lot (靖江花神廟地塊)	27 May 2017	48,543.00	126,900.00	126,900.00	495.21	495.21	5,100.74
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	31 May 2017	248,819.00	753,083.50	384,072.59	1,549.00	790.00	2,576.72
Hangzhou	Hangzhou Xiaoshan Lot (蕭山 2017-1 號地塊)	24 Mar 2017	47,326.00	171,500.00	87,465.00	3,646.00	1,859.46	30,816.04
Quzhou	Quzhou 2017(4) Lot (衢州 (2017)4 號地塊)	18 April 2017	85,300.00	209,600.00	48,103.20	1,695.00	389.00	10,456.51
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	26 April 2017	45,993.00	140,005.00	35,701.28	806.95	205.77	8,772.53
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟地塊)	31 May 2017	64,876.00	252,600.00	252,600.00	309.20	309.2	1,506.82
Total			1,304,181.84	3,807,498.50	2,274,403.46	23,208.17	14,510.38	8,390.29

As at 30 June 2017, the total GFA of the Group's land reserve was approximately 13.01 million sq.m., among which, approximately 7.06 million sq.m. were under construction, and approximately 5.95 million sq.m. were held for future development.

As at 30 June 2017, the cost per sq.m. of the Group's land reserve was RMB8,463 (calculated at the plot ratio-based GFA), of which, approximately 72.10% located in the prime area in the first-tier and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2017:

Region	**Name of project**	**Total land value** *(RMB'0,000)*	**Total GFA of reserve** *(10,000 sq.m.)*	**Average cost per sq.m.** *(RMB/sq.m.)*
Shanghai	Shanghai Xujing Project (Kaitai) (徐涇鎮會展中心3地塊(愷泰))	164,605.52	28.83	8,539
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮MHPO-1402單元35-01地塊(愷日))	10,110.00	1.75	6,018(1)
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮MHPO-1402單元36-01地塊(愷崇))	4,192.50	0.67	6,098(1)
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮MHPO-1402單元42-01地塊(愷暢))	23,580.00	4.41	6,101(1)
	Platinum (融信•鉑爵)	49,980.00	5.26	15,409
	Xinjiangwan City (新江灣城)	157,750.00	4.66	52,840
	Shanghai Qingpu Lot (青浦36-01地塊)	59,788.04	3.98	21,610
	Shanghai Jingan Zhongxin Lot (靜安中興地塊)	550,500.00	6.34	100,091
Hangzhou	Gentle Mansion (君悅府)	20,190.00	5.04	5,863
	Lan Sky (融信•瀾天)	46,512.00	12.47	5,739
	Yongxing Capital (融信•永興首府)	36,153.90	4.09	13,076
	Xiaoshan Residence (融信•蕭山公館)	127,517.00	9.89	18,559
	Seattle (西雅圖)	129,750.00	12.03	14,905
	Jingkai Project (經開地塊)	44,434.00	4.32	16,002
	Yinhe Primary School Project (銀河小學地塊)	92,412.00	9.68	13,822
	Hangzhou Wocheng Project (杭州臥城地塊)	24,820.00	7.03	5,113
	Qianjiang Century City Project (錢江世紀城地塊)	228,480.00	16.87	19,230
	Qinglong Project (慶隆地塊)	120,411.00	5.97	31,404
	Hangzhou Yuhang Lot (余杭2016(48)號地塊	33,510.06	3.14	16,721
	Hangzhou Jingjiang Lot (靖江花神廟地塊)	49,521.00	6.87	5,101
	Hangzhou Xiaoshan Lot (蕭山2017-1號地塊)	185,946.00	8.75	30,816
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	78,999.00	38.40	2,576
Fuzhou	The Twin Harbor City (融信•雙杭城)	562,000.00	111.13	6,065
	The Long Island (融信•長島)	130,000.00	44.82	2,437
	The Bund (平潭外灘)	9,001.50	7.92	1,430
	David City (融信•平潭大衛城)	9,657.90	5.29	2,341
	Hot Spring City (福州溫泉城項目)	75,318.09	58.16	1,610(1)
	Huayun Mansion (華雲山莊)	14,688.14	6.59	3,300
	Fuzhou Guihu 2017-07 Lot(桂湖壟頭2017-07地塊)	38,500.00	8.69	5,978
	Fuzhou Guihu 2017-08 Lot (桂湖壟頭2017-08地塊)	9,250.00	1.86	6,727
	Fuzhou Guihu 2017-09 Lot (桂湖壟頭2017-09地塊)	15,950.00	3.42	6,267
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400.00	18.56	23,207

Region	Name of project	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Xiamen Tongan Lot (同安 2017P01 地塊)	78,800.00	3.74	31,520
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	75,102.00	6.14	16,915
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	58,800.00	5.70	14,999
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	21,318.00	8.36	3,147
Jinhua	Jinhua 2017-07 Lot (金華 2017-07 地塊一)	81,079.06	8.66	12,550
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊	20,577.23	3.57	8,773
Quzhou	Quzhou 2017(4) Lot (衢州 (2017)4 號地塊)	38,900.25	4.81	10,457
Putian	Putian Xibai Lot (溪白村 2017-04 地塊)	93,500.00	15.51	10,032
Zhangzhou	Imperial Land (一品江山：海融一號作品)	26,000.00	15.82	2,206
	Future City (融信 • 未來城)	30,000.00	16.04	2,573
	Zhangzhou Wanke City (漳州萬科城)	30,080.00	20.80	1,773
	College City (漳州港 B6：學院名築)	57,800.00	18.10	4,059
	Zhangzhou Harbor B8 Lot (漳州港 B8：半山雅墅)	51,800.00	14.36	4,868
	Zhangzhou 2017P01 Lot (漳州 2017P01 地塊)	160,000.00	19.31	10,897
Nanjing	Nanjing Xianlin Project (南京仙林 2016G58 地塊)	226,290.33	13.03	24,957
	Nanjing Jiulonghu Project (南京九龍湖 NO.2016G73 地塊)	53,700.00	35.17	2,515
	Nanjing Jiangning Lot (江寧 2017G02 地塊)	95,500.00	11.90	12,842
Kunshan	Kunshan Project (昆山 (2016) 2–4 地塊)	135,150.00	14.02	13,573
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	72,750.00	16.52	6,189
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	30,920.00	25.26	1,507
Tianjing	Tianjin Jinghai Lot (靜海 2013-92 號地塊)	104,865.00	15.92	8,238
	Tianjin Jinnan Lot (津南 2016-06 號地塊)	107,250.00	10.91	12,959
Total		**5,017,109.52**	**770.54**	**8,463**

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 2017.

Financial Review

Revenue

For the six months ended 30 June 2017, the Group derived its revenue from (i) the sales of properties in the PRC; (ii) certain construction contracts with local PRC governments with respect to the construction of resettlement housing; (iii) the rental income generated from the lease of investment properties and (iv) rendering of hotel services. 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
	2017	2016	
	RMB'000	*RMB'000*	
Revenue			
Revenue from sales of properties	**11,688,343**	6,865,200	70.25%
Revenue from construction contracts	**141,744**	92,701	52.90%
Rental income and income from rendering of hotel services	**70,782**	25,509	177.48%
Total	**11,900,869**	6,983,410	70.42%

The revenue of the Group increased by approximately 70.42% from RMB6,983.4 million for the six months ended 30 June 2016 to RMB11,900.9 million for the six months ended 30 June 2017. This increase was mainly attributable to:

(i) the increase in the total GFA of properties delivered by the Group by approximately 42.24% from 474,870 sq.m. for the six months ended 30 June 2016 to 675,478 sq.m. for the six months ended 30 June 2017;

(ii) the increase in the recognised average selling price of properties delivered by the Group by approximately 19.69% from RMB14,457 per sq.m. for the six months ended 30 June 2016 to RMB17,304 per sq.m. for the six months ended 30 June 2017;

(iii) the increase in revenue from construction contracts by approximately 52.9% from RMB92.7 million for the six months ended 30 June 2016 to RMB141.7 million for the six months ended 30 June 2017; and

(iv) the increase in rental income and income from rendering of hotel services by approximately 177.48% form RMB25.5 million for the six months ended 30 June 2016 to RMB70.8 million for the six months ended 30 June 2017.

Revenue generated from the sales of properties amounted to RMB11,688 million for the six months ended 30 June 2017. 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 2017:

	For the six months ended 30 June 2017				
	Revenue *(RMB million)*	**Percentage** *(%)*	**GFA delivered by the Group** *(sq.m.)*	**Percentage** *(%)*	**Average selling price** *(RMB/sq.m.)*
Hangzhou	7,020	60.06	304,356	45.07	23,064
Fuzhou	2,062	17.64	170,789	25.28	12,076
Shanghai	1,576	13.48	85,182	12.61	18,499
Zhangzhou	743	6.36	104,522	15.47	7,107
Xiamen	287	2.46	10,629	1.57	27,045
Total	**11,688**	**100.00**	**675,478**	**100.00**	**17,304**

Cost of sales

The Group's cost of sales increased by approximately 70.07% from RMB5,698.4 million for the six months ended 30 June 2016 to RMB9,691.2 million for the six months ended 30 June 2017. This increase was mainly attributable to the increase in the number of properties sold by the Group during the six months ended 30 June 2017.

The following table sets forth the details of the Group's cost of sales for the period indicated:

	For the six months ended 30 June		Change in percentage
	2017 *RMB'000*	2016 *RMB'000*	
Cost of sales			
Cost of properties sold	**9,503,613**	5,605,841	69.53%
Cost of construction contract	**133,673**	88,093	51.74%
Cost of rental income and income from rendering of hotel services	**53,951**	4,490	1101.58%
Total	**9,691,237**	5,698,424	70.07%

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 increased by approximately 71.96% from RMB1,285.0 million for the six months ended 30 June 2016 to RMB2,209.6 million for the six months ended 30 June 2017.

The Group's gross profit margin increased from 18.40% for the six months ended 30 June 2016 to 18.57% for the six months ended 30 June 2017, primarily because the Group delivered proportionally less properties at comparatively lower profit margin in the first half of 2017 as compared to the properties which the Group delivered in the first half of 2016.

Other income and other gains

The Group's other income and other gains primarily is deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income and other gains amounted to RMB18.4 million and RMB4.8 million for the six months ended 30 June 2017 and 2016, respectively.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) office and travel expenses; (iv) property management fees; and (v) others costs including vehicle use fee, depreciation, amortisation and other miscellaneous fees and expenses.

The Group's selling and marketing costs decreased by approximately 16.94% from RMB237.6 million for the six months ended 30 June 2016 to RMB197.3 million for the six months ended 30 June 2017, primarily due to a decrease in number of new pre-sales projects.

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) audit fees; (vi) office lease expenses; (vii) depreciation and amortisation; and (viii) others.

The Group's administrative expenses increased by approximately 74.22% from RMB183.4 million for the six months ended 30 June 2016 to RMB319.5 million for the six months ended 30 June 2017, mainly attributable to (i) the significant increase in administrative staff cost by approximately 95.70% from RMB60.5 million for the six months ended 30 June 2016 to RMB 118.4 million including equity-settled share-based payment expenses of RMB26.93 million for the six months ended 30 June 2017; and (ii) the increases in other taxes expenses by approximately 138.6% from RMB21.5 million for the six months ended 30 June 2016 to RMB51.3 million for the six months ended 30 June 2017.

Fair value gains on investment properties

The following table sets forth the fair value gains on investment properties for the six months ended 30 June 2017 mainly attributable to the investment properties of Shiou Group and Shanghai Kaiyu:

	For the six months ended 30 June 2017 *(RMB'000)*
Fair value gains on investment properties	
Shiou Group	38,000
Shanghai Huacao Lot I (Kaiyu) (上海愷譽)	4,000
	42,000

Finance income net

Net finance income decreased by approximately 58.4% from RMB41.3 million for the six months ended 30 June 2016 to RMB17.2 million for the six months ended 30 June 2017, primary due to (i) the increase of interest income from bank deposits of RMB11.0 million resulting from a higher level of average bank deposits throughout the six months ended 30 June 2017 as compared with the corresponding period last year; (ii) the increase of finance costs of RMB12.9 million that is not qualified for being capitalised for the six months ended 30 June 2017; and (iii) the net foreign exchange losses of RMB7.4 million for the six months ended 30 June 2017 as compared with net foreign exchange gains of RMB14.8 million for the corresponding period of last year due to the appreciation of RMB and average net foreign currency financial assets position for the six months ended 30 June 2017 as compared with the depreciation of RMB and average net foreign currency financial assets position for the corresponding period of last year.

Share of profits of investments accounted for using the equity method, net

The Group accounts for its interests in joint ventures and associated companies during the six months ended 30 June 2017 using equity methods. Share of profits of investments accounted for using the equity method, net represents the aggregate profits of such joint ventures and associated companies as weighted by the Group's respective shares of beneficial ownership.

The Group's net share of profits of investments accounted for using the equity method decreased by approximately 11.7% from RMB305.2 million for the six months ended 30 June 2016 to RMB269.5 million for the six months ended 30 June 2017, primarily due to less joint ventures recognised net profits during the six months ended 30 June 2017.

Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 35.8% from RMB1,502.4 million for the six months ended 30 June 2016 to RMB2,040.0 million for the six months ended 30 June 2017.

Income tax expenses

The Group's income tax expenses comprise provisions made for enterprise income tax ("**EIT**") (including deferred income tax) and land appreciation tax in the PRC.

The Group's income tax expenses increased by approximately 89.9% from RMB485.6 million for the six months ended 30 June 2016 to RMB922.0 million for the six months ended 30 June 2017. Specifically, EIT (including deferred income tax) increased by approximately 95.9% from RMB241.5 million for the six months ended 30 June 2016 to RMB473.1 million for the six months ended 30 June 2017, and LAT increased by approximately 83.9% from RMB244.1 million for the six months ended 30 June 2016 to RMB448.9 million for the six months ended 30 June 2017.

The effective income tax rate of the Group for the six months ended 30 June 2017 was 35.8%, same as the effective income tax rate for the six months ended 30 June 2016. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profits of investments accounted for using the equity method, fair value gains on the remeasurement of joint ventures and LAT).

Profit for the period attributable to owners of the Company

The Group's profit for the period attributable to owners of the Company decreased by approximately 19.85% from RMB858.2 million for the six months ended 30 June 2016 to RMB687.9 million for the six months ended 30 June 2017. Assuming the one-off fair value gains on the remeasurement of joint ventures amounted to RMB278 million for the six months ended 30 June 2016 are excluded, the profit for the period attributable to owners of the Company would increase by approximately 18.58% as compared with the six months ended 30 June 2016.

Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests increased by approximately 128.49% from a profit of RMB133.7 million to a profit of RMB305.4 million. This increase was primarily attributable to the recognition of revenue from sales of properties during the six months ended 30 June 2017 in the respective projects, including Pingtan David City, White House, and Shanghai Huacao Lot, which were jointly developed with non-controlling parties.

Financing activities

Issuance of Senior Notes

On 8 December 2016, the Company issued senior notes in the aggregated principal amount of US$175,000,000 due in 2019 (the "**Original Senior Notes**") on Singapore Exchange Securities Trading Limited, with an interest rate of 6.95% per annum payable semi-annually in arrears.

Subsequently on 14 February 2017, the Company issued additional notes in the aggregate principal amount of US$225,000,000 (to be consolidated and form a single series with the Original Senior Notes) (the "**Additional Senior Notes**"). The maturity date of the Additional Senior Notes (the "**Maturity Date**") is 8 December 2019. At any time and from time to time before the Maturity Date, the Company may at its option redeem the Additional Senior Notes, at a pre-determined redemption price. For more details, please refer to the announcements of the Company dated 2 December 2016 and 15 February 2017 and the relevant offering memorandum.

As at the date of this announcement, the Group had fully utilised the net proceeds from the issuance of the Additional Senior Notes in a manner consistent with the proposed allocations in the offering memorandum, of which US$50,000,000, US$100,000,000 and US$75,000,000 were applied on the projects of Lan Sky (融信 • 瀾天), Xiaoshan Residence (融信 • 蕭山公館) and Platinum (融信 • 鉑爵), respectively, for their construction and development.

Issuance of Public and Private Corporate Bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange

During 2016, Rongxin (Fujian) Investment Group Co., Ltd ("**Rongxin Group**"), a wholly-owned subsidiary of the Company, issued the following bonds based on the approvals it obtained (i) for the public issuance of corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB2.5 billion (the "**Shanghai Public Corporate Bonds**"); (ii) for the private placement of corporate bonds on the Shenzhen Stock Exchange in an aggregate principal amount of up to RMB3.5 billion (the "**Shenzhen Private Corporate Bonds**"); and (iii) for the private placement of corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB5.0 billion (the "**Shanghai Private Corporate Bonds**", together with Shanghai Public Corporate Bonds and Shenzhen Private Corporate Bonds, the "**Domestic Corporate Bonds**"):

(a) on 19 January 2016, Rongxin Group issued the second tranche of the Shanghai Public Corporate Bonds in an aggregate principal amount of RMB1.3 billion with a 5-year term at a coupon rate of 6.2% per annum. At the maturity of third year, Rongxin Group has an option to adjust the coupon rate, and investors can exercise retractable option;

(b) on 26 January 2016, Rongxin Group issued the first tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB3.1 billion with an initial 2-year term at a coupon rate of 7.89% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for another two years;

(c) on 18 February 2016, Rongxin Group issued the second tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB0.4 billion with an initial 2-year term at a coupon rate of 7.6% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for a further two years;

(d) on 21 March 2016, Rongxin Group issued the first tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.5 billion with a 3-year term at a coupon rate of 7.5% per annum. At the maturity of the second year, Rongxin Group has a right to adjust the interest rate of the outstanding bonds, and the bond subscriber has a right to sell all or any part of the outstanding bonds to Rongxin Group at the nominal value;

(e) on 29 April 2016, Rongxin Group issued the second tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.55 billion with a 3-year term at a coupon rate of 7.4% per annum. At the maturity of the second year, the investors have a right to request Rongxin Group to early redeem the second tranche of the Shanghai Private Corporate Bonds;

(f) on 24 June 2016, Rongxin Group issued the third tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB1.05 billion with a 3-year term at a coupon rate of 7.52% per annum; and

(g) on 29 July 2016, Rongxin Group issued the fourth tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB2.9 billion with a 3-year term at a coupon rate of 5.8% per annum. At the maturity of the second year, the investors have a right to request Rongxin Group to early redeem the fourth tranche of the Shanghai Private Corporate Bonds.

The proceeds from the above issue of Domestic Corporate Bonds have been used to refinance the Group's existing indebtedness.

As at the date of this announcement, no unissued amounts of the approved amounts of the Domestic Corporate Bonds were outstanding. For further details, please refer to the section headed "Summary and Highlights — Recent Developments — Developments in our Business" in the Prospectus and the announcements of the Company dated 15 January 2016, 17 January 2016, 19 January 2016, 25 January 2016, 26 January 2016, 17 February 2016, 18 February 2016, 18 March 2016, 21 March 2016, 29 April 2016, 24 June 2016 and 29 July 2016.

Issuance of Asset-backed Securities

On 8 July 2016, Rongxin Group issued asset-backed securities in three tranches on the Shanghai Stock Exchange with a principal amount of RMB880.0 million (the "**Asset-backed Securities**"). These securities were backed by the accounts receivable for the balance payment of properties sold by the Group. The proceeds from the issue of the Assets-backed Securities are expected to be used for general working capital of the Group. For further details, please refer to the announcement of the Company dated 8 July 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's net current assets amounted to RMB50,144.9 million (31 December 2016: RMB46,760.9 million). Specifically, the Group's total current assets increased by approximately 15.3% from RMB89,415.3 million as at 31 December 2016 to RMB103,087.5 million as at 30 June 2017. The Group's total current liabilities increased by approximately 24.1% from RMB42,654.3 million as at 31 December 2016 to RMB52,942.6 million as at 30 June 2017. The increase in the Group's total current assets was primarily attributable to the increase in completed properties held for sale and properties under development by approximately 53.2% from RMB39,187.5 million as at 31 December 2016 to RMB60,051.8 million as at 30 June 2017.

As at 30 June 2017, the Group had bank deposits (including term deposits, restricted cash, and cash and cash equivalents) of RMB11,011.5 million (31 December 2016: RMB16,749.8 million), total borrowings of RMB58,347.5 million (31 December 2016: RMB39,417.3 million) and weighted average effective interest rate for outstanding borrowings of approximately 6.7% (including bank borrowings, other borrowings, asset-backed securities, public corporate bond, private corporate bond and senior notes) (31 December 2016: approximately 6.8%).

As at 30 June 2017, the aggregated amount of the Domestic Corporate Bonds was RMB10,904.0 million, representing approximately 18.7% of the total borrowings of the Group.

PLEDGE OF ASSETS

As at 30 June 2017, the Group's bank and other borrowings were secured by the Group's assets of RMB44,532.9 million (31 December 2016: RMB30,495.6 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 from properties pre-sale proceeds and held as securities for borrowings; and (vi) investment properties. Certain other borrowings were also secured by the equity interests of certain subsidiaries.

Current ratio

As at 30 June 2017, the current ratio of the Group was 1.95 times (31 December 2016: 2.10 times). The decrease of the Group's current ratio was mainly due to an increase of borrowings included in the current liabilities.

Gearing ratio

The gearing ratio of the Group was raised from 98% as at 31 December 2016 to 192% as at 30 June 2017, mainly due to an increase of total borrowings.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has no material acquisitions and disposals of subsidiaries, associates and joint ventures during the period under review. The Group will continue to focus on its existing property development business and acquiring high-quality land parcel in the first-tier cities in China. No concrete plan for future investments is in place as at the date of this announcement.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 13 January 2016, the Company issued 337,500,000 shares at an offer price of HK$5.36 per share on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by global offering. On 28 January 2016, the Company further issued 2,348,000 shares pursuant to the partial exercise of the over-allotment option at an offer price of HK$5.36 per share. Upon completion of the global offering, the Company raised net proceeds of approximately HK$1,780 million.

The Group did not utilise any portion of the net proceeds as at the date of this announcement. The net proceeds is currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus.

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. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pay to 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

During the six months ended 30 June 2017, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the "**Shareholders**") of the shares (the "**Shares**") of the Company 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 2017, 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 provided 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 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 the 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 2017.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the Corporate Governance Code.

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 consists of three members, namely Mr. Qu Wenzhou, Mr. Lo Wing Yan William and Mr. Ren Yunan, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications. The Audit Committee had reviewed the interim results for the six months ended 30 June 2017. The interim results for the six months ended 30 June 2017 has not been audited but has been reviewed by PricewaterhouseCoopers, 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 HKICPA.

EVENTS AFTER THE REPORTING PERIOD

On 27 July 2017, Shanghai Kaiyin Enterprise Company Limited* (上海愷胤實業有限公司), an indirect wholly-owned subsidiary of the Company, entered into five equity transfer agreements with each of Zhejiang Hailiang Investment Company Limited* (浙江海亮投資股份有限公司), Mr. Feng Hailiang (馮海良), Ningbo Hairao Investment Company Limited* (寧波海饒投資有限公司) ("**Hairao Investment**"), Mr. Tang Lu (唐魯) and Zhejiang Hailiang Charity Foundation* (浙江海亮慈善基金會), respectively, in relation to the acquisition of 55% equity interest in Ningbo Hailiang Property Investment Company Limited* (寧波海亮房地產投資有限公司) (the "**Ningbo Hailiang Acquisition**").

On the same date, Shanghai Rongen Property Development Company Limited* (上海融恩房地產開發有限公司), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hairao Investment in relation to the acquisition of 55% equity interest in Anhui Hailiang Property Company Limited* (安徽海亮房地產有限公司) (the "**Anhui Hailiang Acquisition**").

For further details of the Ningbo Hailiang Acquisition and the Anhui Hailiang Acquisition, please refer to the announcements of the Company dated 27 July 2017 and 18 August 2017, respectively.

On 14 August 2017, Rongxin (Fujian) Investment Company Limited* (融信（福建）投資集團有限公司) ("**Rongxin Investment**"), as guarantor, entered into a guarantee agreement in favour of Bank of Beijing Co., Ltd., Nanjing Branch* (北京銀行股份有限公司南京分行) (the "**Creditor**"), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Nanjing Kaijingsheng Property Development Co., Ltd.* (南京愷璟晟房地產開發有限公司) (the "**JV Company**") to the Creditor under the loan agreement entered into between the JV Company and the Creditor on the same date in relation to the grant of loan in the principal amount of RMB800 million. For further details, please refer to the announcement of the Company dated 14 August 2017.

Save as disclosed above, the Group do not have any material subsequent events after the reporting period (i.e. the six months ended 30 June 2017).

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 2017 will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 24 August 2017

As at the date of this announcement, Mr. Ou Zonghong, Mr. Wu Jian, Mr. Lin Junling and Ms. Zeng Feiyan are the executive Directors; and Mr. Lo Wing Yan William, Mr. Ren Yunan and Mr. Qu Wenzhou are the independent non-executive Directors.

* *For identification purposes only*