

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2019**

#### **FINANCIAL HIGHLIGHTS**

- Total revenue amounted to RMB26,616.33 million, increased by 86.29% as compared with the six months ended 30 June 2018.
- Gross profit amounted to RMB6,361.40 million, increased by 51.97% as compared with the six months ended 30 June 2018.
- Profit for the period amounted to RMB3,509.88 million, increased by 55.75% as compared with the six months ended 30 June 2018.
- Core net profit attributable to owners of the Company amounted to RMB1,956.30 million, increased by 25.89% as compared with the six months ended 30 June 2018.
- Gearing ratio decreased by 26.77% from 1.05 as at 31 December 2018 to 0.77 as at 30 June 2019.

#### **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 (“**Ronshine China**” or the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”).

## Interim Condensed Consolidated Income Statement

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	5	<b>26,616,331</b>	14,287,533
Cost of sales		<b>(20,254,931)</b>	(10,101,640)
<b>Gross profit</b>		<b>6,361,400</b>	4,185,893
Selling and marketing costs		<b>(549,619)</b>	(428,225)
Administrative expenses		<b>(743,917)</b>	(620,746)
Fair value gains on investment properties		<b>78,687</b>	272,548
Other income and other gains		<b>74,998</b>	52,638
<b>Operating profit</b>		<b>5,221,549</b>	3,462,108
Finance income		<b>132,233</b>	134,612
Finance costs		<b>(312,444)</b>	(180,738)
Finance cost – net	6	<b>(180,211)</b>	(46,126)
Share of net profit of associates and joint ventures accounted for using equity method		<b>923,034</b>	535,084
<b>Profit before income tax</b>		<b>5,964,372</b>	3,951,066
Income tax expenses	7	<b>(2,454,492)</b>	(1,697,472)
<b>Profit for the period</b>		<b>3,509,880</b>	2,253,594
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>1,978,627</b>	1,523,912
Non-controlling interests		<b>1,459,612</b>	629,804
Holders of Perpetual Capital Instruments		<b>71,641</b>	99,878
		<b>3,509,880</b>	2,253,594
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic	8	<b>1.19</b>	1.02
– Diluted	8	<b>1.18</b>	1.00

## Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
<b>Profit for the period</b>	<b>3,509,880</b>	2,253,594
Other comprehensive income	—	—
<b>Total comprehensive income for the period</b>	<b>3,509,880</b>	<b>2,253,594</b>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>1,978,627</b>	1,523,912
Non-controlling interests	<b>1,459,612</b>	629,804
Holders of Perpetual Capital Instruments	<b>71,641</b>	99,878
	<b>3,509,880</b>	<b>2,253,594</b>

## Interim Condensed Consolidated Balance Sheet

		30 June 2019 <i>RMB'000</i> (Unaudited)	31 December 2018 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,678,846	1,447,648
Investment properties		12,580,000	12,031,700
Right-of-use assets		474,207	–
Land use rights		–	449,296
Intangible assets		6,483	7,516
Investments accounted for using equity method		6,095,342	7,697,952
Financial assets at fair value through profit or loss		633,301	802,087
Deferred tax assets		509,410	539,127
Total non-current assets		<u>21,977,589</u>	<u>22,975,326</u>
<b>Current assets</b>			
Properties under development		109,129,115	116,692,069
Completed properties held for sale		7,710,491	8,806,284
Contract assets		680,556	530,514
Trade and other receivables and prepayments	9	22,923,239	18,482,121
Amounts due from related parties		3,899,686	8,359,546
Prepaid taxation		2,765,588	2,602,357
Cash and bank balances		31,894,414	24,995,661
Total current assets		<u>179,003,089</u>	<u>180,468,552</u>
<b>Total assets</b>		<u><b>200,980,678</b></u>	<u><b>203,443,878</b></u>
<b>EQUITY</b>			
Share capital		15	14
Share premium		4,968,140	4,423,556
Other reserves		10,302,213	8,331,258
<b>Capital and reserves attributable to the owners of the Company</b>		<u><b>15,270,368</b></u>	<u><b>12,754,828</b></u>
Non-controlling interests		23,574,589	21,915,398
Perpetual Capital Instruments		936,253	948,132
<b>Total equity</b>		<u><b>39,781,210</b></u>	<u><b>35,618,358</b></u>

	<b>30 June 2019</b>	31 December 2018
<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>43,193,559</b>	37,709,817
Lease liabilities	<b>18,590</b>	–
Deferred tax liabilities	<b>2,167,333</b>	2,445,271
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>45,379,482</b>	40,155,088
	<hr/>	<hr/>
<b>Current liabilities</b>		
Borrowings	<b>19,157,509</b>	24,823,017
Lease liabilities	<b>14,719</b>	–
Contract liabilities	<b>63,110,698</b>	63,962,973
Trade and other payables	<b>22,613,530</b>	28,338,602
Amounts due to related parties	<b>5,323,614</b>	5,478,112
Current tax liabilities	<b>5,599,916</b>	5,067,728
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>115,819,986</b>	127,670,432
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>161,199,468</b>	167,825,520
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>200,980,678</b>	203,443,878
	<hr/>	<hr/>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2019 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 2018, 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**”).

## 2 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

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
HKAS 28 (Amendment)	Long-term investment in an Associate or Joint Venture
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015-2017 cycle	

Except for the impact of adoption of HKFRS16 set out in Note 3 below, 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 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of material	1 January 2020
HKFRS 3 (Amendment)	Definition of a business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
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 2020 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.

### 3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 3(b) below.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2018 reporting period. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

#### (a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

	<i>RMB'000</i>
Operating lease commitments as at 31 December 2018	57,977
Discounted using the lessee's incremental borrowing rate of the date of initial application	53,472
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	<u>(15,696)</u>
<b>Lease liability recognised as at 1 January 2019</b>	<b><u>37,776</u></b>
Of which are:	
Current lease liabilities	16,554
Non-current lease liabilities	21,222

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The land use rights are reclassified to right-of-use assets as of 30 June 2019 and 1 January 2019, respectively.

The recognised right-of-use assets mainly relate to properties and land use rights.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB487,072,000
- lease liabilities – increase by RMB37,776,000
- land use rights – decrease by RMB449,296,000

No significant impact on the Group's net profit after tax for the six months ended 30 June 2019 as a result of adoption of HKFRS 16.

**(a) Adjustments recognised on adoption of HKFRS 16 (continued)**

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 *Determining whether an Arrangement contains a Lease*.

**(b) The Group's leasing activities and how these are accounted for**

The Group leases only offices for long-term contracts. Rental contracts are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



**(b) The Group's leasing activities and how these are accounted for (continued)**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets consist of properties and land use rights.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**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 People's Republic of China (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 2019 (six months ended 30 June 2018: same).

As at 30 June 2019, the total 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 2018: 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 2019 (six months ended 30 June 2018: same).

## 5 REVENUE

Revenue of the Group for the six months ended 30 June 2019 is as follow:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</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>26,212,469</b>	14,001,718
Revenue from construction services, hotel operations and others:		
– Recognised at a point in time	<b>91,429</b>	73,827
– Recognised over time	<b>237,674</b>	148,146
Revenue from other sources – rental income	<b>74,759</b>	63,842
	<b><u>26,616,331</u></b>	<b><u>14,287,533</u></b>

## 6 FINANCE COST – NET

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Finance income		
– Net foreign exchange gains	<b>(12,946)</b>	–
– Interest income from bank deposits	<b>(119,287)</b>	(134,612)
	<b><u>(132,233)</u></b>	<b><u>(134,612)</u></b>
Finance costs		
– Net foreign exchange losses	–	170,586
– Borrowing expenses	<b>2,652,371</b>	2,757,392
– Less: capitalised interest	<b>(2,339,927)</b>	(2,747,240)
	<b><u>312,444</u></b>	<b><u>180,738</u></b>
Finance cost – net	<b><u>180,211</u></b>	<b><u>46,126</u></b>

## 7 INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
PRC corporate income tax	1,565,480	948,817
Land appreciation tax ("LAT")	1,137,233	795,467
	<u>2,702,713</u>	<u>1,744,284</u>
Deferred income tax:		
PRC corporate income tax	(248,221)	(46,812)
	<u>2,454,492</u>	<u>1,697,472</u>

### PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2019 and 2018, 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. 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.

## Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2019 (six months ended 30 June 2018: 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 2019 (six months ended 30 June 2018: 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.

## 8 EARNINGS PER SHARE

### (a) 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 2019 and 2018.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company ( <i>RMB'000</i> )	1,978,627	1,523,912
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	1,658,147	1,500,188
Basic earnings per share ( <i>RMB per share</i> )	1.19	1.02

### (b) 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	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company ( <i>RMB'000</i> )	1,978,627	1,523,912
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	1,658,147	1,500,188
Adjustments – share options and awarded shares ( <i>in thousand</i> )	13,081	21,144
Weighted average number of ordinary shares for diluted earnings per share ( <i>in thousand</i> )	1,671,228	1,521,332
Diluted earnings per share ( <i>RMB per share</i> )	1.18	1.00

## 9 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>Trade receivables (note (a))</b>	<b>48,737</b>	59,580
<b>Notes receivable</b>	<b>3,944</b>	–
<b>Other receivables</b>		
– Amounts due from minority shareholders	<b>6,376,004</b>	6,503,833
– Deposits for acquisition of land use rights and property development projects	<b>2,491,584</b>	871,281
– Receivables from local governments	<b>100,000</b>	100,000
– Deposits for construction contracts	<b>50,000</b>	50,000
– Others	<b>1,380,495</b>	858,387
	<b>10,398,083</b>	8,383,501
<b>Prepayments</b>		
– Prepayments for acquisition of land use rights	<b>7,384,389</b>	4,635,286
– Prepaid value added tax, business tax and other taxes	<b>4,966,291</b>	5,149,216
– Others	<b>121,795</b>	254,538
	<b>12,472,475</b>	10,039,040
<b>Trade and other receivables and prepayments</b>	<b>22,923,239</b>	18,482,121

- (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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	<b>45,189</b>	55,190
Over one year	<b>3,548</b>	4,390
	<b>48,737</b>	59,580

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 2019, the Group's trade and other receivables were mainly denominated in RMB (31 December 2018: same). As at 30 June 2019, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2018: same).

## 10 TRADE AND OTHER PAYABLES

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Trade payables ( <i>Note (a)</i> )	<b>8,806,586</b>	8,423,760
Note payables	<b>443,242</b>	1,064,455
Other payables:		
– Amounts due to non-controlling interests	<b>7,995,569</b>	11,913,987
– Other taxes payable	<b>1,229,917</b>	3,496,506
– Interests payable	<b>692,328</b>	776,048
– Deposits received for sales of properties	<b>644,815</b>	662,059
– Dividend payable	<b>552,645</b>	–
– Deposits from contractors and suppliers	<b>465,152</b>	399,443
– Accrued payroll	<b>117,692</b>	242,805
– Others	<b>1,665,584</b>	1,359,539
	<b><u>22,613,530</u></b>	<b><u>28,338,602</u></b>

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

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within one year	<b>6,668,977</b>	6,470,999
Over one year	<b><u>2,137,609</u></b>	<b><u>1,952,761</u></b>
	<b><u>8,806,586</u></b>	<b><u>8,423,760</u></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.

## 11 DIVIDEND

The 2018 final dividend of HK\$0.365 per ordinary share, totalling HK\$584,460,000 (equivalent to approximately RMB552,645,000), was approved by the shareholders at the annual general meeting held on 5 June 2019 and will be paid on 31 August 2019. The Board resolved not to declare the payment of interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

## OVERVIEW AND OUTLOOK

### Market and business review

During the first half of 2019, the state continued to implement the general requirements of “housing is for living in, not for speculation” and strictly implemented regulatory policies on the real estate market. According to statistics of Centaline Property Research Centre, in the first six months of this year, there were 251 newly issued national real estate regulatory policies, up by 31% as compared with the same period of last year. In June 2019 alone, China issued more than 46 real estate regulatory policies. Under the strict regulatory policies, the sales amount of commodity housing in China was stable with a downward trend. According to the data of the National Bureau of Statistics, from January to May 2019, the sales area of commercial housing was 555.18 million sq.m., down by 1.6% as compared with the same period of last year, which was 1.3 percentage points higher than the decrease of January to April 2019. The sales of commercial housing was RMB5,177.3 billion, up by 6.1% as compared with the same period of last year, which was down by 2 percentage points lower than the increase of January to April 2019.

Under the backdrop of the returning of the real estate industry to the nature of “residential”, and “quality” becoming the new mainstream, the Group continued to uphold the vision of “become a property developer leader with quality and a service provider for an ideal life” by shaping cities with good quality and adhering to the keynote of stable growth. With the implementation of the strategies of “focus, balance and alliance with giants” and under the precise control of market cycle and the persistence of product quality, the Group regarded steadily increasing profitability and lowering leverage as its primary goals during the first half of 2019, and delivered a result of growing profitability and optimized capital structure.

Following the achievement of the strategic objective of contracted sales of RMB100 billion in 2018, Ronshine China maintained steadily rising profit indicators in the first six months of 2019. As at 30 June 2019, the Group recorded a revenue of RMB26.62 billion, an increase of 86.29% as compared with the same period of last year; a gross profit of RMB6.36 billion, an increase of 51.97% as compared with the same period of last year; and a net profit of RMB3.51 billion, an increase of 55.75% as compared with the same period of last year. During the Period, the Group record a contracted sales of RMB56.7 billion, a contracted gross floor area (“GFA”) of 2.82 million sq.m. and an average contracted sales price of RMB20,100 per sq.m. In terms of regional sales, the Group continued to maintain its leading position in Hangzhou and Fuzhou, reflecting clearly its regional competitive strength. According to China Real Estate Information Corporation, the Group ranked the first in terms of sales and GFA in Fuzhou and ranked the second in terms of equity sales in Hangzhou in the first half of 2019.

As a property developer with contracted sales of RMB100 billion, the Group, with great vision, possesses insights into the trends of city development and property development, and seized the opportunities to invest in two featured development modes of urban renewal and transit-oriented development (“**TOD**”) which is a comprehensive public transit-oriented urban development mode. With nearly 10 years of experience in urban renewal development, Ronshine China has developed representative properties such as Show Kingdom (世歐王莊) in Fuzhou, The Twin Harbour City (雙杭城) and China Legend (海月江潮) through carrying out high quality urban village renewal and old city reconstruction projects. While accumulating experience in urban renewal, the Group actively expended in Central China and participated in local renovation of shanty towns and old city reconstruction through the interaction of primary land development and secondary land development in Zhengzhou and Taiyuan. Representative properties including Zhengzhou Olympic Century (鄭州奧體世紀) have been developed.

Ronshine China believes that TOD property development mode is the general trend in the future. With maturing urbanization development, policies that encourage TOD mode have been introduced in many places. According to the “Middle and Long-term Development Plan for Comprehensive Traffic Network in Shandong Province (2018-2035)” (《山東省綜合交通網中長期發展規劃(2018-2035年)》), Qingdao will continue to promote the construction of urban rail traffic network characterizing “One ring with four lines, three districts with three networks and interconnection among networks (一環四綫、三城三網、網間互聯)”, with a view to achieving interwoven main lines and the connection of branch lines as soon as possible. The Group captured market opportunities to establish its first presence in Shandong Peninsula in November last year, and introduced Ronshine Xifa Ocean Coastal (融信西發·海月星灣) as the first of its property project in Qingdao. Ocean Coastal put forward the concept of “city suture (城市縫合)”, which aims to build a landmark with potentials for the new center of Qingdao with Ronshine Xifa Coastal Complex (融信西發濱海綜合體) at its core through establishing a seashore living community.

Satisfactory results have been achieved while establishing our first presence in Shandong. Shandong Peninsula urban agglomerations have been added into our previous eight core urban agglomerations and the Group has implemented its latest strategies in relation to the nine core urban agglomerations, including the west coast of the Straits, the Yangtze River Delta, middle reaches of the Yangtze River, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Zhongyuan (Central Plain), Chengdu and Chongqing Region, Northwest China and Shandong Peninsula urban agglomerations. Adhering to the strategy of rooting in the core first-and-second tier cities, the Company proactively expanded from the cities with existing business presence to surrounding satellite cities with obvious spillover demand, net inflows of population and emerging industries, and focused on creating innovative city projects of high quality, which have laid a solid foundation for stable and fast growth in the future.



In respect of land reserve, the Group adopted the principle of prudent land purchase. The Group accurately grasped the market cycle during the Period and purchased many high-quality land parcels at a low premium rate. At the same time, the projects in Zhengzhou and Taiyuan were gradually about to enjoy their harvest, which also brought abundant land reserve to the Group. In June 2019, Ronshine China won the residential land of Zhengzhou High-tech Zone with a total GFA of 574,870 sq.m. at the initial bidding price.

Looking forward, the Group will replenish its land reserve through diversified channels such as bidding auction, listing, co-development, mergers and acquisitions, and first- and second-level linkages. In the first half of this year, the Group newly added 23 land projects with an additional GFA of 4,208,148 sq.m. As of 30 June, 2019, there were 177 projects in 43 cities, with the total GFA of land reserve reaching 26.54 million sq.m.

Since the beginning of this year, Ronshine China has accurately grasped the opportunity in the capital market to optimize its debt structure, moderately extending the debt period and reducing financing costs which have achieved stage results recently. In February 2019, the Group completed the swap of US\$390 million senior note to extend the debt period. In April 2019, the Group placed 108,000,000 shares to increase its share capital, and 60 institutional investors such as long-term funds, asset management companies, insurance companies and hedge funds were involved. In the same month, the Group successfully issued the 3.5-year senior notes with a coupon rate of 8.75%, which was the US dollar debt issued with the longest term and at the lowest interest rate for years. In June 2019, the Group redeemed private corporate bonds with principal amount of RMB1.75 billion in advance and repurchased and cancelled US\$64.95 million 8.25% senior notes due 2021.

With the optimization of capital structure, the lowering leverage measures have achieved remarkable results, and the Group has been recognized by international credit rating agencies. In April 2019, Moody's Investors Service, Inc. raised the Company's main rating from "B2" to "B1" while the outlook remained "stable". At the same time, S&P Global Ratings raised outlook rating from "stable" to "positive" and confirmed that the Company's long-term issuer's credit rating is "B".

The rapid growth, increasing capital market identification and huge potential of the Group have drawn the attention and recognition of the industry and investors. The Group won the "2018 Most Valuable Real Estate Company of Golden Hong Kong Stocks" award in January 2019, and ranked fifth in the "2019 China Top 100 Real Estate Developers – Growth Enterprises TOP 10" organized by the China Index Academy and 24th in the "2019 China Top 100 Real Estate Developers" in March 2019. The Group adhered to the establishment of high-quality projects. With the rapid and stable development, the Group ranked 21st in the "China's Top 500 Real Estate Developers in 2019" as well as sixth in the "2019 China Top 10 Comprehensive Developments of Real Estate Enterprises" in the same month.

## **Prospects**

Looking forward, the Group will adhere to its vision of “become a property developer leader with quality and a service provider for an ideal life”, make unremitting efforts to improve the quality of urban living and promote the well-being of the livelihood. Through diversified development capabilities, we will deeply cultivate the existing nine core urban agglomerations, prudently acquire the land, grasp the investment opportunity, actively pursue the core business, and continuously promote the optimization and upgrading of enterprises. The Group has conscientiously fulfilled more corporate social responsibility and insisted on developing as a real estate developer with high-speed quality growth in China.

In the second half of 2019, the Group will newly launch 19 projects into the market, and the sales level is expected to increase, steadily achieving the annual contract sales target of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of operating results

	For the six months ended 30 June		Change in percentage
	2019	2018	
<b>Contracted sales</b>			
Contracted sales amount ( <i>RMB'000</i> ) <sup>(Note 1)</sup>	<b>56,677,994</b>	54,531,296	3.94%
Contracted gross floor area ( <i>sq.m.</i> )	<b>2,819,800</b>	2,537,101	11.14%
Average unit price of contracted sales ( <i>RMB/sq.m.</i> )	<b>20,100</b>	21,494	-6.49%
<b>Property delivered</b>			
Revenue from delivery of properties ( <i>RMB'000</i> )	<b>26,212,469</b>	14,001,718	87.21%
Delivered gross floor area ( <i>sq.m.</i> )	<b>1,942,119</b>	807,820	140.41%
Recognised average selling price of properties delivered ( <i>RMB/sq.m.</i> )	<b>13,497</b>	17,333	-22.13%
<b>Revenue</b> ( <i>RMB'000</i> )	<b>26,616,331</b>	14,287,533	86.29%
<b>Cost of Sales</b> ( <i>RMB'000</i> )	<b>(20,254,931)</b>	(10,101,640)	100.51%
<b>Gross profit</b> ( <i>RMB'000</i> )	<b>6,361,400</b>	4,185,893	51.97%
<b>Other income and other gains</b> ( <i>RMB'000</i> )	<b>74,998</b>	52,638	42.48%
<b>Profit before income tax</b> ( <i>RMB'000</i> )	<b>5,964,372</b>	3,951,066	50.96%
<b>Profit for the period</b> ( <i>RMB'000</i> )	<b>3,509,880</b>	2,253,594	55.75%
– attributable to owners of the Company ( <i>RMB'000</i> )	<b>1,978,627</b>	1,523,912	29.84%
– attributable to non-controlling interests ( <i>RMB'000</i> )	<b>1,459,612</b>	629,804	131.76%
– attributable to holders of Perpetual Capital Instruments ( <i>RMB'000</i> )	<b>71,641</b>	99,878	-28.27%
Core net profit contributable to owners of the company ( <i>RMB'000</i> ) <sup>(Note 2)</sup>	<b>1,956.30</b>	1,553.94	25.89%
Gross profit margin <sup>(Note 3)</sup>	<b>23.9</b>	29.3	-18.42%
Net profit margin <sup>(Note 4)</sup>	<b>13.2</b>	15.8	-16.46%

	As at 30 June 2019	As at 31 December 2018	Change in percentage
Total assets ( <i>RMB'000</i> )	<b>200,980,678</b>	203,443,878	-1.21%
Total liabilities ( <i>RMB'000</i> )	<b>161,199,468</b>	167,825,520	-3.95%
Total equity ( <i>RMB'000</i> )	<b>39,781,210</b>	35,618,358	11.69%
Capital and reserve attributable to owners of the Company ( <i>RMB'000</i> )	<b>15,270,368</b>	12,754,828	19.72%
Current ratio ( <i>Note 5</i> )	<b>1.55</b>	1.41	9.93%
Gearing ratio ( <i>Note 6</i> )	<b>0.77</b>	1.05	-26.67%

*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 less the fair value gains on investment properties (after income tax), fair value gains on the remeasurement of a joint venture recognized in other income and other gains – net and net foreign exchange gains, and plus net foreign exchange losses 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 2019, the Group and its joint ventures and associates achieved contracted sales of RMB56,677.99 million, representing a growth of 3.94% compared with RMB54,531.29 million for the six months ended 30 June 2018. This increase was mainly attributable to the increase in the total GFA of the Group's (include its joint ventures and associates) contracted sales by 11.14% from 2,537,101 sq.m. for the six months ended 30 June 2018 to 2,819,800 sq.m. for the six months ended 30 June 2019.

The amount of the Group's (include its joint ventures and associates) contracted sales in Hangzhou, Fuzhou, Shanghai, Nanjing, Zhengzhou, Zhangzhou, Fuyang, Xiamen, Xi'an, accounted for (i) 35.80%, 11.74%, 11.04%, 6.16%, 4.04%, 4.01%, 3.40%, 2.13% and 1.83% of the Group's (include its joint ventures and associates) total contracted sales amount for the six months ended 30 June 2019, respectively, and (ii) 18.73%, 8.76%, 6.27%, 5.49%, 6.59%, 5.38%, 9.86%, 1.27% and 3.23% of the Group's (include its joint ventures and associates) total GFA of contracted sales for the six months ended 30 June 2019, respectively. The following table sets forth details of the contracted sales of the Group (include its joint ventures and associates) for the six month ended 30 June 2019:

	<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	20,288	35.80	528,146	18.73	38,413.62
Fuzhou	6,655	11.74	247,142	8.76	26,927.84
Shanghai	6,256	11.04	176,854	6.27	35,373.81
Nanjing	3,491	6.16	154,732	5.49	22,561.59
Zhengzhou	2,287	4.04	185,790	6.59	12,309.60
Zhangzhou	2,275	4.01	151,838	5.38	14,983.07
Fuyang	1,928	3.40	278,063	9.86	6,933.68
Xiamen	1,206	2.13	35,748	1.27	33,736.15
Xi'an	1,040	1.83	91,162	3.23	11,408.26
Others	11,252	19.85	970,325	34.42	11,596.11
<b>Total</b>	<b>56,678</b>	<b>100.00</b>	<b>2,819,800</b>	<b>100.00</b>	<b>20,100.01</b>

### Projects completed

For the six months ended 30 June 2019, the Group (include its joint ventures and associates) completed a total of 16 projects or phases of projects, with total GFA of 4,622,916 sq.m. (2,316,578 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

### Projects under construction

As at 30 June 2019, the Group (include its joint ventures and associates) had a total of 87 projects or phases of projects under construction, with total planned GFA of 16,712,874 sq.m. (8,315,012 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

### Land reserve

During the six months ended 30 June 2019, there were a total of 23 newly acquired land parcels with a total GFA of 4,208,148 sq.m. (2,297,981 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 RMB6,451 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's (include its joint ventures and associates) newly acquired land parcels during the six months ended 30 June 2019:

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.)
Suzhou	Suzhou Gusu 45 Lot (蘇州姑蘇45地塊)	22/2/2019	26,931	79,909	40,254	1,309	659	19,436
Hangzhou	Gouzhuang 8 Lot (勾莊8號)	20/3/2019	18,703	62,696	22,984	873	320	21,211
Wenzhou	Leqing Lot (樂清地塊)	22/3/2019	31,677	85,304	21,113	521	129	8,216
Fuzhou	Changle 2019-5 Lot (長樂2019-5地塊)	29/3/2019	125,737	319,742	108,712	1,202	409	5,005
Chongqing	Chongqing Huixing Lot (重慶回興地塊)	10/4/2019	37,791	95,048	68,112	632	453	11,149
Jiangmen	Jiangmen Jianghai 02 Lot (江門江海02地塊)	10/4/2019	30,231	102,529	33,835	442	146	5,847
Hangzhou	Xiaoshan Beigan A47 Lot (蕭山北幹A47地塊)	12/4/2019	25,811	103,264	48,541	1,354	637	19,433
Huzhou	Huzhou Caotian 1 Lot (湖州草田漾1地塊)	7/5/2019	70,277	186,456	93,228	771	386	6,095
Wenzhou	Wenzhou Cangnan Lot (溫州蒼南地塊)	8/5/2019	44,518	116,872	39,737	757	257	8,500
Huzhou	Huzhou Caotian 4 Lot (湖州草田漾4地塊)	22/5/2018	48,508	120,000	60,000	450	225	5,457
Jinhua	Jinhua Qingzhao Road Lot (金華清照路地塊)	15/5/2019	40,891	79,403	38,907	561	275	10,562
Tianjin	Tianjin Dongli District 03 Lot (天津東麗區03地塊)	22/5/2019	34,369	54,228	27,114	705	353	13,001
Tianjin	Tianjin Dongli District 04 Lot (天津東麗區04地塊)	22/5/2019	27,184	51,099	25,550	600	300	11,742
Changzhou	Changzhou 1104 Lot (常州1104地塊)	29/5/2019	19,278	56,120	56,120	395	395	9,313
Zhangzhou	Changtai Yintai Road Lot (長泰銀泰路地塊)	12/6/2019	24,000	81,500	75,819	73	68	1,127
Hangzhou	Lin'an Tianmu Pharmacy Harbor 24 Lot (臨安天目醫藥港24地塊)	14/6/2019	37,328	133,070	65,204	572	280	6,128
Fuzhou	Pingtang 2019-G029 Lot (平潭2019-G029地塊)	18/6/2019	66,431	190,561	190,561	811	811	5,549
Jiujiang	Jiujiang Mung Gulf (九江綠豆灣)	11/6/2019	67,374	182,130	86,512	696	331	5,167
Fuyang	Fuyang Linquan 2 Lot (阜陽臨泉2地塊)	13/5/2019	92,156	235,850	64,859	384	106	2,083

City	Project name	Date of acquisition	Site area	Total GFA	Company interested	Land cost	Total land cost	Average land cost
							attributable to the owners of the Company	
			(sq.m.)	(sq.m.)	(sq.m.)	(RMB million)	(RMB million)	(RMB/sq.m.)
Wenzhou	Wenzhou Leqing Zhongneng Lot (溫州樂清中能地塊)	27/6/2019	134,979	347,682	106,391	1,820	557	7,491
Hangzhou	Lin'an Tianmu Pharmacy Harbor 30 Lot (臨安天目醫藥港30地塊)	24/6/2019	57,103	209,498	52,375	823	206	5,546
Shaoxing	Shengzhou Library Lot (嵊州圖書館地塊)	26/6/2019	19,403	740,317	678,871	136	124	3,492
Zhengzhou	Zhangwuzhai Lot (張五砦學院府)	4/6/2019	199,775	574,870	293,184	1,819	928	3,531
Total			1,280,454	4,208,148	2,297,981	17,706	8,353	6,451

As at 30 June 2019, the total GFA of the Group (include its joint ventures and associates) land reserve was 26.5 million sq.m., among which, 3.6 million sq.m. were completed properties held for sale, 16.7 million sq.m. were under construction, and 6.2 million sq.m. were held for future development.

As at 30 June 2019, the cost per sq.m. of the Group (include its joint ventures and associates) land reserve was RMB6,365, of which, 59.63% 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 development with quality.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2019:

Region	Project name	Total	Total GFA	Average cost
		land value of reserve <i>(RMB'0,000)</i>	of reserve <i>(10,000 sq.m.)</i>	per sq.m. <i>(RMB/sq.m.)</i>
Zhoushan	Zhoushan 2017-007 Lot (2017-007地塊)	27,698.71	5.46	4,323.62
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	95,924.08	21.78	6,189.33
	Chongqing Huixing Lot (重慶回興地塊)	45,289.12	6.81	11,149.04
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	26,900.40	21.85	1,506.82
	Hailiang time ONE (海亮時代ONE)	28,494.26	12.56	3,284.25
	Xinyang Yijiangnan Lot (滎陽市憶江南地塊)	22,211.56	176.67	565.30



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.)
Zhenjiang	Zhengzhou Delan Lot (鄭州德蘭地塊)	11,750.40	29.40	520.13
	Zhengzhou Olympic Century (鄭州奧體世紀)	21,392.87	15.63	1,824.13
	Zhangwuzhai Lot (張五砦學院府)	92,779.20	29.32	3,530.75
Zhenjiang	Jurong 2017-J10-2-02 Lot (句容2017-J10-2-02號地塊)	8,161.68	2.25	4,837.12
Zhangzhou	Zhangzhou Wanke City (漳州萬科城)	15,942.40	10.94	1,773.17
	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	148,848.00	17.59	10,897.04
Yinchuan	Changtai Yintai Road Lot (長泰銀泰路地塊)	6,791.19	7.58	1,126.54
	Binhe No.1 Project (濱河壹號)	6,509.80	14.13	529.80
	Haimao No.1 Project (海茂壹號院)	3,719.44	3.59	1,319.04
Xi'an	Shiyuefu Project (世悅府)	9,413.10	10.04	1,280.77
	Hai Liang De Wen Jun (海亮 • 德文郡)	24,282.22	9.46	2,545.62
	Hai Liang Tang Ning Fu (海亮 • 唐寧府)	10,148.95	6.98	1,960.03
Wenzhou	Hai Liang Xi Yue (海亮熙悅)	788.48	2.12	445.76
	Hailiang • Yuchen (海亮 • 禦辰)	12,320.55	3.46	4,820.70
	Leqing Lot (樂清地塊)	12,882.38	2.11	8,215.74
	Wenzhou Cangnan Lot (溫州蒼南地塊)	25,731.20	3.97	8,499.93
	Wenzhou Leqing Zhongneng Lot (溫州樂清中能地塊)	55,692.00	10.64	7,490.88
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	3,178.20	6.13	713.65
Tianjin	Tianjin Jinghai Lot (靜海2013-92號地塊)	97,744.67	14.74	8,237.63
	Tianjin Jinnan Lot (津南2016-06號地塊)	99,967.73	9.77	12,959.16
	Tianjin Dongli District 03 Lot (天津東麗區03地塊)	35,250.00	2.71	13,000.90
	Tianjin Dongli District 04 Lot (天津東麗區04地塊)	30,000.00	2.55	11,741.91
Suzhou	Kunshan Project (昆山(2016)2-4地塊)	135,150.00	13.56	13,573.43
	Suzhou Tang Ning Fu (唐寧府)	87,936.75	7.74	15,992.52
	Suzhou Gusu 45 Lot (蘇州姑蘇45地塊)	65,918.71	4.03	19,435.96
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	142,043.30	73.73	2,576.72
	shengzhou Library Lot (嵊州圖書館地塊)	12,425.35	67.89	3,491.73
Shanghai	Imperial Villa (融信鉅灣)	7,921.32	1.13	11,396.29
	Shanghai Huacao Lot I (KaiYU) (閔行區華漕鎮 MHPO-1402 單元41-02地塊 (愷譽))	7,516.55	1.67	6,165.40
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮 MHPO-1402 單元35-01地塊 (愷日))	4,448.40	0.76	6,017.86
	Shanghai Huacao Lot III (Kaichong) (閔行區 華漕鎮 MHPO-1402 單元36-01地塊 (愷崇))	2,347.80	0.36	6,098.18
	Shanghai Huacao Lot IV (Kaichang) (閔行區 華漕鎮 MHPO-1402 單元42-01地塊 (愷暢))	6,602.40	1.21	6,100.91
	Platinum (融信鉅爵)	20,491.80	2.15	15,408.81
	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	550,500.00	6.10	100,090.91



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 Qingpu Lot (青浦36-01地塊)	59,788.04	3.86	21,610.30
	Xinjiangwan City (新江灣城)	157,750.00	4.59	52,839.87
	Yangpu 02B1-06 Lot (楊浦區平涼社區02B1-06地塊)	15,667.06	0.99	25,592.76
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400.00	18.54	23,207.05
	Xiamen Tongan Lot (同安2017P01地塊)	68,556.00	3.73	31,520.00
Quzhou	Quzhou 2017(4) Lot (衢州(2017)4號地塊)	66,359.25	8.28	10,456.51
Qingdao	The Ocean Costal (Qingdao West Coast Center) (海月星灣 (青島西海岸中心))	35,539.81	17.01	3,503.70
Putian	Putian Xibai Lot (溪白村2017-04地塊)	81,990.15	10.88	10,032.19
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	17,902.19	3.09	8,772.53
	Jiepai 3# Lot (界牌3#地塊 慈溪市古塘街道)	18,635.40	4.56	5,599.13
Nantong	Nantong Yue Rong Shu (悅榕墅)	2,963.86	0.74	4,665.27
Nanjing	Nanjing 2016G58 Lot (南京仙林2016G58地塊 一融築儒林花園)	178,067.56	10.21	24,957.12
	Nanjing Jiulonghu Project (南京九龍湖NO. 2016G73地塊)	53,700.00	35.09	2,514.78
	Nanjing Jiangning Lot (江寧2017G02地塊)	85,759.00	8.98	12,842.08
	Nanjing 2017G31 Lot (NO.2017G31地塊)	30,499.94	3.97	12,129.86
	Nanjing 2017G36 Lot (NO.2017G36地塊)	85,000.00	13.35	9,464.35
Mengcheng	Mengcheng 2018-6 Lot (蒙城縣2018-6號地塊)	6,890.40	4.09	2,102.04
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	18,546.66	7.46	3,146.94
Lu'an	Luan 2017-14 Lot (六出2017-14號地塊)	15,714.70	8.66	1,984.46
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	22,760.10	18.50	1,545.70
	Lanzhou Xi'an Hua Fu (熙岸華府)	5,693.79	4.98	1,293.40
Jiujiang	Jiujiang Mung Gulf (九江綠豆灣)	33,074.64	8.65	5,167.48
Jinhua	Jinhua 2017-07 Lot (金華2017-07地塊一)	70,895.53	7.78	12,550.00
	Jinhua Qingzhao Road Lot (金華清照路地塊)	27,510.50	3.89	10,561.64
Jiangmen	Jiangmen Jianghai 02 Lot (江門江海02地塊)	14,583.36	3.38	5,847.32
Jiaxing	Tongxiang 2017-52 Lot (桐土儲[2017]52號地塊)	8,859.98	3.53	3,219.19
	Haining 2018-004 Lot (海土字(2018)004號地塊)	49,590.00	9.60	7,199.70
Huzhou	Anji Development Zone (安吉開發區)	5,165.91	2.43	2,985.69
	Huzhou Caotian 1 Lot (湖州草田漾1地塊)	38,550.00	9.32	6,094.93
	Huzhou Caotian 4 Lot (湖州草田漾4地塊)	22,500.00	6.00	5,456.95
Hefei	Tangning Mansion(唐寧府)	18,446.52	1.40	18,155.55
Hangzhou	Hangzhou Wocheng Project (杭州臥城地塊一天麓府)	2,730.20	0.77	5,112.55
	Hangzhou Normal University Lot (杭師大地塊)	43,996.81	2.88	25,717.10

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.)
	Lan Sky (融信 • 瀾天)	16,416.00	4.38	5,739.46
	Jingkai Project (經開地塊)	14,381.24	1.39	16,001.87
	Hangzhou Yuhang Lot (余杭2016(48)號地塊)	65,706.00	6.12	16,720.79
	Hangzhou Jingjiang Lot (靖江花神廟地塊)	43,083.27	6.13	5,100.74
	Hangzhou Xiaoshan Lot(蕭山2017-1號地塊)	197,904.88	9.52	30,816.04
	Hangzhou 2016-35 Lot (杭政儲出(2016)35號)	18,776.00	1.32	26,106.20
	Hangzhou 2016-44 Lot (杭政儲出(2016)44號)	8,897.00	0.67	27,278.95
	Hangzhou 2017-44 Lot (杭政儲出(2017)44號)	385,288.13	13.52	40,541.60
	Hangzhou 2017-42 Lot (杭政儲出(2017)42號)	55,810.50	3.40	24,703.96
	Hangzhou 2017-14 Lot (蕭政儲出(2017)14號)	51,781.84	4.30	16,579.62
	Hangzhou 2017-20 Lot (蕭政儲出(2017)20號)	161,312.20	10.00	22,949.96
	Hangzhou 2017-43 Lot (余政儲出(2017)43號)	85,459.17	7.33	16,004.79
	Hushu Lot (湖墅地塊)	35,469.90	1.67	31,551.04
	Xiaoshan 2018-4 Lot (蕭政儲出(2018)4號蜀山單元地塊)	19,381.86	1.63	8,441.83
	Xiaoshan 2018-14 Lot (蕭政儲出(2018)14號地塊)	324,532.91	27.07	17,133.99
	Dingqiao R21-05 Lot (丁橋單元R21-05號地塊)	42,603.90	3.49	17,161.86
	Gouzhuang 8 Lot (勾莊8號)	31,996.11	2.30	21,211.47
	Xiaoshan Beigan A47 Lot (蕭山北幹A47地塊)	63,660.17	4.85	19,432.86
	Lin'an Tianmu Pharmacy Harbor 24 Lot (臨安天目醫藥港24地塊)	28,022.12	5.74	6,128.16
	Lin'an Tianmu Pharmacy Harbor 30 Lot (臨安天目醫藥港30地塊)	20,586.00	4.40	5,546.25
Haining	Haining 18130 Lot (Haining Xieqiao New Lot) (海土字18130號地塊 (海寧斜橋新地塊) )	44,200.00	14.96	3,938.78
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	53,537.40	3.47	14,999.46
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	18,832.00	6.32	3,510.62
Fuyang	Hai Liang Yue Fu (海亮 • 悅府)	13,029.89	14.34	990.00
	The Riverside Mansion (海亮 • 江灣城)	4,695.25	3.35	1,662.31
	Hai Liang Long Yuan (海亮 • 龍園)	4,063.51	2.34	2,320.54
	Hai Liang Xing Cheng (海亮 • 星城)	3,201.53	2.19	1,934.00
	Hai Liang Xingfu Li (海亮 • 幸福裏)	14,187.10	10.76	1,657.59
	Xingfu Li East County (幸福裏東郡)	11,692.73	7.54	2,235.35
	Xingfu Li North County (幸福裏北郡)	11,923.86	6.77	2,190.22
	Fuyang 2017-33 Lot (阜陽2017-33號地塊)	4,634.42	3.36	1,695.69
	Shangjun (Fuyang 78 Lot) (上郡 (阜陽78地塊) )	16,673.10	12.02	1,721.42
	Fuyang Linquan 2 Lot (阜陽臨泉2地塊)	10,558.55	6.49	2,083.14

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.)
Fuzhou	Helin E05 Lot (鶴林E05地塊)	12,902.93	0.83	21,731.19
	The Twin Harbour City (融信雙杭城)	415,880.00	96.35	6,064.53
	The Long Island (融信長島)	115,700.00	59.67	2,437.20
	“Hot Spring City” (福州溫泉城項目)	77,697.00	72.99	1,609.66
	Huayun Mansion (華雲山莊)	14,688.14	6.48	3,300.00
	Fuzhou 2017-06 Lot (馬宗地2017-06號地塊)	13,817.28	2.53	7,339.71
	Fuzhou 2017-23 Lot (宗地2017-23地塊)	141,000.00	8.49	21,972.88
	Fuzhou 2016-1 Lot (2016拍-1號)	8,364.00	3.94	2,137.35
	Fuzhou 2017-18 Lot (福州市晉安宦溪鎮羅漢村 桂湖社區地塊一宗地2017-18)	3,111.50	0.56	7,686.59
	Changle 2019-5 Lot (長樂2019-5地塊)	40,868.00	10.87	5,005.05
	Pingtian 2019-G029 Lot (平潭2019-G029地塊)	81,100.00	19.06	5,549.16
Dongtai	Beihai Bridge Lot (北海大橋地塊)	3,780.43	1.79	2,761.11
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	70,415.64	5.92	16,914.86
	Xinjin Lot (新津地塊)	20,765.26	7.01	4,200.01
Changzhou	Changzhou 1104 Lot (常州1104地塊)	39,500.00	5.61	9,313.49
Bengbu	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	666.71	0.45	1,691.38
	Bengbu Golden Age (蚌埠黃金時代)	9,919.89	6.18	1,933.34
Total		<u>6,631,740.59</u>	<u>1,413.63</u>	<u>6,364.57</u>

*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 2019.

## Financial review

### Revenue

For the six months ended 30 June 2019, the Group derived its revenue from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing; and (iii) the rental income and others, which were mainly generated from the lease of investment properties and hotel operation. 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
	2019	2018	
	<i>RMB'000</i>	<i>RMB'000</i>	
<b>Revenue</b>			
Sales of properties	<b>26,212,469</b>	14,001,718	87.21%
Construction services	<b>237,674</b>	148,146	60.43%
Rental income and others	<b>166,188</b>	137,669	20.72%
<b>Total</b>	<b>26,616,331</b>	14,287,533	86.29%

The revenue of the Group increased by 86.29% from RMB14,287.5 million for the six months ended 30 June 2018 to RMB26,616.33 million for the six months ended 30 June 2019. This increase was mainly attributable to:

- (i) the increase in the total GFA of properties delivered by the Group by 140.41% from 807,820 sq.m. for the six months ended 30 June 2018 to 1,942,119 sq.m. for the six months ended 30 June 2019;
- (ii) the increase in revenue from construction services by 60.43% from RMB148.15 million for the six months ended 30 June 2018 to RMB237.67 million for the six months ended 30 June 2019;
- (iii) the rental income increase by 17.11% from RMB63.84 million for the six months ended 30 June 2018 to RMB74.76 million for the six months ended 30 June 2019. The others are mainly hotel operation. During the six months ended 30 June 2019, revenue from hotel operation of the Group was RMB76.70 million.

Revenue generated from the sales of properties amounted to RMB26,212.47 million for the six months ended 30 June 2019. 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 month ended 30 June 2019:

	For the six months ended 30 June					
	2019	GFA	Average	2018	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	15,715	595,495	26,390	7,384	336,577	21,939
Fuzhou	2,892	269,883	10,716	1,900	92,673	20,502
Fuyang	1,873	300,202	6,239	430	53,167	8,088
Lu'an	1,473	250,842	5,872	—	—	—
Bengbu	1,407	228,448	6,159	—	—	—
Others	2,852	297,249	9,595	4,288	325,403	13,178
<b>Total</b>	<b>26,212</b>	<b>1,942,119</b>	<b>13,497</b>	<b>14,002</b>	<b>807,820</b>	<b>17,333</b>

#### *Cost of sales*

The Group's cost of sales increased by 100.51% from RMB10,101.64 million for the six months ended 30 June 2018 to RMB20,254.93 million for the six months ended 30 June 2019. This increase was mainly attributable to the increase in the GFA of properties sold by the Group during the six months ended 30 June 2019.

### *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 51.97% from RMB4,185.89 million for the six months ended 30 June 2018 to RMB6,361.40 million for the six months ended 30 June 2019.

The Group's gross profit margin decreased from 29.30% for the six months ended 30 June 2018 to 23.90% for the six months ended 30 June 2019, primarily because the Group delivered different portfolios of properties in the first half of 2019 in comparison with the first half of 2018.

### *Other income and other gains*

The Group's other income and other gains primarily includes (i) gains from certain cash management products; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income and other gains increased by 42.48% from RMB52.64 million for the six months ended 30 June 2018 to RMB75.00 million for the six months ended 30 June 2019.

### *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 expense, office expense and other miscellaneous fees and expenses.

The Group's selling and marketing costs increased by 28.35% from RMB428.23 million for the six months ended 30 June 2018 to RMB549.62 million for the six months ended 30 June 2019, primarily due to increases in marketing expenses and staff cost of the Group as a result of increased 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 increased by 19.84% from RMB620.75 million for the six months ended 30 June 2018 to RMB743.92 million for the six months ended 30 June 2019, primarily due to increase in staff cost of the Group.

### *Fair value gains on investment properties*

The decrease in fair value gains on investment properties by 71.13% from RMB272.55 million for the six months ended 30 June 2018 to RMB78.69 million for the six months ended 30 June 2019 was mainly due to the different development progress of the investment properties which are under development.

#### *Finance cost – net*

Finance cost – net increased by 290.66% from RMB46.13 million for the six months ended 30 June 2018 to RMB180.21 million for the six months ended 30 June 2019, primarily due to the increase of non-capitalised interest expenses of RMB407.31 million.

#### *Share of net profit of associates and joint ventures accounted for using the equity method*

The Group's share of net profit of associates and joint ventures accounted for using the equity method increased by 72.50% from RMB535.08 million for the six months ended 30 June 2018 to RMB923.03 million for the six months ended 30 June 2019, primarily due to increasing profits along with delivery of properties from joint ventures during the six months ended 30 June 2019.

#### *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 50.96% from RMB3,951.07 million for the six months ended 30 June 2018 to RMB5,964.37 million for the six months ended 30 June 2019.

#### *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 increased by 44.60% from RMB1,697.47 million for the six months ended 30 June 2018 to RMB2,454.49 million for the six months ended 30 June 2019. Specifically, EIT (including deferred income tax) increased by 46.04% from RMB902.01 million for the six months ended 30 June 2018 to RMB1,317.26 million for the six months ended 30 June 2019, and LAT increased by 42.96% from RMB795.47 million for the six months ended 30 June 2018 to RMB1,137.23 million for the six months ended 30 June 2019.

The effective income tax rate of the Group for the six months ended 30 June 2019 was 33.74%, compared to 34.42% for the six months ended 30 June 2018. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profit of associates and joint ventures 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*

As a result of the aforementioned changes of the Group's financials, the Group's profit for the period attributable to owners of the Company increased by 29.84% from RMB1,523.91 million for the six months ended 30 June 2018 to RMB1,978.63 million for the six months ended 30 June 2019.



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

Profit for the period attributable to non-controlling interests increased by 131.76% from a profit of RMB629.80 million to a profit of RMB1,459.61 million. This increase was primarily attributable to the recognition of revenue from sales of properties during the six months ended 30 June 2019 in the respective projects, which were jointly developed with non-controlling parties.

### **Financing activities**

#### *Exchange Offer and Consent Solicitation in relation to outstanding senior notes*

Reference is made to the announcements of the Company dated 25 January 2018, 26 January 2018, 2 February 2018, 12 February 2018, 13 February 2018, 1 March 2018, 27 March 2018, 10 July 2018, 11 July 2018, 17 July 2018, 30 August 2018, 31 August 2018 and 6 September 2018 in relation to the Company's outstanding 8.25% senior note due 2021 (ISIN (Reg S): XS1747665922, Common Code (Reg S): 174766592), comprising US\$325,000,000 8.25% senior notes due 2021 first issued by the Company on 1 February 2018, with additional issuances of US\$100,000,000 8.25% senior notes due 2021 issued on 27 February 2018, US\$225,000,000 8.25% senior notes due 2021 issued on 12 July 2018 and US\$150,000,000 8.25% senior notes due 2021 issued on 4 September 2018 (the “**2018 Notes**”).

On 8 February 2019, the Company offered to exchange the outstanding 2018 Notes (the “**Old Notes**”) for new notes which are the US\$ denominated senior notes due 2021 to be issued by the Company (the “**New Notes**”), to be exchanged in accordance with the exchange offer (the “**Exchange Offer**”) and commenced the solicitation of consent of holders of the Old Notes (the “**Consent Solicitation**”), upon the terms and subject to the conditions set forth in the exchange offer memorandum dated 8 February 2019.

On 22 February 2019, US\$390,466,000 principal amount of the Old Notes were exchanged and the Company delivered US\$392,238,000 of the New Notes and US\$1,083,282.69 in cash in full satisfaction of the exchange consideration for the Old Notes. Following the completion of the Exchange Offer and the Consent Solicitation, US\$390,466,000 principal amount of the Old Notes were cancelled. Application was also sought to list the New Notes on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). No listing of the New Notes had been sought in Hong Kong.

On the same date, the Company issued additional new notes in the aggregated principal amount of US\$207,762,000 due in 2021 (the “**Additional New Notes**”) on SGX-ST pursuant to the concurrent offering (“**Concurrent New Money Issuance**”) by the Company to issue and sell the Additional New Notes that will form a single series with the corresponding New Notes issued in the Exchange Offer. For further details, please refer to the paragraph headed “Issuance of 2019 First Senior Notes due 2021” in this section.

On 18 June 2019, US\$64,945,000 principal amount of the 2018 Notes, representing 15.86% of the aggregate principal amount of the outstanding 2018 Notes, were repurchased by the Company and were cancelled. As at 19 June 2019, US\$344,589,000 in aggregate principal amount of the 2018 Notes remained outstanding.



For further details, please refer to the announcements of the Company dated 8 February 2019, 12 February 2019, 18 February 2019, 19 February 2019, 22 February 2019, 27 February 2019 and 19 June 2019.

#### *Issuance of 2019 First Senior Notes due 2021*

Reference is made to the announcements of the Company dated 8 February 2019, 12 February 2019, 18 February 2019 and 22 February 2019 in relation to, among other things, the Exchange Offer and Consent Solicitation, and the Concurrent New Money Issuance.

On 22 February 2019, the Company issued Additional New Notes in the aggregated principal amount of US\$207,762,000 due in 2021 on SGX-ST. The Additional New Notes will be consolidated and form a single series with the US\$392,238,000 principal amount of New Notes exchanged in accordance with the Exchange Offer (the “**2019 First Senior Notes**”). Upon consolidation, the total outstanding principal amount of the 2019 First Senior Notes will be US\$600,000,000, with an interest rate of 11.25% per annum payable semi-annually in arrears.

The maturity date of the 2019 First Senior Notes is 22 August 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the 2019 First Senior Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 12 February 2019, 19 February 2019, 22 February 2019 and 27 February 2019 and the relevant offering memorandum.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the 2019 First Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

#### *Issuance of 2019 Second Senior Notes due 2022*

On 25 February 2019, the Company issued senior notes in the aggregate principal amount of US\$300,000,000 due in 2022 (the “**Original 2019 Second Senior Notes**”) on SGX-ST, with an interest rate of 10.50% per annum payable semi-annually in arrears. The maturity date of the Original 2019 Second Senior Notes is 1 March 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Original 2019 Second Senior Notes, at a pre-determined redemption price.

On 29 April 2019, the Company issued additional notes in the aggregate principal amount of US\$200,000,000 (to be consolidated and form a single series with the Original 2019 Second Senior Notes) (the “**Consolidated 2019 Second Senior Notes**” and together with the Original 2019 Second Senior Notes, “**2019 Second Senior Notes**”). The maturity date of the Consolidated 2019 Second Senior Notes is 1 March 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2019 Second Senior Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 26 February 2019, 30 April 2019 and 10 May 2019 and the relevant offering memorandums.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the 2019 Second Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

#### *Public Offering of the 2019 Domestic Corporate Bonds in the PRC*

On 28 February 2019, Rongxin (Fujian) Investment Group Co., Ltd.\* (融信(福建)投資集團有限公司) (“**Rongxin Investment**”), an indirect subsidiary of the Company established in the PRC, proposed to lodge an application to the Shanghai Stock Exchange to undertake public offering(s) of domestic corporate bonds to qualified investors with an aggregate principal amount of not more than RMB4.0 billion (RMB4.0 billion inclusive) (the “**2019 Domestic Corporate Bonds**”). Upon receipt of the approval from the Shanghai Stock Exchange, the 2019 Domestic Corporate Bonds shall be issued by Rongxin Investment in certain tranches in the PRC.

The 2019 Domestic Corporate Bonds are non-guaranteed bonds, and satisfy the basic conditions for conducting securities-pledged repurchase. For further details, please refer to the announcement of the Company dated 28 February 2019.

#### *Placing in 2019*

Reference is made to the Company’s announcement dated 4 April 2019 (the “**2019 Placing Announcement**”). The Group successfully raised a net proceeds of HK\$1.18 billion through the placing (the “**2019 Placing**”) of 108,000,000 existing shares (the “**2019 Placing Shares**”) by Dingxin Company Limited (“**Dingxin**”), a controlling shareholder of the Company, to not less than six independent professional, institutional and/or individual investors at the placing price of HK\$10.95 each on 11 April 2019 for the Company’s development purposes and as general working capital of the Group. The Company subsequently allotted and issued 108,000,000 new shares to Dingxin.

Upon the completion of the 2019 Placing, the Company received gross proceeds of HK\$1,182,600,000 and net proceeds, after deducting all applicable costs and related expenses, of HK\$1,171,460,000, representing a net issue price of HK\$10.85 per 2019 Placing Share.

As at the date of this announcement, the Group had utilised all the net proceeds from the 2019 Placing for the Company’s development purposes and as general working capital of the Group, which was consistent with the purposes disclosed in the 2019 Placing Announcement.

#### *Issuance of 2019 Third Senior Notes due 2022*

On 17 April 2019, the Company issued senior notes in the aggregated principal amount of US\$200,000,000 due in 2022 (the “**Original 2019 Third Senior Notes Due 2022**”) on SGX-ST, with an interest rate of 8.75% per annum payable semi-annually in arrears on 25 April and 25 October of each year, commencing on 25 October 2019.

The maturity date of the Original 2019 Third Senior Notes Due 2022 is 25 October 2022. At any time and from time to time before the maturity date, the Company may at its option redeem up to 35% of the aggregate principal amount of the Original 2019 Third Senior Notes Due 2022 with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.75% of the principal amount of the Original 2019 Third Senior Notes Due 2022, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

On 6 June 2019, the Company issued additional notes in the aggregate principal amount of US\$235,000,000 (to be consolidated and form a single series with the Original 2019 Third Senior Notes Due 2022) (the “**Consolidated 2019 Senior Notes Due 2022**” and together with the Original 2019 Third Senior Notes Due 2022, “**2019 Third Senior Notes**”). The maturity date of the Consolidated 2019 Senior Notes Due 2022 is 25 October 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2019 Senior Notes Due 2022, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 18 April 2019, 30 April 2019, 9 June 2019 and 19 June 2019 and the relevant offering memorandums.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the 2019 Third Senior Notes to refinance certain existing indebtedness, which was consistent with the purposes disclosed in the aforesaid announcements.

#### *Completion of the partial redemption at the option of holders of Senior Notes due 2019*

Reference is made to the announcements of the Company dated 2 December 2016 and 15 February 2017 in relation to the issue of the 6.95% senior notes due 2019 (the “**2019 Notes**”). On 20 December 2018, the Company announced that it has, at the put option of the holders, repurchased an aggregate principal amount of US\$229,735,000 of the 2019 Notes held by such holder from 8 December 2018 to 20 December 2018 at 100.00% of the principal amount of the 2019 Notes plus accrued and unpaid interest to (but not including) the repurchase dates. The aggregate repurchase price paid by the Company is US\$229,811,421.99. For more details, please refer to the announcement of the Company dated 20 December 2018.

On 13 June 2019, the Company announced that it has, at the put option of the holders, repurchased an aggregate principal amount of US\$46,640,000 of the 2019 Notes held by such holders till 13 June 2019 at 100.00% of the principal amount of the 2019 Notes plus accrued and unpaid interest to (but not including) the repurchase dates. The aggregate repurchase price paid by the Company is US\$46,943,730. As at 13 June 2019, the aggregate principal amount of the 2019 Notes repurchased by the Company is US\$276,375,000, and following cancellation of the repurchased notes, the outstanding aggregate principal amount of the 2019 Notes will be US\$123,625,000. For more details, please refer to the announcement of the Company dated 13 June 2019.

### *Early Redemption of Private Corporate Bonds*

Reference is made to the announcements the Company dated 25 January 2016 and 26 January 2016 in relation to, among other things, the First Tranche Private Corporate Bonds with an aggregate principal amount of RMB3.1 billion at the interest rate of 7.89% per annum and issued by Rongxin Investment, a wholly-owned subsidiary of the Company, on 26 January 2016.

On 17 June 2019, as proposed by Rongxin Investment and pursuant to a resolution passed by the bondholders of the First Tranche Private Corporate Bonds, Rongxin Investment exercised its right of early redemption in full the First Tranche Private Corporate Bonds before its maturity at the redemption price equal to its aggregate principle amount together with all accrued and unpaid interest thereon for a total amount of RMB1,830,716,849.32. Upon redemption, the First Tranche Private Corporate Bonds were delisted from the Shenzhen Stock Exchange and cancelled with effect from 17 June 2019. For more details, please refer to the announcement of the Company dated 17 June 2019.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2019, the Group's net current assets amounted to RMB63,183.10 million (31 December 2018: RMB52,798.12 million). Specifically, the Group's total current assets decreased by 0.81% from RMB180,468.55 million as at 31 December 2018 to RMB179,003.09 million as at 30 June 2019. The Group's total current liabilities decreased by 9.28% from RMB127,670.43 million as at 31 December 2018 to RMB115,819.99 million as at 30 June 2019. The decrease in the Group's total current assets was primarily attributable to the decrease in properties under development by 6.48% from RMB116,692.07 million as at 31 December 2018 to RMB109,129.12 million as at 30 June 2019.

As at 30 June 2019, the Group had cash and bank balances of RMB31,894.41 million (31 December 2018: RMB24,995.66 million), total borrowings of RMB62,351.07 million (31 December 2018: RMB62,532.83 million) and weighted average effective interest rate for outstanding borrowings of 6.94% (including bank borrowings, trust and other borrowings and the domestic corporate bonds) (31 December 2018: 7.09%).

As at 30 June 2019, the aggregated issued amount of the domestic corporate bonds was RMB7,358.16 million, representing 11.80% of the total borrowings of the Group.

### **PLEDGE OF ASSETS**

As at 30 June 2019, the Group's borrowings were secured by the Group's assets of RMB61,566.34 million (31 December 2018: RMB47,269.59 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 RMB33,409.35 million as at 30 June 2019 (31 December 2018: RMB32,066.20 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 2019, the current ratio of the Group was 1.55 times (31 December 2018: 1.41 times). The increase of the Group's current ratio was mainly attributable to the increase of cash and bank balances.

### **Gearing ratio**

As at 30 June 2019, the gearing ratio of the Group was 0.77 (31 December 2018: 1.05), mainly due to the increase of cash and bank balances. 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 the first-tier cities in China. No concrete plan for future investments is in place as at the date of this announcement.

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

Save as disclosed in this announcement, during the six months ended 30 June 2019, 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

### Equity Interest Transaction

On 15 March 2019, Fujian Taikun Trading Company Limited (福建泰坤貿易有限公司) (a wholly owned subsidiary of the Company) (the “**Seller**”) and Greenland Property Group Co., Ltd (綠地地產集團有限公司) (the “**Purchaser**”) entered into a property transaction agreement, pursuant to which the Seller has conditionally agreed to dispose of and the Purchaser has conditionally agreed to purchase, the sale equity interest, representing 50% of the equity interest of Shanghai Kaitai Property Development Co., Ltd. (上海愷泰房地產開發有限公司) (a property holding company and its principal assets are the Properties, and a joint venture between the Group and the Purchaser) (the “**Target Company**”) at an aggregate consideration of RMB1,005,000,000 (equivalent to approximately HK\$1,175,146,500), which will be satisfied by the Purchaser to the Seller in cash upon completion. Upon completion of the transfer, the Target Company ceased to be an associate of the Seller and the Seller ceased to hold, directly or indirectly, any interest in the Target Company and, in substance, the properties constructed under the Shanghai Xujing Project in Qingpu district of Shanghai in the PRC. For further details, please refer to the announcement of the Company dated 18 March 2019.

Save as disclosed above, the Group has no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2019.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2019, the Group employed a total of 3,475 full-time employees (30 June 2018: 3,451 full-time employees). For the six months ended 30 June 2019, the staff cost recognised as expenses of the Group amounted to RMB806.31 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 regular basis to meet different requirements and emphasise individual initiative and responsibility. 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 2019, 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 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 2019, 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 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 2019.

## **INTERIM DIVIDEND**

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 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 2019. The interim results for the six months ended 30 June 2019 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**

### **Issuance of 2019 Senior Notes due 2023**

On 22 July 2019, the Company issued notes in the aggregated principal amount of US\$300,000,000 due in 2023 on SGX-ST, with an interest rate of 8.95% per annum payable semi-annually in arrears on 22 January and 22 July of each year, beginning on 22 January 2020.

For more details, please refer to the announcement of the Company dated 17 July 2019.

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.

Save as disclosed above, from 30 June 2019 till the date of this announcement, the Group has no other material events after the reporting period that is required to be disclosed.



## **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 2019 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, 6 August 2019

*As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyuan, 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*