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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 2020**

#### **FINANCIAL HIGHLIGHTS**

- Total revenue amounted to RMB21,066.01 million, decreased by 20.85% as compared with the six months ended 30 June 2019.
- Gross profit amounted to RMB3,140.41 million, decreased by 50.63% as compared with the six months ended 30 June 2019.
- Profit for the Period amounted to RMB1,645.50 million, decreased by 53.12% as compared with the six months ended 30 June 2019.
- Core net profit attributable to owners of the Company amounted to RMB1,110.72 million, decreased by 43.22% as compared with the six months ended 30 June 2019.
- Gearing ratio increased by 30.00% from 0.70 as at 31 December 2019 to 0.91 as at 30 June 2020.

#### **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 2020 (the “**Period**”).

## Interim Condensed Consolidated Income Statement

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	6	<b>21,066,011</b>	26,616,331
Cost of sales		<b>(17,925,601)</b>	(20,254,931)
<b>Gross profit</b>		<b>3,140,410</b>	6,361,400
Selling and marketing costs		<b>(492,509)</b>	(549,619)
Administrative expenses		<b>(690,216)</b>	(743,917)
Fair value (losses)/gains on investment properties		<b>(97,497)</b>	78,687
Other income		<b>94,184</b>	28,299
Other gains		<b>335,096</b>	46,699
<b>Operating profit</b>		<b>2,289,468</b>	5,221,549
Finance income		<b>328,752</b>	132,233
Finance costs		<b>(275,347)</b>	(312,444)
Finance income/(costs) – net	7	<b>53,405</b>	(180,211)
Share of net profit of investments accounted for using equity method		<b>137,801</b>	923,034
<b>Profit before income tax</b>		<b>2,480,674</b>	5,964,372
Income tax expenses	8	<b>(835,178)</b>	(2,454,492)
<b>Profit for the period</b>		<b>1,645,496</b>	3,509,880
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>908,431</b>	1,978,627
Non-controlling interests		<b>737,065</b>	1,459,612
Holders of Perpetual Capital Instruments		<b>–</b>	71,641
		<b>1,645,496</b>	3,509,880
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic	9	<b>0.53</b>	1.19
– Diluted	9	<b>0.53</b>	1.18

## Interim Condensed Consolidated Statement of Comprehensive Income

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>1,645,496</b>	<b>3,509,880</b>
Other comprehensive income	—	—
<b>Total comprehensive income for the period</b>	<b><u>1,645,496</u></b>	<b><u>3,509,880</u></b>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>908,431</b>	<b>1,978,627</b>
Non-controlling interests	<b>737,065</b>	<b>1,459,612</b>
Holders of Perpetual Capital Instruments	—	71,641
	<b><u>1,645,496</u></b>	<b><u>3,509,880</u></b>

## Interim Condensed Consolidated Balance Sheet

		30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,505,592	1,567,616
Investment properties		14,284,300	13,224,100
Right-of-use assets		458,302	463,555
Intangible assets		6,373	5,580
Investments accounted for using equity method		6,756,940	6,256,491
Financial assets at fair value through profit or loss		929,703	755,773
Deferred tax assets		539,439	444,954
Total non-current assets		24,480,649	22,718,069
<b>Current assets</b>			
Properties under development		112,783,163	115,299,354
Completed properties held for sale		11,704,862	7,673,170
Contract assets		1,036,016	999,576
Trade and other receivables and prepayments	10	27,364,631	25,015,169
Amounts due from related parties		8,692,294	5,654,598
Prepaid taxation		3,419,321	2,539,535
Cash and bank balances		31,259,605	34,308,567
Total current assets		196,259,892	191,489,969
<b>Total assets</b>		<b>220,740,541</b>	<b>214,208,038</b>
<b>EQUITY</b>			
Share capital		15	15
Share premium		3,871,526	4,902,013
Other reserves		12,407,910	11,503,837
<b>Capital and reserves attributable to the owners of the Company</b>		<b>16,279,451</b>	<b>16,405,865</b>
Non-controlling interests		25,012,461	24,882,365
<b>Total equity</b>		<b>41,291,912</b>	<b>41,288,230</b>

## Interim Condensed Consolidated Balance Sheet

		<b>30 June 2020</b>	31 December 2019
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>50,544,966</b>	44,471,364
Lease liabilities		<b>14,339</b>	13,814
Deferred tax liabilities		<b>2,043,417</b>	2,027,669
<b>Total non-current liabilities</b>		<b>52,602,722</b>	46,512,847
<b>Current liabilities</b>			
Borrowings		<b>18,392,037</b>	18,706,447
Lease liabilities		<b>18,983</b>	16,982
Contract liabilities		<b>63,108,631</b>	60,265,275
Trade and other payables	<i>11</i>	<b>33,112,770</b>	33,070,355
Amounts due to related parties		<b>5,169,304</b>	7,293,888
Derivative financial instruments		<b>19,083</b>	85,250
Current tax liabilities		<b>7,025,099</b>	6,968,764
<b>Total current liabilities</b>		<b>126,845,907</b>	126,406,961
<b>Total liabilities</b>		<b>179,448,629</b>	172,919,808
<b>Total equity and liabilities</b>		<b>220,740,541</b>	214,208,038

# 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 2020.

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 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.

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 2020 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The interim report 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 2019, 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 and amended standards and interpretations adopted by the Group

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-related Rent Concessions
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

The adoption of other applicable new and amended standards and interpretations did not have any material impact on the interim condensed consolidated financial statements 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 2020 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021, likely to be extended to 1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing this interim condensed consolidated financial information. The impact of new standards and amendments to standards and interpretations above is still under assessment by the Group.

#### 4 ESTIMATES

The preparation of interim 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 that applied to the consolidated financial statements for the year ended 31 December 2019.

#### 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 2020 (six months ended 30 June 2019: same).

As at 30 June 2020, 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 2019: 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 2020 (six months ended 30 June 2019: same).

## 6 REVENUE

Revenue of the Group for the six months ended 30 June 2020 is as follow:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from contracts with customers:		
Revenue from sales of properties		
– Recognised at a point in time	<b>20,571,784</b>	26,212,469
Revenue from construction services, hotel operations and others:		
– Recognised at a point in time	<b>126,093</b>	91,429
– Recognised over time	<b>306,513</b>	237,674
Revenue from other sources – rental income	<b>61,621</b>	74,759
	<b>21,066,011</b>	26,616,331

## 7 FINANCE INCOME/(COSTS) – NET

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Finance income		
– Net foreign exchange gains	–	12,946
– Interest income from bank deposits	<b>328,752</b>	119,287
	<b>328,752</b>	132,233
Finance costs		
– Net foreign exchange losses	<b>134,658</b>	–
– Borrowing costs	<b>2,343,814</b>	2,652,371
– Less: capitalised	<b>(2,203,125)</b>	(2,339,927)
	<b>275,347</b>	312,444
Finance income/(costs) – net	<b>53,405</b>	(180,211)



## 8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
PRC corporate income tax	<b>803,514</b>	1,565,480
Land appreciation tax ("LAT")	<b>18,179</b>	1,137,233
	<b>821,693</b>	2,702,713
Deferred income tax		
PRC corporate income tax	<b>13,485</b>	(248,221)
	<b>835,178</b>	2,454,492

### 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 2020 and 2019, 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 2020 (six months ended 30 June 2019: 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 2020 (six months ended 30 June 2019: 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 British Virgin Islands and is exempted from British Virgin Islands 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 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company ( <i>RMB'000</i> )	<b>908,431</b>	1,978,627
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	<b>1,711,413</b>	1,658,147
Basic earnings per share ( <i>RMB per share</i> )	<b>0.53</b>	1.19

### 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.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company ( <i>RMB'000</i> )	<b>908,431</b>	1,978,627
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	<b>1,711,413</b>	1,658,147
Adjustments – share options and awarded shares ( <i>in thousand</i> )	<b>5,495</b>	13,081
Weighted average number of ordinary shares for diluted earnings per share ( <i>in thousand</i> )	<b>1,716,908</b>	1,671,228
Diluted earnings per share ( <i>RMB per share</i> )	<b>0.53</b>	1.18

# 10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<b>Trade receivables (note (a))</b>	<b>19,271</b>	73,991
<b>Other receivables</b>		
– Amounts due from minority shareholders	9,531,972	8,199,973
– Deposits for acquisition of land use rights and property development projects	2,931,007	2,002,005
– Deposits for construction contracts	405,460	405,460
– Others	1,629,623	1,133,231
	<b>14,498,062</b>	11,740,669
<b>Prepayments</b>		
– Prepayments for acquisition of land use rights	7,674,504	6,887,697
– Prepaid value added tax, business tax and other taxes	4,985,773	6,000,101
– Others	187,021	312,711
	<b>12,847,298</b>	13,200,509
<b>Trade and other receivables and prepayments</b>	<b>27,364,631</b>	25,015,169
Less: non-current portion of prepayments	–	–
Current portion of trade and other receivables and prepayments	<b>27,364,631</b>	25,015,169

- (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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year	18,108	69,087
Over one year	1,163	4,904
	<b>19,271</b>	73,991

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.

- (b) As at 30 June 2020, the Group's trade and other receivables were mainly denominated in RMB (31 December 2019: same). As at 30 June 2020, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2019: same).

## 11 TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables ( <i>Note (a)</i> )	11,815,898	11,838,408
Note payables	346,706	343,297
Other payables:		
– Amounts due to non-controlling interests	11,451,844	13,483,058
– Other taxes payable	4,524,291	3,556,357
– Interests payable	946,088	986,136
– Deposits received for sales of properties	424,250	379,526
– Dividend payable	951,102	171,424
– Deposits from contractors and suppliers	551,228	533,075
– Accrued payroll	134,091	241,663
– Others	1,967,272	1,537,411
	<b>33,112,770</b>	<b>33,070,355</b>

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year	9,529,881	9,363,765
Over one year	2,286,017	2,474,643
	<b>11,815,898</b>	<b>11,838,408</b>

(b) Trade and other payables were unsecured, interest-free, repayable on demand and denominated in RMB, except the dividend payable was denominated in HK\$.

(c) The carrying amounts of trade and other payables were considered to be the same as their fair values.

## 12 DIVIDEND

The 2018 final dividend of HK\$0.365 per ordinary share, totaling HK\$629,439,000 (equivalent to approximately RMB552,645,000), was approved by the shareholders at the annual general meeting held on 5 June 2019.

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 shareholders of the Company registered on 16 June 2020, was approved by the shareholders at the annual general meeting held on 5 June 2020.

## OVERVIEW AND OUTLOOK

### Market and business review

During the first half of 2020, the PRC's real estate market continued to maintain a steady recovery after experiencing a decline from January to February 2020. Especially during the sales window-period in the second quarter of the year, the recovery of industry sales was better than market expectations. With the resumption of work and production as well as the recovery of business and market going ahead, there will be continuous housing demands. The PRC continued to adhere to the positioning of "housing is for living in, not for speculation", mechanism of "one city, one policy" and city-specific policies to maintain the balance of supply and demand and promote the overall smooth operation of the real estate market. According to the data from the National Bureau of Statistics, from January to June 2020, the sales area of commercial housing was 694.04 million sq.m., which is a 8.4% decrease as compared with the same period in 2019. The sales of commercial housing was RMB6,689.5 billion, which is a 5.4% decrease as compared with the same period in 2019.

In the process of urbanization in the PRC, the Group continued to uphold the vision of "becoming a quality property developer leader and a service provider for an ideal life", and the strategic policy of "focus, balance and alliance with giants" to respond quickly to industry changes under the novel coronavirus disease ("COVID-19") pandemic. With the launch of online sales, accurate grasp of the market cycle and persistence in product quality, the Group has achieved rapid sales recovery and year-on-year growth in the first half of the year and maintained a stable debt level and declining financing costs, which provided a solid foundation for the Group's high-quality development in the challenging market environment.

As the impact of the COVID-19 pandemic gradually subsided, sales in the Yangtze River Delta region has recovered significantly, with transaction volumes and housing prices ranking first among all regions in the country. The Group has laid a solid foundation in the Yangtze River Delta and the western Taiwan Straits and its regional competitive strengths has brought substantial sales in the first half of 2020. During the Period, the Group recorded a contract sales of RMB60.4 billion, a contracted gross floor area ("GFA") of approximately 2.57 million sq.m. and an average contracted sales price of RMB23,457 per sq.m.

In respect of land reserves, the Group began its national layout in 2016 and continued to expand its land scale by accelerating land acquisition. With a forward-looking vision of entering the Yangtze River Delta region and excellent regional deep-farming capabilities, the Group successfully entered the list of real estate enterprises with sales of more than RMB100 billion in 2018. After becoming a real estate enterprise with sales of more than RMB100 billion, the Group adhered to the development tone of seeking progress while maintaining stability. The Group 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 at a low premium during the Period by accurately following the market cycle, which has become an important cornerstone for the Group to achieve sales growth and release profits. In the first half of the year, the Group obtained 21 new land projects, adding GFA of approximately 4.61 million sq.m. As of 30 June 2020, it has deployed a total of 219 projects in 47 cities, with land reserve of approximately 28.03 million sq.m. As the Group's key layout area, the Yangtze River Delta region accounted for 75% in the newly added land reserves this year, with a total

of 15 projects covering approximately 2.79 million sq.m., reflecting the Company's firm confidence in the future development of the region. At the same time, the Company continued to accelerate the transformation of renovation projects, and obtained confirmed rights for land with approximately 0.48 million sq.m. in the first half of the year, which will continuously provide the Company with high-quality land reserves.

Ronshine China continues to expand the layout in nine core urban agglomerations, including the western Taiwan Straits, Yangtze River Delta, middle reaches of the Yangtze River, Greater Bay Area, Beijing-Tianjin-Hebei Region, Central China, Chengdu, Chongqing Region, Northwest China and Shandong Peninsula. Adhering to the strategy of rooting in the core first- and second-tier cities, the Company proactively expanded from cities with existing business presence to surrounding satellite cities with obvious spillover demand, net inflows of population and emerging industries. In the first half of the year, the Group's projects in core cities in the Yangtze River Delta, such as Hangzhou, Suzhou and Nanjing, contributed significantly to the performance. A number of projects were sold out when they were launched, including Hangzhou Qinlan (杭州沁蘭), which had a winning rate for buyers of only 1.8%, representing a record low for the district. The Group entered Wenzhou for the first time in 2019 and Hai Yue Qing Feng (海月清風) in Wenzhou has been well received by the market in the first half of this year and have achieved outstanding sales. The project quickly formed an excellent reputation following its launch, and became the sales champion project in Leqing City in terms of number of sets, floor area and sales amount in the first half of the year due to its excellent project design as the only Chinese-styled courtyard project in the city. In addition, the sales through rate of the Group's renovation projects in Zhengzhou, namely, "Olympic Century (奧體世紀)" and "City of Time (時光之城)", were far ahead of its surrounding commercial properties by virtue of the excellent educational resources in the area and the high quality development.

This year, the Group has precisely grasped the capital market window to optimize its debt structure, actively reduced its financing costs and maintained a healthy level of leverage. In March and April 2020, the Group issued asset-backed securities ("ABS") of RMB1.290 billion and RMB1.106 billion, respectively, which bear interest of 5.9% per annum and are secured by the Group's receivables of properties sales proceeds. In respect of the offshore market, in June 2020, the issuance of senior notes of the Company due in 2023 with an aggregate principal amount of US\$250 million bearing interest at a rate of 7.35% per annum and the additional issuance of US\$160 million of senior notes in the same month by the Group which were consolidated and formed a single series, have all been enthusiastically subscribed by investors, hitting the Company's lowest interest rate record on long-term debt. The decline in interest rates for onshore and offshore market bond issuances reflects the high recognition of the Group by domestic and overseas capital markets. The Group will continue to actively optimize its debt structure and take initiatives to grasp market windows, which will provide a solid foundation for the Group to achieve its strategic goal of high-quality development.

Against the backdrop of the COVID-19 pandemic, Ronshine China continued to improve its financial condition and its financial leverage ratio remained at a healthy level. During the Period, the Group continued to maintain the raised rating level by three major international credit rating agencies last year. Among them, Standard & Poor's recommended a "B+" on the Group's long-term issuer's credit rating with an outlook of "stable"; Moody's recommended a "B1" on the Group's main rating with an outlook of "stable"; and Fitch Ratings recommended a "BB-" on the Group's credit rating with an outlook of "stable", attesting to the fact that the Group's development has been unanimously recognized by the capital market.

In addition, the Group has won the favor of many investment institutions with its good sales performance and stable financial leverage. After the announcement of the Group's 2019 annual results, 15 institutions, including Citibank, JP Morgan, Jefferies, Haitong International, CCB International, ICBC International, CWSI, Essence International, Zhongtai International, and Southwest Securities, followed up on the Group's performance and recommended a "Buy/overweight" rating on the Group.

The significant improvement of Ronshine China's comprehensive strength has won the attention of and the recognition from the industry and the market. In March 2020, the Group won three awards, being the "2019 Best Debt End Management for China-funded USD Bond (中資美元債2019年最佳負債端管理)", the "2019 Outstanding Real Estate Issuers in the China-funded USD Bond Market (中資美元債市2019年卓越地產發行人)" and the "2020 Top 21 of China Real Estate Developers and Top 10 in Comprehensive Development (2020中國房地產開發企業21強及綜合發展10強)"; in May 2020, the Group was included in the Hang Seng Large and Medium-sized Stocks Value Biased Index (恒生大中型股價值偏向指數) newly launched by Hang Seng Indexes Company Limited; and in June 2020, the Group continued to be listed among the "2020 Top 10 China Real Estate Developers in Shanghai (2020中國房地產開發企業榜單上海市十強)", ranking seventh, improving by three places as compared to 2019 and also ranked TOP 20 with a significant advantage in the "2019 Top 30 Real Estate Enterprises in Land Reserve Value in the Yangtze River Delta Region (2019年長三角地區房企土儲貨值排行榜TOP30)" published by CRIC (克而瑞研究中心).

## Prospects

In the first half of 2020, the PRC's real estate investments turned positive and recorded growth and the overall market has gradually and steadily recovered. Looking ahead, the Group believes that the real estate market will continue to recover steadily and gradually grow in the second half of the year. The Group will continue to deeply cultivate its existing nine core urban agglomerations, uphold the principle of prudent land acquisition, grasp investment opportunities and accelerate the improvement of its overall performance.

In the process of urbanization in the PRC, the Group will continue to adhere to its vision of "becoming a quality property developer leader and a service provider for an ideal life". The Group will actively improve its comprehensive strengths and continuously enhance its competitiveness by virtue of its forward-looking vision and excellent regional deep-farming capabilities to create greater value for the shareholders of the Company (the "**Shareholders**").



## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of operating results

	For the six months ended 30 June		Change in percentage
	2020	2019	
<b>Contracted sales</b>			
Contracted sales amount ( <i>RMB'000</i> ) <sup>(1)</sup>	<b>60,357,835</b>	56,677,994	6.49%
Contracted gross floor area ( <i>sq.m.</i> )	<b>2,573,153</b>	2,819,800	-8.75%
Average unit price of contracted sales ( <i>RMB/sq.m.</i> )	<b>23,457</b>	20,100	16.70%
<b>Property delivered</b>			
Revenue from delivery of properties ( <i>RMB'000</i> )	<b>20,571,784</b>	26,212,469	-21.52%
Delivered gross floor area ( <i>sq.m.</i> )	<b>1,271,770</b>	1,942,119	-34.52%
Recognised average selling price of properties delivered ( <i>RMB/sq.m.</i> )	<b>16,176</b>	13,497	19.85%
<b>Revenue</b> ( <i>RMB'000</i> )	<b>21,066,011</b>	26,616,331	-20.85%
<b>Cost of Sales</b> ( <i>RMB'000</i> )	<b>(17,925,601)</b>	(20,254,931)	-11.50%
<b>Gross profit</b> ( <i>RMB'000</i> )	<b>3,140,410</b>	6,361,400	-50.63%
<b>Other income and other gains</b> ( <i>RMB'000</i> )	<b>429,280</b>	74,998	472.39%
<b>Profit before income tax</b> ( <i>RMB'000</i> )	<b>2,480,674</b>	5,964,372	-58.41%
<b>Profit for the period</b> ( <i>RMB'000</i> )	<b>1,645,496</b>	3,509,880	-53.12%
– attributable to owners of the Company ( <i>RMB'000</i> )	<b>908,431</b>	1,978,627	-54.09%
– attributable to non-controlling interests ( <i>RMB'000</i> )	<b>737,065</b>	1,459,612	-49.50%
– attributable to holders of Perpetual Capital Instruments ( <i>RMB'000</i> )	–	71,641	-100.00%
Core net profit contributable to owners of the Company ( <i>RMB'000</i> ) <sup>(2)</sup>	<b>1,110,719</b>	1,956,300	-43.22%
Gross profit margin <sup>(3)</sup>	<b>14.9%</b>	23.9%	-37.66%
Net profit margin <sup>(4)</sup>	<b>7.8%</b>	13.2%	-40.91%



	As at 30 June 2020	As at 31 December 2019	Change in percentage
Total assets ( <i>RMB'000</i> )	<b>220,740,541</b>	214,208,038	3.05%
Total liabilities ( <i>RMB'000</i> )	<b>179,618,229</b>	172,919,808	3.87%
Total equity ( <i>RMB'000</i> )	<b>41,122,312</b>	41,288,230	-0.40%
Capital and reserve attributable to owners of the Company ( <i>RMB'000</i> )	<b>16,279,451</b>	16,405,865	-0.77%
Current ratio <sup>(5)</sup>	<b>1.55 times</b>	1.51 times	2.65%
Gearing ratio <sup>(6)</sup>	<b>0.91</b>	0.70	30.00%

*Notes:*

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of core net profit contributed to owners of the Company means the net profit contributed to owners of the Company excludes the fair value (losses)/gains on investment properties (after income tax), net foreign exchange (losses)/gains charged to profit or loss, and value of employee services under share option scheme.
- (3) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (4) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (5) The calculation of current ratio is based on current assets divided by current liabilities.
- (6) 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 2020, the Group and its joint ventures and associates achieved contracted sales of RMB60,357.85 million, representing a growth of approximately 6.49% compared with RMB56,677.99 million for the six months ended 30 June 2019. This increase was mainly attributable to the increase in the average selling price of the Group's joint ventures and associates from RMB20,100 per sq.m. for the six months ended 30 June 2019 to RMB23,457 per sq.m. for the six months ended 30 June 2020.

The amount of the Group's contracted sales (including its joint ventures and associates) in Hangzhou, Nanjing, Fuzhou, Shanghai, Wenzhou, Zhengzhou, Suzhou, Ningbo and Huzhou accounted for (i) 36.58%, 12.81%, 9.69%, 6.56%, 6.17%, 2.73%, 2.15%, 2.05%, 2.03% of the Group's total contracted sales amount (including its joint ventures and associates) for the six months ended 30 June 2020, respectively, and (ii) 23.73%, 8.94%, 9.69%, 1.99%, 7.42%, 4.70%, 1.59%, 2.54%, 2.84% of the Group's total GFA of contracted sales (including its joint ventures and associates) for the six months ended 30 June 2020, respectively. The following table sets forth details of the contracted sales of the Group (include its joint ventures and associates) for the six months ended 30 June 2020:

	<b>Amount</b> (RMB million)	<b>Percentage</b> (%)	<b>GFA</b> (sq.m.)	<b>Percentage</b> (%)	<b>Average Selling price</b> (RMB/sq.m.)
Hangzhou	22,079	36.58	610,662	23.73	36,156
Nanjing	7,729	12.81	230,039	8.94	33,600
Fuzhou	5,846	9.69	249,465	9.69	23,434
Shanghai	3,962	6.56	51,249	1.99	77,309
Wenzhou	3,724	6.17	190,828	7.42	19,515
Zhengzhou	1,647	2.73	120,979	4.70	13,614
Suzhou	1,301	2.15	40,849	1.59	31,849
Ningbo	1,239	2.05	65,299	2.54	18,974
Huzhou	1,224	2.03	73,056	2.84	16,754
Others	11,607	19.23	940,727	36.56	12,338
<b>Total</b>	<b>60,358</b>	<b>100.00</b>	<b>2,573,153</b>	<b>100.00</b>	<b>23,457</b>

### Projects completed

For the six months ended 30 June 2020, the Group (including its joint ventures and associates) completed a total of 21 projects or phases of projects, with total GFA of 2,220,935 sq.m. (917,083 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

### Projects under construction

As at 30 June 2020, the Group (including its joint ventures and associates) had a total of 105 projects or phases of projects under construction, with total planned GFA of 20,419,576 sq.m. (9,378,537 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 21 newly acquired land parcels with a total GFA of 4,605,456 sq.m. (2,094,981 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 RMB8,550 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 2020:

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.)
Taizhou	Taizhou Jiaojiang Project (台州椒江項目)	7 January 2020	42,346	117,762	29,441	855	214	10,095
Hangzhou	Hangzhou Zhanwang (杭州展望)	19 January 2020	53,163	191,263	86,604	3,338	1,512	25,116
Wenzhou	Wenzhou Rongwang (溫州榮望)	19 February 2020	57,018	203,717	48,570	1,084	259	7,203
Quzhou	Quzhou Tianyang Lan'an Ming Mansion (衢州天陽瀾岸銘邸)	8 March 2020	31,707	79,865	18,081	446	101	8,278
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	11 March 2020	43,329	103,710	42,796	397	164	5,383
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	26 March 2020	61,134	358,289	157,701	980	431	3,901
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	9 April 2020	105,869	401,643	136,559	4,970	1,690	17,388
Fuyang	Fuyang Yingzhou Project (阜陽潁州項目)	21 April 2020	147,590	329,590	181,274	777	427	2,961
Hangzhou	Hangzhou Xingchuang Railway North Project (杭州星創鐵路北項目)	28 April 2020	29,685	103,706	26,445	1,674	427	22,553
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	13 May 2020	62,887	184,618	92,309	1,874	937	14,197
Lianyungang	Lianyungang Mansion (連雲港學院府)	19 May 2020	72,107	229,178	148,965	672	437	3,999
Taiyuan	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	21 May 2020	120,299	478,356	366,373	479	366	1,222
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	4 June 2020	50,320	132,255	29,493	782	174	8,634
Jiaxing	Tongxiang Project (桐鄉項目)	8 June 2020	69,120	201,160	51,296	852	217	6,163
Fuyang	Fuyang Yingquan Project (阜陽潁泉項目)	9 June 2020	96,434	285,449	57,090	855	171	3,854
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	22 June 2020	27,208	121,751	59,658	1,357	665	16,088
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	22 June 2020	30,626	101,845	61,107	1,804	1,082	23,558
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	23 June 2020	50,718	143,216	37,809	885	234	7,932
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	24 June 2020	123,228	383,010	383,010	4,132	4,132	13,521

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.)
Neijiang	Neijiang Wanwei Project (內江萬為項目)	27 June 2020	65,314	156,376	35,595	228	52	1,942
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	30 June 2020	76,170	298,697	44,805	732	110	3,578
<b>Total</b>			<b>1,416,272</b>	<b>4,605,456</b>	<b>2,094,981</b>	<b>29,173</b>	<b>13,801</b>	<b>8,550</b>

As at 30 June 2020, the total GFA of the Group's land reserve (include its joint ventures and associates) was 28.0 million sq.m., among which, 2.5 million sq.m. were completed properties held for sale, 20.4 million sq.m. were under construction and 5.1 million sq.m. were held for future development.

As at 30 June 2020, the cost per sq.m. of the Group's land reserve (include its joint ventures and associates) was RMB7,767, of which 80% were located in the prime areas 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 development.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2020:

Region	Project name	Total land value of reserve (RMB'0,000)	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)	175,129.04	100,366.01	24,957.12
Fuzhou	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	415,880.00	963,513.18	6,064.53
Fuzhou	Fuzhou Hot Spring City (福州融信溫泉城)	74,205.00	697,052.99	1,609.66
Fuzhou	Fuzhou Nice Villa (福州有墅)	1,643.04	49,269.58	485.71
Xiamen	Xiamen Boyue Bay (廈門鉅悅灣)	263,400.00	185,358.66	23,207.05
Shanghai	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮MHPO-1402單元35-01地塊 (愷日))	4,145.10	7,038.37	6,017.86
Shanghai	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402單元36-01地塊 (愷崇))	1,048.13	1,619.12	6,098.18
Shanghai	Shanghai Platinum (上海鉅爵)	15,493.80	16,293.00	15,408.81

Region	Project name	Total land value of reserve (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Shanghai	Shanghai Zhongxing Road (上海中興路)	550,500.00	60,976.70	100,090.91
Shanghai	Century Summit (上海世紀江灣)	108,847.50	31,653.75	52,839.87
Nanjing	Nanjing Boan Center (南京鉅岸中心)	53,700.00	350,892.69	2,514.78
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	98,675.56	98,976.16	13,575.64
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	148,848.00	175,903.50	10,897.04
Nanjing	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	84,027.01	87,951.51	12,842.08
Chengdu	Chengdu Ronshine Residence (成都融信公館)	70,415.64	59,164.44	16,914.86
Tianjin	Tianjin West Coast (天津西海岸)	97,744.67	147,379.70	8,237.63
Tianjin	Tianjin Jinnan (天津津南府)	99,999.90	97,715.52	12,959.16
Putian	Putian Ronshine (莆田融信府)	81,990.15	108,794.70	10,032.19
Guangzhou	Guangzhou Tianyue (廣州天樾府)	53,537.40	34,682.10	14,999.46
Xiamen	Xiamen Century (廈門世紀)	68,556.00	37,290.22	31,520.00
Chongqing	Chongqing Lan Bay (重慶瀾灣)	72,985.71	165,889.40	6,189.33
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	43,083.27	61,328.01	5,100.74
Shaoxing	Shengzhou Creating Century(嵊州創世紀), Shengzhou Mansion (嵊州學院府)	107,952.91	560,771.33	2,576.72
Hangzhou	Hangzhou Century (杭州世紀)	165,090.88	79,450.33	30,816.04
Ningbo	Fenghua Nanshan (奉化南山府)	17,902.19	30,861.63	8,772.53
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	16,277.70	218,881.45	911.79
Hangzhou	Hangzhou Lvcheng Wang Yin Yun Lu (杭州綠城望隱雲廬)	18,776.00	13,249.31	26,106.20
Hangzhou	Hangzhou Lvcheng Xi Xi Yun Lu (杭州綠城西溪雲廬)	7,740.39	5,787.82	27,278.95
Nanjing	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	30,499.94	39,684.08	12,129.86
Nanjing	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	14,790.00	23,229.81	9,464.35
Hangzhou	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	385,288.13	135,247.65	40,541.60
Hangzhou	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	55,810.50	33,986.60	24,703.96
Hangzhou	Hangzhou De Xin Yin Jiang Nan (杭州德信印江南)	11,907.13	10,578.62	16,579.62
Fuzhou	Fuzhou Wanke Zhen Ju Yuan (福州萬科臻麓園)	13,817.28	25,349.44	7,339.71
Hangzhou	Hangzhou Jin Di Yue Hong Wan (杭州金地悅虹灣)	151,100.14	93,711.48	22,949.96
Zhengzhou	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城—蘇派—1)	22,211.56	521,866.28	470.25
Fuzhou	Fuzhou Lan Sky (福州瀾天)	129,085.50	77,725.95	21,972.88
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	27,698.71	54,580.24	4,323.62
Hangzhou	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	85,459.17	73,344.12	16,004.79
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	1,875.14	36,188.99	713.65
Ganzhou	Ganzhou Rongxita (贛州榕璽台)	2,071.52	6,950.50	3,510.62
Fuyang	Hai Liang Xing Cheng(海亮•星城)	1,360.65	9,294.26	1,934.00

Region	Project name	Total land value of reserve (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuyang	Xingfu Li•East County (幸福里•東郡)	7,102.58	45,798.22	2,235.35
Fuyang	Xingfu Li•North County (幸福里•北郡)	10,375.09	59,122.54	2,190.22
Bengbu	Bengbu Hai Liang Xi Yuan(蚌埠海亮熙園)	666.71	4,495.88	1,691.38
Hefei	Tangning Mansion-Hefei (唐寧府-合肥)	18,445.59	13,955.40	18,155.55
Zhengzhou	Hailiang Time ONE (海亮時代 ONE)	28,114.34	123,948.76	3,284.25
Xi'an	Hai Liang De Wen Jun (海亮•德文郡)	24,282.22	94,601.43	2,545.62
Xi'an	Hailiang•Tangning Mansion (海亮•唐寧府)	10,148.95	69,759.35	1,960.03
Xi'an	Chang'an XiYue (長安熙悅)	685.61	18,416.41	445.76
Lanzhou	Lanzhou Xi'an Hua Fu (熙岸華府)	5,660.49	49,499.18	1,293.40
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	8,161.68	22,458.91	4,837.12
Hangzhou	Hangzhou Liwang NEO1 (杭州厘望 NEO1)	35,469.90	16,519.71	31,551.04
Jiaxing	Jiaxing Country Garden Chongde (嘉興碧桂園崇德府)	5,937.49	23,674.88	3,219.19
Jiaxing	Haining Lanting (海寧瀾庭)	28,266.30	54,696.41	7,199.70
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	18,635.40	45,581.96	5,599.13
Hangzhou	Hangzhou Xianghu Yuezhang (杭州湘湖悅章)	324,532.91	270,670.00	17,133.99
Huzhou	Anji Yuejiang (安吉悅江府)	5,165.91	24,263.33	2,985.69
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城—中喬—1)	21,280.30	379,280.49	722.41
Chengdu	Chengdu Lan Sky (成都瀾天)	20,765.26	70,286.31	4,200.01
Fuyang	Fuyang Lvdi Zifeng House (阜陽綠地紫峰公館)	4,634.42	33,587.20	1,695.69
Dongtai	Dongtai Project (東台項目)	3,024.34	14,557.81	2,761.11
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	6,890.40	40,823.11	2,102.04
Zhengzhou	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城—蘇派—2)	10,709.40	289,839.62	550.09
Qingdao	The Ocean Costal (青島海月星灣)	35,539.81	170,111.17	3,503.70
Fuzhou	Fuzhou Park Left Bank Project (福州公園左岸)	12,421.49	8,008.03	21,731.19
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	38,454.00	130,187.94	3,938.78
Fuyang	Fuyang Shangjun (阜陽上郡)	4,668.65	33,670.10	1,721.42
Shanghai	Shanghai Yangpu Lot (上海楊浦平涼地塊)	15,547.02	9,893.83	25,396.66
Fuzhou	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	2,222.50	3,971.15	7,686.59
Xi'an	Hai Liang • Yuchen (海亮•禦宸)	11,039.21	31,023.34	4,820.70
Hangzhou	Tianyang Oriental Residence (天陽東方邸)	40,473.71	33,196.01	17,161.86
Bengbu	Bengbu Golden Age (蚌埠黃金時代)	9,919.89	61,795.12	1,933.34
Zhengzhou	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城—德藍—1)	23,040.00	576,552.70	520.13
Zhengzhou	Zhengzhou Olympic Century-1 (鄭州奧體世紀—1)	25,528.52	153,418.49	2,263.60
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	62,301.47	43,503.80	19,235.00
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	31,996.11	22,984.35	21,211.47
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	12,882.38	21,112.74	8,215.74
Fuzhou	Changle Lanshan (長樂瀾山)	34,930.12	92,151.88	5,005.05
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	44,556.00	67,006.85	11,149.04
Jiangmen	Jiangmen Guoyue House (江門國樾府)	6,854.18	15,980.34	5,847.32



Region	Project name	Total land value of reserve (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hangzhou	Hangzhou Tianlang House (杭州天琅府)	62,377.68	47,563.40	19,432.86
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	36,237.00	88,345.40	6,094.93
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	19,866.00	30,679.01	8,499.93
Huzhou	Huzhou Rongjing Garden (湖州融璟園)	8,460.00	26,778.19	5,456.95
Jinhua	Tianyang River Mansion (天陽雲棲江境)	25,859.87	36,277.29	10,561.64
Tianjin	Tianjin Lanyue 3 (天津瀾悅3號)	33,092.70	35,279.69	13,000.90
Tianjin	Tianjin Lanyue 4 (天津瀾悅4號)	28,200.00	33,657.02	11,741.91
Changzhou	Changzhou Lanyue (常州瀾悅)	37,126.05	52,459.95	9,313.49
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	5,898.40	65,814.29	1,126.54
Hangzhou	Baolong Lin'an Project (寶龍臨安項目)	26,340.79	55,094.67	6,128.16
Fuzhou	Pingtian Lanchen (平潭瀾宸)	76,225.89	179,703.46	5,549.16
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	24,788.57	64,807.66	5,167.48
Fuyang	Fuyang Linquan Project (阜陽臨泉項目)	8,039.83	48,490.82	2,114.95
Wenzhou	Wenzhou Hai Yue Qing Feng (溫州海月清風)	52,350.48	100,985.23	7,490.88
Hangzhou	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	25,543.11	50,471.43	5,546.25
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	12,425.35	47,299.78	3,491.73
Zhengzhou	Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	86,235.54	272,505.50	3,166.61
Jiangmen	Jiangmen Mansion (江門學院府)	31,247.95	88,243.86	4,800.01
Wenzhou	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	28,220.68	31,850.31	13,003.51
Suzhou	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	28,841.50	54,640.28	6,842.72
Chengdu	Shui Nian River (水碾河)	12,224.23	12,298.15	13,500.35
Chengdu	Chengdu Ruilian (成都瑞聯)	17,370.89	19,247.69	14,300.05
Chongqing	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	33,679.37	52,003.74	9,599.94
Chongqing	Tan Zi Kou (灘子口)	6,184.26	9,558.50	9,255.27
Nantong	Nantong Lan Chen (南通瀾宸)	85,245.35	153,216.55	8,537.19
Fuzhou	Fuzhou CBD49 Lot (福州 CBD49地塊)	42,234.12	39,327.62	14,497.28
Suzhou	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	151,722.92	144,132.94	15,299.07
Shaoxing	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	48,358.02	85,749.26	7,943.48
Wenzhou	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	25,989.60	43,700.16	8,509.74
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	7,465.48	45,291.00	2,386.36
Chengdu	Chengdu Jinniu 16 mu (成都金牛16畝)	17,482.16	16,901.28	14,199.62
Nanjing	Nanjing 2019G87 (南京2019G87)	76,560.00	64,643.24	16,628.30
Nanjing	Nanjing 2019G94 (南京2019G94)	120,780.00	95,200.23	19,018.68
Suzhou	Kunshan Bacheng Lot (昆山巴城地塊)	16,847.42	30,183.77	5,581.61
Hangzhou	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	44,615.28	30,603.60	14,578.44
Zhengzhou	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	59,646.64	256,048.97	3,133.70
Taiyuan	Taiyuan Shi Guang Zhi Cheng-1 (太原時光之 城-1)	46,183.77	424,300.18	1,355.06

Region	Project name	Total land value of reserve (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城－中喬－2)	1,570.35	24,787.21	789.63
Zhengzhou	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城－蘇派－3)	1,538.25	27,479.60	751.07
Zhengzhou	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城－德藍－2)	15,375.00	306,505.59	717.12
Hangzhou	Hangzhou Zhanwang (杭州展望)	151,150.98	86,603.82	25,116.27
Quzhou	Quzhou Tianyang Lan'an Ming Mansion (衢州天陽瀾岸銘邸)	10,101.97	18,081.44	8,278.00
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	16,361.57	42,795.76	5,382.89
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	43,112.69	157,701.00	3,900.82
Wenzhou	Wenzhou Rongwang (溫州榮望)	25,851.88	48,570.21	7,203.36
Fuyang	Fuyang Yingzhou Project (阜陽穎州項目)	42,738.30	181,274.28	2,961.33
Lianyungang	Lianyungang Mansion (連雲港學院府)	43,699.50	148,965.38	3,998.99
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	93,700.00	92,309.10	14,196.97
Taiyuan	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	36,648.32	366,372.91	1,222.24
Taizhou	Taizhou Jiaojiang Project (台州椒江項目)	21,375.00	29,440.50	10,095.40
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	168,991.56	133,870.56	17,388.16
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	17,438.91	29,493.39	8,633.63
Hangzhou	Hangzhou Xingchuang Railway North Project (杭州星創鐵路北項目)	42,680.63	25,946.34	22,553.48
Fuyang	Fuyang Yingquan Project (阜陽穎泉項目)	17,097.75	57,089.75	3,854.35
Jiaxing	Tongxiang Project (桐鄉項目)	21,726.00	51,295.87	6,163.19
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	66,487.61	58,201.66	16,087.57
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	108,223.20	60,300.60	23,558.02
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	23,364.00	37,809.07	7,931.56
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	413,200.00	381,922.00	13,520.70
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	10,985.70	44,804.55	3,577.87
Neijiang	Neijiang Wanwei Project (內江萬為項目)	5,196.00	35,595.09	1,941.65
<b>Total</b>		<b>7,730,482.73</b>	<b>14,210,823.72</b>	<b>7,767.00</b>

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 2020.



## Financial review

### Revenue

For the six months ended 30 June 2020, the Group derived its revenue from (i) sales of properties in the PRC; (ii) construction services with 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
	2020	2019	
	<i>RMB'000</i>	<i>RMB'000</i>	
<b>Revenue</b>			
Sales of properties	<b>20,571,784</b>	26,212,469	-21.52%
Construction services	<b>263,046</b>	237,674	10.68%
Rental income and others	<b>231,181</b>	166,188	39.11%
<b>Total</b>	<b>21,066,011</b>	26,616,331	-20.85%

The revenue of the Group decreased by approximately 20.85% from RMB26,616.33 million for the six months ended 30 June 2019 to RMB21,066.01 million for the six months ended 30 June 2020. This decrease was mainly attributable to:

- (i) the decrease in the total GFA of properties delivered by the Group by 34.52% from 1,942,119 sq.m. for the six months ended 30 June 2019 to 1,271,770 sq.m. for the six months ended 30 June 2020;
- (ii) the increase in revenue from construction services by 10.68% from RMB237.67 million for the six months ended 30 June 2019 to RMB263.05 million for the six months ended 30 June 2020;
- (iii) the rental income decreased by 17.58% from RMB74.76 million for the six months ended 30 June 2019 to RMB61.62 million for the six months ended 30 June 2020. The others comprise mainly of revenue in consulting services and hotel operations. During the six months ended 30 June 2020, revenue from consulting services amounted to approximately RMB43.47 million and revenue from hotel operations of the Group was approximately RMB34.23 million.

Revenue generated from the sales of properties amounted to RMB20,571.78 million for the six months ended 30 June 2020. 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 2020:

	For the six months ended 30 June					
	2020	GFA	Average	2019	GFA	Average
Revenue	delivered	selling	Revenue	delivered	selling	price
(RMB	by the	price	(RMB	by the	price	(RMB/
million)	Group	(RMB/	million)	Group	(RMB/	sq.m.)
	(sq.m.)	sq.m.)		(sq.m.)	sq.m.)	
Hangzhou	4,569	193,729	23,584	15,715	595,495	26,390
Shanghai	2,747	41,818	65,689	415	13,531	30,670
Suzhou	1,694	72,920	23,231	—	—	—
Jiaxing	1,115	110,990	10,046	—	—	—
Shaoxing	1,097	128,314	8,549	—	—	—
Others	9,350	723,999	12,914	10,082	1,333,093	7,563
<b>Total</b>	<b>20,572</b>	<b>1,271,770</b>	<b>16,176</b>	<b>26,212</b>	<b>1,942,119</b>	<b>13,497</b>

#### *Cost of sales*

The Group's cost of sales decreased by 11.50% from RMB20,254.93 million for the six months ended 30 June 2019 to RMB17,925.60 million for the six months ended 30 June 2020. This decrease was mainly attributable to the decrease in the GFA of properties sold by the Group during the six months ended 30 June 2020.

#### *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 50.63% from RMB6,361.40 million for the six months ended 30 June 2019 to RMB3,140.41 million for the six months ended 30 June 2020.

The Group's gross profit margin decreased from 23.90% for the six months ended 30 June 2019 to 14.91% for the six months ended 30 June 2020, primarily due to different portfolios of properties being delivered in the first half of 2020 compared with the first half of 2019.

### *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 232.79% from RMB28.30 million for the six months ended 30 June 2019 to RMB94.18 million for the six months ended 30 June 2020.

### *Other gains*

The Group's other gains primarily include (i) gains from bond repurchase; and (ii) gains from financial assets at fair value through profit or loss and derivative financial instruments; and (iii) gain from disposal of a subsidiary and an associate. The Group's other gains increased by 617.56% from RMB46.70 million for the six months ended 30 June 2019 to RMB335.10 million for the six months ended 30 June 2020.

### *Selling and marketing costs*

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

The Group's selling and marketing costs decreased by 10.39% from RMB549.62 million for the six months ended 30 June 2019 to RMB492.51 million for the six months ended 30 June 2020, primarily due to a decrease in staff cost of the Group as a result of decreased sales activities.

### *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 7.22% from RMB743.92 million for the six months ended 30 June 2019 to RMB690.22 million for the six months ended 30 June 2020, primarily due to decrease in staff costs of the Group.

### *Fair value (losses)/gains on investment properties*

The decrease in fair value gains on investment properties by 223.90% from RMB78.69 million for the six months ended 30 June 2019 to RMB97.50 million in fair value losses for the six months ended 30 June 2020 was mainly due to the negative impact of COVID-19 and the sales price being restricted by government.

### *Finance costs*

Finance costs decreased by 11.87% from RMB312.44 million for the six months ended 30 June 2019 to RMB275.35 million for the six months ended 30 June 2020, primarily due to the decrease in non-capitalised interest expenses.

### *Finance income*

Finance income increased by 148.62% from RMB132.23 million for the six months ended 30 June 2019 to RMB328.75 million for the six months ended 30 June 2020, due to the increase in weighted average balance of term deposits.

### *Share of net profit of investments accounted for using the equity method*

The Group's share of net profit of investments accounted for using the equity method decreased by 85.07% from RMB923.03 million for the six months ended 30 June 2019 to RMB137.80 million for the six months ended 30 June 2020, primarily due to less delivery of properties from joint ventures during the six months ended 30 June 2020.

### *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 58.41% from RMB5,964.37 million for the six months ended 30 June 2019 to RMB2,480.67 million for the six months ended 30 June 2020.

### *Income tax expenses*

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

The Group's income tax expenses decreased by 65.97% from RMB2,454.49 million for the six months ended 30 June 2019 to RMB835.18 million for the six months ended 30 June 2020. Specifically, EIT (including deferred income tax) decreased by 37.98% from RMB1,317.26 million for the six months ended 30 June 2019 to RMB817.00 million for the six months ended 30 June 2020, and LAT decreased by 98.40% from RMB1,137.23 million for the six months ended 30 June 2019 to RMB18.18 million for the six months ended 30 June 2020.

The effective income tax rate of the Group for the six months ended 30 June 2020 was 35.14%, compared to 33.74% for the six months ended 30 June 2019. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profit of investments accounted for using the equity method and LAT).

### *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 54.09% from RMB1,978.63 million for the six months ended 30 June 2019 to RMB908.43 million for the six months ended 30 June 2020.

### *Profit for the Period attributable to non-controlling interests*

Profit for the Period attributable to non-controlling interests decreased by 49.50% from a profit of RMB1,459.61 million to a profit of RMB737.07 million. This decrease was primarily attributable to the recognition of revenue from sales of properties during the six months ended 30 June 2020 in the respective projects, which were jointly developed with non-controlling parties.

### **Financing activities**

#### *Issuance of US\$250,000,000 7.35% senior notes due 2023*

On 9 June 2020, the Company issued senior notes due in December 2023 with an aggregate principal amount of US\$250,000,000 (the “**Original 7.35% Senior Notes**”) on SGX-ST, bearing interest at a rate of 7.35% per annum payable semi-annually in arrears. The maturity date of the Original 7.35% Senior Notes is 15 December 2023. At any time and from time to time before the maturity date, the Company may at its option redeem the Original 7.35% Senior Notes, at a pre-determined redemption price.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the Original 7.35% Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 10 June 2020 and 17 June 2020 and the relevant offering memorandum.

#### *Issuance of additional US\$160,000,000 7.35% senior notes due 2023*

On 23 June 2020, the Company issued additional senior notes with an aggregate principal amount of US\$160,000,000 (to be consolidated and form a single series with the Original 7.35% Senior Notes) (the “**Consolidated 7.35% Senior Notes**”). The maturity date of the Consolidated 7.35% Senior Notes is 15 December 2023. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 7.35% Senior Notes, at a pre-determined redemption price.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the Consolidated 7.35% Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 10 June 2020, 17 June 2020, 24 June 2020 and 8 July 2020 and the relevant offering memorandum.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2020, the Group's net current assets amounted to RMB69,413.99 million (31 December 2019: RMB65,083.01 million). Specifically, the Group's total current assets increased by 2.49% from RMB191,489.97 million as at 31 December 2019 to RMB196,259.89 million as at 30 June 2020. The Group's total current liabilities increased by 0.35% from RMB126,406.96 million as at 31 December 2019 to RMB126,845.91 million as at 30 June 2020. The increase in the Group's total current assets was primarily attributable to the increase in amounts due from related parties by 53.72% from RMB5,654.60 million as at 31 December 2019 to RMB8,692.29 million as at 30 June 2020.

As at 30 June 2020, the Group had cash and bank balances of RMB31,259.61 million (31 December 2019: RMB34,308.57 million), total borrowings of RMB68,937.00 million (31 December 2019: RMB63,177.81 million) and weighted average effective interest rate for outstanding borrowings of 6.67% (including bank borrowings, trust and other borrowings, the domestic corporate bonds, senior notes and the ABS) (31 December 2019: 6.85%).

As at 30 June 2020, the aggregated issued amount of the domestic corporate bonds was RMB12,175.52 million, representing 17.66% of the total borrowings of the Group.

## **PLEDGE OF ASSETS**

As at 30 June 2020, the Group's borrowings were secured by the Group's assets of RMB44,763.90 million (31 December 2019: RMB43,318.48 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 RMB36,154.37 million as at 30 June 2020 (31 December 2019: RMB37,486.46 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 2020, the current ratio of the Group was 1.55 times (31 December 2019: 1.51 times). The increase of the Group's current ratio was mainly attributable to the increase of amounts due from related parties and other receivables.

### Gearing ratio

As at 30 June 2020, the gearing ratio of the Group was 0.91 (31 December 2019: 0.70), mainly due to the increase of borrowings. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the 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 15,896,500 shares at an aggregate consideration of HK\$125,370,340 (before expenses) on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") using internal resources.

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

Month of Shares repurchased 2020	Date of cancellation	Number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration paid (HK\$)
April	29 April 2020	12,440,000	8.24	7.82	99,756,620
May	3 July 2020	3,456,500	7.51	7.30	25,613,720
<b>Total</b>		<b>15,896,500</b>			<b>125,370,340</b>



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

Save as disclosed above, during the six months ended 30 June 2020, 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. 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**

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2020.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2020, the Group employed a total of 3,488 full-time employees (30 June 2019: 3,475 full-time employees). For the six months ended 30 June 2020, the staff cost recognised as expenses of the Group amounted to RMB623.28 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 2020, 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 2020, 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 2020.

## INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: 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](http://www.hkexnews.hk)) and the Company ([www.rongxingroup.com](http://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 2020.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Issuance of Senior Notes due 2024**

On 5 August 2020, the Company issued senior notes in the aggregated principal amount of US\$200,000,000 due in 2024 on SGX-ST, with an interest rate of 6.75% per annum payable semi-annually in arrears on 5 February and 5 August of each year, beginning on 5 February 2021.

For more details, please refer to the announcements of the Company dated 30 July 2020 and 7 August 2020.

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 aforesaid announcement.

### **Issuance of 2020 Domestic Corporate Bonds**

On 21 July 2020, the Company announced that Rongxin (Fujian) Investment Group Co., Ltd.\* (融信(福建)投資集團有限公司) (“**Rongxin**”), an indirect subsidiary of the Company established in the PRC, had lodged an application to the Shanghai Stock Exchange in the PRC to undertake public offering(s) of domestic corporate bonds to qualified investors with an aggregate principal amount of not more than RMB4.0 billion listed on the Shanghai Stock Exchange (the “**2020 Domestic Corporate Bonds**”). On 21 July 2020, the Shanghai Stock Exchange approved an application by Rongxin for the proposed public issuance of the first tranche of domestic corporate bonds with a face value of not exceeding RMB1.65 billion (the “**First Tranche of the Domestic Corporate Bonds**”). On 22 July 2020, Rongxin conducted a book-building exercise with qualified investors for the First Tranche of the Domestic Corporate Bonds. The First Tranche of the Domestic Corporate Bonds have a term of four years and five years, with an option for the Rongxin to adjust the coupon rate and a put option for investors at the end of the second and third year, respectively. The First Tranche of the Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

On 17 August 2020, Rongxin conducted a book-building exercise with qualified investors for the second tranche of the 2020 Domestic Corporate Bonds with a face value of not exceeding RMB1,300,000,000 (the “**Second Tranche of the Domestic Corporate Bonds**”). The Second Tranche of the Domestic Corporate Bonds have a term of four and five years, with an option for Rongxin to adjust the coupon rate and a put option for investors at the end of the second and third year, respectively. The Second Tranche of the Domestic Corporate Bonds will be listed on the Shanghai Stock Exchange.

For more details, please refer to the announcements of the Company dated 21 July 2020 and 14 August 2020.

Save as disclosed above, the Group has no other material events after the Period that is required to be disclosed subsequent to 30 June 2020 and up to the date of this announcement.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.rongxingroup.com](http://www.rongxingroup.com). The Company’s interim report for the six months ended 30 June 2020 will be despatched 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 2020

*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