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**銀城國際控股有限公司**

YINCHENG INTERNATIONAL HOLDING CO., LTD.

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1902)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **HIGHLIGHTS**

- Revenue for the six months ended 30 June 2021 was approximately RMB3,788.6 million, representing a decrease of approximately 16.8% as compared to approximately RMB4,553.9 million for the same period in 2020.
- Gross profit for the six months ended 30 June 2021 was approximately RMB689.3 million, representing a decrease of approximately 3.4% as compared to approximately RMB713.3 million for the same period in 2020. Gross profit margin for the six months ended 30 June 2021 was approximately 18.2%, indicating an increase of approximately 2.5 percentage points as compared to that for the same period in 2020.
- Profit for the six months ended 30 June 2021 was approximately RMB298.1 million, representing a decrease of approximately 0.5% as compared to approximately RMB299.6 million for the same period in 2020. Net profit margin for the six months ended 30 June 2021 was approximately 7.9%, indicating an increase of approximately 1.3 percentage points as compared to that for the same period in 2020.
- Profit attributable to owners of the parent for the six months ended 30 June 2021 was approximately RMB80.4 million, representing a decrease of approximately 21.5% as compared to approximately RMB102.5 million for the same period in 2020.
- Contracted sales amount of the Group together with its joint ventures and associates for the six months ended 30 June 2021 amounted to approximately RMB16,535.5 million, representing an increase of approximately 170.1% as compared to approximately RMB6,123.1 million for the same period in 2020; contracted sales GFA was approximately 811,589 sq.m. for the six months ended 30 June 2021, representing an increase of approximately 141.3% as compared to approximately 336,334 sq.m. for the same period in 2020.

## INTERIM RESULTS

The board of directors (the “**Board**”) of Yincheng International Holding Co., Ltd. (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	5	<b>3,788,625</b>	4,553,860
Cost of sales		<b>(3,099,320)</b>	(3,840,599)
<b>GROSS PROFIT</b>		<b>689,305</b>	713,261
Other income and gains	5	<b>62,673</b>	19,444
Selling and distribution expenses		<b>(114,421)</b>	(104,569)
Administrative expenses		<b>(79,487)</b>	(74,578)
Other expenses		<b>(828)</b>	(10,465)
Finance costs	6	<b>(78,390)</b>	(109,821)
Share of profits and losses of:			
Joint ventures		<b>(5,863)</b>	5,223
Associates		<b>(19,806)</b>	23,924
<b>PROFIT BEFORE TAX</b>	7	<b>453,183</b>	462,419
Income tax expense	8	<b>(155,103)</b>	(162,800)
<b>PROFIT FOR THE PERIOD</b>		<b>298,080</b>	299,619
Attributable to:			
Owners of the parent		<b>80,418</b>	102,503
Non-controlling interests		<b>217,662</b>	197,116
		<b>298,080</b>	299,619
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	10	<b>RMB0.06</b>	RMB0.07

	Six months ended 30 June	
	2021	2020
Notes	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>8,401</b>	14,325
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income (“FVOCI”):		
Change in fair value	<b>(38,812)</b>	(11,128)
Income tax effect	<b>–</b>	1,836
	<b>(38,812)</b>	(9,292)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(30,411)</b>	5,033
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>267,669</b>	304,652
Total comprehensive income attributable to:		
Owners of the parent	<b>50,007</b>	107,536
Non-controlling interests	<b>217,662</b>	197,116
	<b>267,669</b>	304,652

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021	31 December 2020
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,013,764	941,547
Right-of-use assets		166,513	163,755
Investment properties		2,948,600	2,788,700
Intangible assets		6,481	7,084
Investments in joint ventures		510,791	180,725
Investments in associates		2,174,213	2,142,510
Deferred tax assets		342,423	278,034
Other non-current assets		200,385	527,709
Equity investments designated at FVOCI		396,035	643,710
		<hr/>	<hr/>
Total non-current assets		7,759,205	7,673,774
<b>CURRENT ASSETS</b>			
Properties under development		19,774,303	20,327,503
Completed properties held for sale		3,516,349	2,851,239
Trade receivables	11	18,455	1,294
Due from related companies		2,885,272	971,286
Prepayments, deposits and other receivables	12	5,372,150	3,762,707
Tax recoverable		766,421	629,284
Financial assets at fair value through profit or loss ("FVTPL")		1,702,932	1,934,292
Contract cost assets		118,266	56,610
Inventories		1,866	523
Cash and bank balances		5,495,812	6,420,932
		<hr/>	<hr/>
Total current assets		39,651,826	36,955,670

		<b>30 June 2021</b>	31 December 2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	3,386,258	4,001,807
Other payables, deposits received and accruals	14	2,720,505	3,166,054
Due to related companies		3,948,921	4,950,820
Contract liabilities		15,031,085	11,384,909
Senior notes		2,332,277	2,217,378
Interest-bearing bank and other borrowings		2,406,182	3,323,086
Tax payable		1,279,006	1,346,693
Lease liabilities		5,078	5,164
		<hr/>	<hr/>
Total current liabilities		31,109,312	30,395,911
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		8,542,514	6,559,759
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		16,301,719	14,233,533
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		10,974,633	8,825,094
Deferred tax liabilities		110,785	143,125
Lease liabilities		11,673	3,543
		<hr/>	<hr/>
Total non-current liabilities		11,097,091	8,971,762
		<hr/>	<hr/>
<b>NET ASSETS</b>		5,204,628	5,261,771
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		124,119	124,119
Treasury shares		(7)	(7)
Reserves		2,661,075	2,635,955
		<hr/>	<hr/>
		2,785,187	2,760,067
		<hr/>	<hr/>
Non-controlling interests		2,419,441	2,501,704
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		5,204,628	5,261,771
		<hr/>	<hr/>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 March 2019.

During the six months ended 30 June 2021, the subsidiaries now comprising the Group were principally involved in property development, hotel operations, property investment and exhibition operation.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

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

requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate (“LIBOR”) as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met. Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

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

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. Reduction in the lease payments arising from the rent concessions is insignificant for the period ended 30 June 2021.

#### **4. OPERATING SEGMENT INFORMATION**

Management monitors the operating results of the Group's business which includes property development and leasing by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property development and leasing, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, thus all locations were aggregated as one reportable operating segment.

##### **Geographical information**

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

##### **Information about major customers**

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2021 and 2020.

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, project management income, hotel operations, exhibition operation and rental income for the six months ended 30 June 2021.

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<i>Revenue from contracts with customers</i>	<b>3,768,853</b>	4,547,811
<i>Revenue from other sources</i>		
Rental income	<b>19,772</b>	6,049
	<b>3,788,625</b>	4,553,860
Revenue from contracts with customers		
<b>Types of goods or services:</b>		
Sale of properties	<b>3,728,442</b>	4,522,146
Project management	<b>24,055</b>	14,346
Hotel operation	<b>11,612</b>	11,319
Exhibition operation	<b>4,744</b>	–
Total revenue from contracts with customers	<b>3,768,853</b>	4,547,811
<b>Timing of revenue recognition:</b>		
Recognised at a point in time:		
Revenue from sale of properties	<b>3,728,442</b>	4,522,146
Revenue from hotel operation	<b>6,387</b>	6,625
Recognised over time:		
Revenue from project management	<b>24,055</b>	14,346
Revenue from hotel operation	<b>5,225</b>	4,694
Revenue from exhibition operation	<b>4,744</b>	–
Total revenue from contracts with customers	<b>3,768,853</b>	4,547,811



An analysis of other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Fair value gains from financial assets at FVTPL	<b>23,277</b>	–
Gain on disposal of a subsidiary	<b>13,325</b>	–
Dividend income from FVOCI and FVTPL	<b>11,379</b>	1,792
Interest income	<b>12,561</b>	10,752
Government grants	<b>975</b>	5,387
Forfeiture of deposits	<b>300</b>	1,048
Others	<b>856</b>	465
	<b>62,673</b>	19,444

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on bank and other borrowings, and senior notes	<b>937,892</b>	424,192
Interest expense arising from revenue contracts	<b>163,034</b>	279,480
Interest on lease liabilities	<b>485</b>	412
	<b>1,101,411</b>	704,084
Less: Interest capitalised	<b>(1,023,021)</b>	(594,263)
	<b>78,390</b>	109,821

## 7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	3,073,152	3,819,540
Cost of project management	16,986	8,677
Cost of hotel operation	9,375	9,070
Cost of exhibition operation	1,929	–
Cost of rental	3,571	39
Impairment loss (written off)/recognised for completed properties for sales	(5,693)	3,273
Depreciation of items of property, plant and equipment	16,769	8,878
Amortization of items of intangible assets	603	356
Depreciation of right-of-use assets	5,673	8,545
Expenses relating to short term leases and leases of low-value assets	1,547	1,833
Auditors' remuneration	1,450	800
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	62,855	63,187
Pension scheme contributions and social welfare	12,874	13,222

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the period. Subsidiaries of the Group operating in the PRC are subject to PRC corporate income tax at a rate of 25% for the period.

Land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant the PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	201,494	159,821
PRC LAT	50,338	49,072
Deferred tax	(96,729)	(46,093)
Total tax charge for the period	155,103	162,800

## 9. DIVIDENDS

The 2020 final dividend amounting to HK\$3.06 cents per share, amounting a total of RMB37,205,000, and was approved at the annual general meeting on 11 June 2021.

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB80,418,000 (six months ended 30 June 2020: RMB102,503,000), and the weighted average number of ordinary shares of 1,446,962,138 (six months ended 30 June 2020: 1,446,962,138) shares in issue during the period.

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

## 11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	<b>31 December 2020 RMB'000 (Audited)</b>
Within 1 year	<b>18,455</b>	<b>1,294</b>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	<b>31 December 2020 RMB'000 (Audited)</b>
Deposits for land use right	<b>1,200</b>	11,200
Construction performance deposits	<b>557,851</b>	388,899
Other deposits	<b>275,324</b>	146,066
Other tax recoverable	<b>807,726</b>	653,778
Due from financial institution	<b>195,860</b>	–
Due from non-controlling shareholders	<b>2,890,983</b>	1,726,824
Due from third parties	<b>630,676</b>	826,460
Other receivables	<b>16,098</b>	14,412
	<b>5,375,718</b>	<b>3,767,639</b>
Impairment allowance	<b>(3,568)</b>	(4,932)
	<b>5,372,150</b>	<b>3,762,707</b>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. There was no provision made for impairment of other receivables during the reporting period.

### 13. TRADE AND BILLS PAYABLES

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

	<b>30 June 2021 RMB'000 (Unaudited)</b>	<b>31 December 2020 RMB'000 (Audited)</b>
Less than 1 year	<b>2,304,904</b>	2,868,654
Over 1 year	<b>1,081,354</b>	1,133,153
	<b><u>3,386,258</u></b>	<b><u>4,001,807</u></b>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

### 14. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	<b>30 June 2021 RMB'000 (Unaudited)</b>	<b>31 December 2020 RMB'000 (Audited)</b>
Deposits related to construction	<b>161,197</b>	109,279
Interests payable	<b>98,178</b>	99,378
Payroll and welfare payable	<b>4,334</b>	59,447
Tax and surcharges	<b>89,185</b>	26,527
Advances from non-controlling shareholders	<b>1,863,401</b>	1,594,727
Advances from third parties	<b>386,643</b>	1,218,056
Accrued liabilities	<b>64,861</b>	25,460
Others	<b>52,706</b>	33,180
	<b><u>2,720,505</u></b>	<b><u>3,166,054</u></b>

Other payables are unsecured and repayable on demand.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present you the unaudited interim condensed consolidated financial information of our Group for the six months ended 30 June 2021 and the review and outlook for the business development of our Group.

### REVIEW OF THE FIRST HALF OF THE YEAR

During the six months ended 30 June 2021, our Group recorded a revenue of approximately RMB3,788.6 million (six months ended 30 June 2020: approximately RMB4,553.9 million), representing a period-on-period decrease of approximately 16.8%. Profit for the period remained relatively stable, which decreased by approximately RMB1.5 million or approximately 0.5% from approximately RMB299.6 million for the six months ended 30 June 2020 to approximately RMB298.1 million for the six months ended 30 June 2021. Gross profit margin and net profit margin were approximately 18.2% and 7.9%, respectively, which represent an increase of approximately 2.5 and 1.3 percentage points, respectively, compared to those for the same period in 2020.

During the six months ended 30 June 2021, our Group has acquired a total of 12 high-quality land parcels which are mainly located in the core cities of the Yangtze River Delta Megalopolis such as Nanjing, Wuxi and Hangzhou, marking its further development in the five regional markets and commitment to its existing strategies. In the first half of 2021, our Group maintained our diversified land acquisition channels with newly acquired land parcels having an aggregate gross floor area (“GFA”) of over 2.4 million sq.m., and the average cost of the land parcels acquired was approximately RMB5,396 per sq.m.. With its first foray into Huai'an at the beginning of the year, our Group acquired high-quality land parcels with a total GFA of nearly 130,000 sq.m., achieving a more balanced business presence in the Yangtze River Delta Megalopolis. Leveraging on our Group's efficient development and operation capabilities, some of our projects are expected to launch within this year and contribute to our full year contracted sales.

After the implementation of the “dual-concentrations (雙集中)” policy, properties market in the Yangtze River Delta Megalopolis is still relatively robust, which continues to benefit the expansion of leading enterprises in such region. In preparation for future development, our Group appropriately adjusted our investment and expansion strategy, and made an early layout under the “dual-concentrations (雙集中)” policy to proactively acquire high-quality land parcels with suitable location which meet our investment criteria from the centralised land supply in the first half of 2021. As at 30 June 2021, our Group had a land bank with an aggregate GFA of over 7.57 million sq.m., out of which, land bank with interests attributable to our Group amounted to approximately 5.22 million sq.m..

During the six months ended 30 June 2021, our Group recorded total contracted sales of approximately RMB16,535.5 million, representing a significant increase of approximately 170.1% as compared to the same period in 2020. The total contracted sales GFA amounted to approximately 811,589 sq. m. with a contracted average selling price (“ASP”) of approximately RMB20,374 per sq.m., representing a period-on-period increase of approximately 141.3% and 11.9%, respectively. While our Group continues to cultivate the five regional markets, we have also increased our sales efforts in the first tier cities. The projects in Nanjing and Hangzhou contributed a total contracted sales of over RMB11.5 billion, accounting for approximately 70% of the total contracted sales. Among them, the projects Jin Ling Jiu Yuan (金陵玖園) and Yunwangfu (雲望府) in Nanjing, Guan Hu Zhi Chen (觀湖之宸) and Qingshanhupan (青山湖畔) in Hangzhou continued to have good sales performance, with the four projects contributing in aggregate approximately 59% of the total contracted sales.

With the adoption of effective epidemic prevention and control measures, since 2021, the real estate market has been gradually recovering and has shown a stable growth trend. In response to the recovery of the market, our Group adjusted our project launch schedule in a timely manner and promoted our business through both online and offline channels. We have developed the ability of our sales staff to analyse project strengths, discover project highlights and expand customer base, such that they can adapt to the trend of information transparency in the Internet era and utilise various digital marketing methods or platforms such as online mini-programmes, social network software and short-video live streaming platforms to achieve rapid growth in contract sales.

Relying on our stable business growth, excellent financial performance and results of operations, our Group has continuously gained recognition from the capital market. Our Group successfully issued US\$165 million one-year senior notes, marking the third successful issuance of US\$ denominated debt financing instrument on the second anniversary of our listing. While the cost of such issuance continues to decline, the subscriber base has become more diversified, which fully reflected market’s recognition of our Company’s comprehensive strength and financial position. With our solid corporate strength and the stable and substantial investment returns on US\$ denominated senior notes, our Group was listed by BNP Paribas as one of the five recommended investment targets for US\$ denominated bonds in the real estate sector and the shares of our Company were also given “buy” ratings among B-rated real estate companies. Our Group has been maintaining diversified financing channels and would continue to strengthen and enhance both of our domestic financing strength and overseas financing capability to reduce financing risks. In the future, we will continue to implement strategies to optimise and expand diversified financing channels and reduce financing costs, with a view to improving economic efficiency.

Our Group has received various awards during the six months ended 30 June 2021, including “2021 Top 100 Listed Real Estate Enterprise in China\* (2021中國上市房企百強)” and “2021 Outstanding Human Resources Management Award\* (2021人力資源管理傑出獎)”. In addition, a number of our Group’s projects, including Peaceful Paradise (君頤東方) and KINMA Q + Community (KINMA Q+社區), were granted various awards in the selection of the “2020 Provincial Urban and Rural Construction System Outstanding Survey and Design Award\* (2020年度江蘇省城鄉建設系統優秀勘察設計獎)” as announced by Housing and Urban-Rural Development Office of Jiangsu Province\* (江蘇省住房和城鄉建設廳), which reflected our excellent design quality and engineering capabilities.

## OUTLOOK FOR THE SECOND HALF OF THE YEAR

As the impact of COVID-19 pandemic continues to weaken, the Chinese economy has shown rapid recovery with a period-on-period GDP growth of 12.7% in the first half of the year, indicating a continuous recovery of economic growth. There is also a rapid development trend for the overall real estate market in the PRC, demonstrated by the fact that sales of commercial properties in the PRC reached RMB9.3 trillion in the first half of 2021, which represented a period-on-period increase of 38.9% and a record high according to the National Bureau of Statistics. However, with the continuous introduction of various real estate market regulation policies and the tightening of credit policies, the impact of such regulation policies gradually emerged, and the period-on-period increase in the sales area and sales volume of commercial properties nationwide continued to narrow. Following the promulgation of the “three red lines (三道紅線)” policy, the introduction of the “dual-concentrations (雙集中)” policy further encouraged the plan to “stabilise land prices, housing prices and market expectations (穩地價、穩房價、穩預期)” of the real estate industry. Overall, the guiding principle of “no speculation of residential properties (房住不炒)” is still the main theme of regulatory control in the real estate industry, and the industry is gradually moving into a stable development trend of “stabilising price and increasing transaction volume (價穩量增)”. Looking ahead, in active response to the tightening of regulation policies, our Group will adjust our schedule of land acquisition and project launch, and further consolidate our leading position in the Yangtze River Delta Megalopolis by leveraging on our regional and brand advantages to achieve stable growth in contracted sales and healthy expansion of our scale.

Our Group will continue to enhance our strengths as a regional real estate enterprise, continuously improve our project operation capabilities, accelerate the turnover of projects on hand and achieve cost reduction through efficient cost control and capital utilisation. While focusing on the growth of our scale of operation, our Group will continue to proactively reduce and control our leverage levels, so as to gradually meet the control requirements under the “three red lines (三道紅線)” policy. At the same time, our Group will continue to reduce financing costs and optimise our debt structure. In addition to actively adjusting our development under the “dual-concentrations (雙集中)” policy, our Group will continue to maintain our existing land acquisition strategy to acquire high-quality land through the use of both pre-investment analysis and post-investment control, and making use of our diversified land acquisition experience to continuously improve project profitability. While stabilising the pace of our development, our Group will focus on the rate of project realisation and improve the collection of receivables and cashflow turnover. We will also gradually slow down the pace of land acquisition after achieving stable growth in scale to increase our Group’s net cash inflow. In addition, our Group will enhance our product competitiveness, strengthen our research on customer groups and develop marketable products. We will also adhere to the core development strategy of “leading quality, excellent services and innovative future (品質領先、服務卓越、創新未來)”, which is aimed at developing quality residential properties for customers of all ages in the Yangtze River Delta Megalopolis.

Looking forward, our Group will maintain our rapid and steady development trend while emphasising more on refined management and balanced development so as to achieve efficient development with our own capital. Our Group is determined to enhance our capabilities in all aspects according to our long-term development strategies, and shall continue to strive with the goal of becoming a leading real estate enterprise and generating more fruitful returns for our Shareholders.

**Yincheng International Holding Co., Ltd.**  
**HUANG Qingping**  
*Chairman*

Nanjing, China  
19 August 2021



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company is an investment holding company. During the six months ended 30 June 2021, the subsidiaries of the Company now comprising the Group were involved in property development, hotel operations, property investment and exhibition operation.

### **PROPERTY DEVELOPMENT**

The Group is an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. The Group commenced its property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis.

For the six months ended 30 June 2021, the Group continued to focus on developing quality residential properties in the Yangtze River Delta Megalopolis while expanding its footprint to other cities in the Yangtze River Delta Megalopolis such as Huai'an. The Group believes that the unique geographical advantages of the Yangtze River Delta Megalopolis will remain substantial in the future. Due to the prosperous economic development and growing population in the Yangtze River Delta Megalopolis, the residential properties development market has significant growth potential. The Group will continue to focus on the Nanjing market in the future and strategically expand its reach in other cities in the Yangtze River Delta Megalopolis, further accelerating asset turnover and improving operational efficiency while maintaining property quality, and strive to become the leading quality property developer catered to customers of all ages in the Yangtze River Delta Megalopolis.

### **Contracted Sales**

For the six months ended 30 June 2021, contracted sales amount of the Group together with its joint ventures and associates amounted to approximately RMB16,535.5 million, representing an increase of approximately 170.1% as compared to that for the same period in 2020, which was mainly attributable to the increase in contracted sales GFA of the Group together with its joint ventures and associates to approximately 811,589 sq.m. for the six months ended 30 June 2021, representing an increase of approximately 141.3% as compared to that for the same period in 2020.

For the six months ended 30 June 2021, the ASP recorded in the contracted sales of the Group together with its joint ventures and associates was approximately RMB20,374 per sq.m., representing an increase of approximately 11.9% from approximately RMB18,205 per sq.m. for the same period in 2020. Such increase was mainly attributable to the higher contracted ASP of projects in Nanjing and Hangzhou during the six months ended 30 June 2021.

Contracted sales from properties located in Nanjing, Wuxi, Hefei, Suzhou, Hangzhou, Zhenjiang, Ma'an Shan, Xuzhou, Taizhou and Wenzhou contributed to approximately 33.1%, 4.8%, 4.3%, 3.0%, 36.4%, 2.6%, 0.3%, 6.2%, 2.6% and 6.7% respectively of the total contracted sales of the Group together with its joint ventures and associates for the six months ended 30 June 2021.

The following table sets out the geographic breakdown of the contracted sales of the Group together with its joint ventures and associates for the six months ended 30 June 2021 with comparative figures for the same period in 2020:

City	Six months ended 30 June 2021			% of contracted sales for the six months ended 30 June 2021	Six months ended 30 June 2020			% of contracted sales for the six months ended 30 June 2020
	Contracted GFA sold <i>sq.m.</i>	Contracted sales <i>RMB'000</i>	Contracted ASP <i>RMB/sq.m.</i>		Contracted GFA sold <i>sq.m.</i>	Contracted sales <i>RMB'000</i>	Contracted ASP <i>RMB/sq.m.</i>	
Nanjing	285,423	5,491,720	19,241	33.1%	180,917	3,923,950	21,689	64.1%
Wuxi	36,382	797,340	21,916	4.8%	30,814	351,070	11,393	5.7%
Hefei	35,730	717,560	20,083	4.3%	15,321	222,260	14,507	3.6%
Suzhou	32,223	489,170	15,181	3.0%	9,209	314,580	34,160	5.1%
Hangzhou	237,709	6,017,810	25,316	36.4%	14,621	225,020	15,390	3.7%
Zhenjiang	28,069	423,940	15,104	2.6%	16,522	240,230	14,540	3.9%
Ma'anshan	7,249	48,460	6,685	0.3%	8,110	54,300	6,695	1.0%
Xuzhou	78,341	1,021,040	13,033	6.2%	50,367	594,060	11,795	9.7%
Taizhou	22,365	427,710	19,124	2.6%	10,453	197,590	18,903	3.2%
Wenzhou	48,097	1,100,720	22,885	6.7%	–	–	–	–
Total	<u>811,589</u>	<u>16,535,470</u>	<u>20,374</u>	<u>100.0%</u>	<u>336,334</u>	<u>6,123,060</u>	<u>18,205</u>	<u>100.0%</u>

### GFA Delivered and Revenue Recognised from Sale of Properties

For the six months ended 30 June 2021, total GFA delivered amounted to approximately 283,811 sq.m., representing an increase of approximately 10.1% from approximately 257,666 sq.m. for the same period in 2020.

Revenue recognised from sale of properties amounted to approximately RMB3,728.4 million for the six months ended 30 June 2021, representing a decrease of approximately 17.6% from approximately RMB4,522.1 million for the same period in 2020. Such decrease was primarily attributable to the recognition of sales of projects which have lower ASP.

ASP recognised for the six months ended 30 June 2021 was approximately RMB13,137 per sq.m., representing a decrease of approximately 25.1% from approximately RMB17,550 per sq.m. for the same period in 2020. Such decrease was primarily attributable to the lower recognised ASP of Hui Mountain International Community (惠山國際社區), Huijian Weilai (薈見未來) and Yuefu Mansion (樾府), which accounted for a large proportion of the revenue recognised.

During the six months ended 30 June 2021, the properties delivered by the Group mainly included Hui Mountain International Community (惠山國際社區), Huijian Weilai (薈見未來), Yuefu Mansion (樾府) and Shui Pan Hua Ting (水畔華庭). The following table sets forth the details of the revenue recognised from the sale of properties of the Group by geographical location for the periods indicated.

	Six months ended 30 June					
	2021			2020		
	Revenue	GFA	Recognised	Revenue	GFA	Recognised
	RMB'000	delivered	ASP	RMB'000	delivered	ASP
		sq.m.	RMB/sq.m.		sq.m.	RMB/sq.m.
<b>Nanjin</b>						
Bejoy Villa (鉅悅源墅)	388,613	13,262	29,303	345,474	11,386	30,342
Huijian Weilai (薈見未來)	680,746	61,125	11,137	–	–	N/A
Ideal Palace (一方山)	26,391	1,682	15,690	5,732	357	16,056
Peaceful Paradise (君頤東方)	3,808	219	17,388	20,582	527	39,055
Long island Guanlan Xiyuan (長島觀瀾汐園)	17,558	625	28,093	–	–	N/A
Honor Mansion (雲台天境)	1,749	86	20,337	2,073,643	81,432	25,465
Dongyue Mansion (東樾府)	1,109	105	10,562	–	–	N/A
Xidi International Community (西堤國際)	889	97	9,165	–	–	N/A
Kinma Q+ Community (Kinma Q+社區)	473	72	6,569	7,450	370	20,135
Jiang Shan Yu Mansion (江山御)	–	–	N/A	384,741	20,385	18,874
Blue Stream Town (藍溪郡)	–	–	N/A	25,744	1,069	24,082
	<u>1,121,336</u>	<u>77,273</u>	<u>14,511</u>	<u>2,863,366</u>	<u>115,526</u>	<u>24,785</u>
<b>Wuxi</b>						
Tianyuan Mansion (天元世家)	–	–	N/A	186	36	5,167
Canal Park (京梁合)	2,118	414	5,116	409	96	4,260
Sheltered Mansion (東樾府)	35,753	3,944	9,065	195,806	23,116	8,471
Hui Mountain International Community (惠山國際社區)	915,321	77,528	11,806	931,052	78,663	11,836
	<u>953,192</u>	<u>81,886</u>	<u>11,640</u>	<u>1,127,453</u>	<u>101,911</u>	<u>11,063</u>
<b>Suzhou</b>						
Shui Pan Hua Ting (水畔華庭)	459,858	46,818	9,822	–	–	N/A
Yuan Stream Mansion (原溪)	252,216	9,112	27,680	57,737	1,807	31,952
	<u>712,074</u>	<u>55,930</u>	<u>12,732</u>	<u>57,737</u>	<u>1,807</u>	<u>31,952</u>
<b>Hangzhou</b>						
Yungutianjing Mansion (雲谷天境)	2,697	162	16,648	–	–	N/A
Qingshanhupan (青山湖畔)	79,279	3,218	24,636	386,015	31,393	12,296
	<u>81,976</u>	<u>3,380</u>	<u>24,253</u>	<u>386,015</u>	<u>31,393</u>	<u>12,296</u>
<b>Zhenjiang</b>						
Yuefu Mansion (樾府)	573,014	38,471	14,895	–	–	N/A
Tang Dynasty Mansion (盛唐府)	108,603	8,717	12,459	87,575	7,029	12,459
	<u>681,617</u>	<u>47,188</u>	<u>14,445</u>	<u>87,575</u>	<u>7,029</u>	<u>12,459</u>
<b>Xuzhou</b>						
Zhixiang Cheng (致享城)	178,247	18,154	9,819	–	–	N/A
	<u>178,247</u>	<u>18,154</u>	<u>9,819</u>	<u>–</u>	<u>–</u>	<u>N/A</u>
<b>Total</b>	<u>3,728,442</u>	<u>283,811</u>	<u>13,137</u>	<u>4,522,146</u>	<u>257,666</u>	<u>17,550</u>

## **Properties under Development**

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalised borrowing costs and other costs directly attributable to such properties incurred during the development period and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 30 June 2021, the Group had properties under development of approximately RMB19,774.3 million, representing a decrease of approximately 2.7% compared to approximately RMB20,327.5 million as at 31 December 2020. The decrease was primarily caused by completion of the development of Huijian Weilai (薈見未來), Hui Mountain International Community (惠山國際社區) and Shui Pan Hua Ting (水畔華庭), which projects have been reclassified as completed properties held for sale thereafter.

## **Completed Properties Held for Sale**

Properties held for sale represent the completed development properties ready for sale and were unsold at the end of each reporting period.

As at 30 June 2021, the Group had completed properties held for sale of approximately RMB3,516.3 million, representing an increase of approximately 23.3% from approximately RMB2,851.2 million as at 31 December 2020. The increase was primarily caused by the reclassification of Huijian Weilai (薈見未來), Hui Mountain International Community (惠山國際社區) and Shui Pan Hua Ting (水畔華庭) as completed properties held for sale after the completion of their respective development. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

## **Project Management for Property Developments**

The Group provides various project management services to property projects developed by associates and joint ventures of the Group, including but not limited to engineering, procurement, design, cost control and customer services.

For the six months ended 30 June 2021, revenue generated from the Group's project management services was approximately RMB24.1 million, representing an increase of approximately 68.5% from approximately RMB14.3 million for the same period in 2020. The increase was primarily due to a rise in the number of property projects developed by joint ventures and associates of the Group.

## **HOTEL OPERATIONS**

The Group operates and manages the Hangzhou Zhongdu Qingshan Wonderland Hotel, which is the first ecotypic and commercial resort hotel constructed pursuant to the standard of five-star hotel in the Lin'an District.

For the six months ended 30 June 2021, income generated from the operation of such hotel was approximately RMB11.6 million, representing an increase of approximately 2.7% from approximately RMB11.3 million for the same period in 2020. The increase was primarily attributable to a recovery of the hotel business from the impact of COVID-19 as compared to such affected performance during the same period in 2020.

## **PROPERTY INVESTMENT**

### **Rental income**

The Group's rental income for the six months ended 30 June 2021 was approximately RMB19.8 million, representing an increase of approximately 226.9% from approximately RMB6.0 million for the same period in 2020. Such increase was primarily attributable to the growth in rental income generated from the leasing of Peaceful Paradise (君頤東方) and Keya Mansion (科亞大廈).

### **Investment Properties**

As at 30 June 2021, the Group had seven investment properties with a total GFA of approximately 335,247 sq.m. The Group had commenced the leasing of three investment properties with a total GFA of approximately 98,154 sq.m..

## **EXHIBITION OPERATION**

The Group provides exhibition management services, including but not limited to the leasing of venue, and the provision of administration and marketing services for exhibitions of various nature.

For the six months ended 30 June 2021, income generated from exhibition operation was approximately RMB4.7 million (six months ended 30 June 2020: Nil).

## LAND BANK

For the six months ended 30 June 2021, the Group continued its expansion in the Yangtze River Delta Megalopolis and acquired 12 land parcels. The total contracted land price of such newly acquired land parcels was approximately RMB13,027 million. The average cost of the land parcels acquired in such period was approximately RMB5,396 per sq.m.. The table below sets forth the particulars of the newly acquired land parcels of the Group for the six months ended 30 June 2021.

No.	City	Land parcel/ Project name	Land use	Site area sq.m.	Estimated total GFA sq.m.	Land premium RMB million	Average land cost (Based on the estimated GFA) RMB/sq.m.
<b>I. Property projects developed by subsidiaries of the Group</b>							
1	Nanjing	Lan Hu Jun (藍湖郡)	Residential	21,636	46,261	335	7,242
2	Nanjing	Tang Quan G56 (湯泉G56)	Residential	42,677	82,516	530	6,423
3	Wuxi	Zhutang (祝塘)	Residential	19,080	62,095	270	4,349
4	Hangzhou	Yi He 47 Mu (頤和47畝)	Residential	31,276	60,326	633	10,492
5	Huai'an	Yunyuetianzhu (雲樾天著)	Residential	45,369	129,568	631	4,870
6	Huai'an	Da Xue Lu (大學路)	Residential	57,258	151,897	1,061	6,985
Sub-total				217,296	532,663	3,460	6,496
<b>II. Property projects developed by associates and joint ventures of the Group</b>							
1	Nanjing	Pu Kou G53 (浦口G53)	Residential/ commercial/ hotel/office/ recreational and sports	221,841	818,838	4,200	5,129
2	Wuxi	Xin Kai He (新開河)	Residential	53,937	158,954	1,029	6,472
3	Wuxi	Hua Zhuang (華莊)	Residential	27,343	71,606	989	13,805
4	Hangzhou	Peng Bu (彭埠)	Commercial	24,072	103,037	768	7,458
5	Taizhou	Jinlinfu (金麟府)	Residential	75,476	219,058	1,420	6,482
6	Wenzhou	Huan Le Tian Di (歡樂天地)	Residential/ commercial	145,658	509,792	1,161	2,276
Sub-total				548,327	1,881,285	9,567	5,085
Total				765,623	2,413,948	13,027	5,396

## PROPERTIES DEVELOPED BY THE GROUP AND ITS JOINT VENTURES AND ASSOCIATES

As at 30 June 2021, the Group had 58 projects located in 10 cities in the PRC, of which 37 projects were developed and owned by the Group and the remaining 21 projects were developed and owned by the Group's joint ventures and associates. As at 30 June 2021, the Group had a land bank with an aggregate estimated GFA of approximately 7,577,397 sq.m., out of which the land bank with interests attributable to the Group amounted to approximately 5,218,744 sq.m.. The following table sets forth the GFA breakdown of the Group's property portfolio as at 30 June 2021 in terms of geographical location:

City	Number of projects	Completed GFA available for sale/leasable GFA <sup>(1)</sup> (sq.m.)	GFA under development (sq.m.)	Planned GFA of future development (sq.m.)	Total GFA <sup>(2)</sup> (sq.m.)	% of land reserve
<b>Property projects developed by subsidiaries of the Group</b>						
Nanjing	13	136,201	563,175	267,236	966,612	12.8%
Wuxi	10	39,813	438,905	163,445	642,163	8.5%
Hefei	1	–	94,137	–	94,137	1.2%
Suzhou	3	18,063	182,155	–	200,218	2.6%
Hangzhou	3	956	400,769	751,714	1,153,439	15.2%
Zhenjiang	2	741	285,363	–	286,104	3.8%
Xuzhou	3	–	243,239	151,897	395,136	5.2%
Wenzhou	1	–	52,853	–	52,853	0.7%
Huai'an	1	–	129,466	–	129,466	1.7%
<b>Sub-total</b>	<b>37</b>	<b>195,774</b>	<b>2,390,062</b>	<b>1,334,292</b>	<b>3,920,128</b>	<b>51.7%</b>
<b>Property projects developed by associates and joint ventures of the Group</b>						
Nanjing	7	–	894,518	911,132	1,805,650	23.8%
Wuxi	2	–	–	230,560	230,560	3.1%
Hefei	1	24,162	–	–	24,162	0.3%
Suzhou	2	563	101,254	–	101,817	1.3%
Hangzhou	4	–	367,599	111,587	479,186	6.3%
Xuzhou	1	–	113,194	–	113,194	1.5%
Taizhou	2	–	106,640	219,058	325,698	4.3%
Wenzhou	2	–	577,002	–	577,002	7.7%
<b>Sub-total</b>	<b>21</b>	<b>24,725</b>	<b>2,160,207</b>	<b>1,472,337</b>	<b>3,657,269</b>	<b>48.3%</b>
<b>Sub-total attributable to the Group</b>	<b>N/A</b>	<b>12,194</b>	<b>795,757</b>	<b>490,664</b>	<b>1,298,616</b>	<b>N/A</b>
<b>Total land reserves</b>	<b>58</b>	<b>220,499</b>	<b>4,550,269</b>	<b>2,806,629</b>	<b>7,577,397</b>	<b>100.0%</b>
<b>Total land reserves attributable to the Group</b>	<b>N/A</b>	<b>207,968</b>	<b>3,185,819</b>	<b>1,824,956</b>	<b>5,218,744</b>	<b>N/A</b>



Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land reserves equals to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development. For properties held by the Group's joint ventures and associates, total GFA attributable to the Group are calculated based on the Group's equity interest in the respective project.

The following table sets forth details of the Group's land bank by project and geographical regions as of 30 June 2021:

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
<b>A. Projects developed by the Company's subsidiaries</b>						
1	Zhongshan Jingdian Park (鐘山晶典)	Nanjing	Residential/retail	70,436	October 2011	512
2	Long Island Qin Park (長島觀瀾沁園)	Nanjing	Residential/retail	38,271	June 2015	343
3	Blue Stream Town (藍溪郡)	Nanjing	Residential/retail	117,936	December 2017	1,501
4	Peaceful Paradise (君頤東方)	Nanjing	Residential/retail/ hospital/elderly apartments	120,210	October 2020	347
5	Dongyue Mansion (東岳府)	Nanjing	Residential/retail	16,191	September 2019	1,893
6	Bejoy Villa (鉅悅源墅)	Nanjing	Residential/retail	73,216	December 2020	596
7	Ninghai Road G63 (寧海路 G63)	Nanjing	Residential/office	8,144	June 2023	48,524
8	Huijian Weilai (薈見未來)	Nanjing	Residential/retail/ recreational and sports	272,475	October 2021	364,424
9	Shantui (山推)	Nanjing	Scientific research/ office	30,500	December 2023	104,742
10	Jin Ling Jiu Yuan (金陵玖園)	Nanjing	Residential/retail	38,258	December 2022	166,093
11	Nan Bu Xin Cheng G63 (南部新城G63)	Nanjing	Medical	26,748	December 2023	148,860
12	Lan Hu Jun (藍湖郡)	Nanjing	Residential	21,636	June 2023	46,261
13	Tang Quan G56 (湯泉G56)	Nanjing	Residential	42,677	August 2023	82,516
<b>Sub-total for Nanjing</b>				<b>876,698</b>		<b>966,612</b>



No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
14	Tianyuan Mansion (天元世家)	Wuxi	Residential/retail	73,696	December 2023	26,963
15	Canal Park (京梁合)	Wuxi	Residential	64,844	June 2024	74,387
16	Sheltered Mansion (東樾府)	Wuxi	Residential/retail/ commercial apartments	52,132	January 2020	1,909
17	Hui Mountain International Community (惠山國際社區)	Wuxi	Residential/retail	114,419	June 2021	37,904
18	Changjiang Fu (長江賦)	Wuxi	Residential/retail	52,399	October 2021	155,252
19	Jiuduhui (洵都匯)	Wuxi	Residential	11,400	November 2021	24,595
20	Chun Xiao Guan Tang (春曉觀棠)	Wuxi	Residential	22,125	December 2022	58,350
21	Mei Gui Gong Guan (玫瑰公館)	Wuxi	Residential	30,028	December 2022	89,316
22	He Feng Lu (和風路)	Wuxi	Residential	28,845	June 2023	111,392
23	Zhutang (祝塘)	Wuxi	Residential	19,080	June 2023	62,095
<b>Sub-total for Wuxi</b>				<b>468,968</b>		<b>642,163</b>
24	Zhi Lu (知廬)	Hefei	Residential/retail	40,391	June 2023	94,137
<b>Sub-total for Hefei</b>				<b>40,391</b>		<b>94,137</b>
25	Yuan Stream Mansion (原溪)	Suzhou	Residential	19,533	November 2019	735
26	Yun Xi Ting (雲溪庭)	Suzhou	Residential	65,539	June 2023	182,155
27	Shui Pan Hua Ting (水畔華庭)	Suzhou	Residential	29,962	March 2021	17,328
<b>Sub-total for Suzhou</b>				<b>115,034</b>		<b>200,218</b>
28	Yungu Tianjing Mansion (雲谷天境)	Hangzhou	Residential/retail	20,713	December 2020	956
29	Qingshanhupan (青山湖畔)	Hangzhou	Residential/retail	364,380	December 2023	641,139
30	Yi He Shan Zhuang (頤和山莊)	Hangzhou	Residential/retail	399,016	April 2024	511,344
<b>Sub-total for Hangzhou</b>				<b>784,109</b>		<b>1,153,439</b>
31	Tang Dynasty Mansion (盛唐府)	Zhenjiang	Residential/retail	123,458	December 2023	123,711
32	Yuefu Mansion (樾府)	Zhenjiang	Residential/retail	55,810	August 2023	162,393
<b>Sub-total for Zhenjiang</b>				<b>179,268</b>		<b>286,104</b>

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area sq.m.	Actual/Expected completion date	Total land bank sq.m.
33	Zhixiang Cheng (致享城)	Xuzhou	Residential/retail	54,190	September 2021	75,457
34	Qingyunfu (青雲府)	Xuzhou	Residential/retail	58,563	March 2022	167,782
35	Da Xue Lu (大學路)	Xuzhou	Residential	57,258	August 2023	151,897
<b>Sub-total for Xuzhou</b>				<b>170,011</b>		<b>395,136</b>
36	Jiulongtianzhu (玖龍天著)	Wenzhou	Residential/retail	21,186	June 2022	52,853
<b>Sub-total for Wenzhou</b>				<b>21,186</b>		<b>52,853</b>
37	Yunyuetianzhu (雲樾天著)	Huai'an	Residential	45,369	November 2023	129,466
<b>Sub-total for Huai'an</b>				<b>45,369</b>		<b>129,466</b>
<b>Sub-total of land bank developed by subsidiaries of the Company</b>				<b>2,701,034</b>		<b>3,920,128</b>
<b>B. Projects developed by the Group's joint ventures and associates</b>						
1	Yuelufu (月鷺府)	Nanjing	Residential	62,798	May 2022	205,904
2	Huilingweilai (蒼領未來)	Nanjing	Residential	58,745	September 2021	127,520
3	Shangtang Yihefu (上棠頤和府)	Nanjing	Residential	101,697	May 2022	230,384
4	Yun Wang Fu (雲望府)	Nanjing	Residential	35,058	September 2023	135,198
5	Hui Tong Lu G83 (匯通路G83)	Nanjing	Residential	35,247	June 2023	92,294
6	Jun Hui (君薈)	Nanjing	Residential	57,302	December 2023	195,512
7	Pu Kou G53 (浦口G53)	Nanjing	Residential	221,841	April 2024	818,838
<b>Sub-total for Nanjing</b>				<b>572,688</b>		<b>1,805,650</b>
Attributable to the Group				205,995		659,156
8	Xin Kai He (新開河)	Wuxi	Residential	53,937	October 2023	158,954
9	Hua Zhuang (華莊)	Wuxi	Residential	27,343	August 2023	71,606
<b>Sub-total for Wuxi</b>				<b>81,280</b>		<b>230,560</b>
Attributable to the Group				24,185		66,878
10	Yuexi Mansion (樾溪臺)	Hefei	Residential/retail	54,783	June 2021	24,162
<b>Sub-total for Hefei</b>				<b>54,783</b>		<b>24,162</b>
Attributable to the Group				27,391		12,081

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
11	Gu Su Yue 66 (姑蘇樾66)	Suzhou	Residential	10,219	October 2020	563
12	Lin Xi Yuan Zhu (林溪源築)	Suzhou	Residential/retail	34,120	September 2022	101,254
<b>Sub-total for Suzhou</b>				<b>44,339</b>		<b>101,817</b>
Attributable to the Group				15,693		40,614
13	Lanshili (瀾仕里)	Hangzhou	Residential	48,848	December 2021	162,833
14	Guan Hu Zhi Chen (觀湖之宸)	Hangzhou	Residential	43,112	April 2023	123,106
15	Yue Hu Zhi Chen (閱湖之宸)	Hangzhou	Residential	40,391	April 2023	81,660
16	Peng Bu (彭埠)	Hangzhou	Commercial	24,072	December 2023	111,587
<b>Sub-total for Hangzhou</b>				<b>156,423</b>		<b>479,186</b>
Attributable to the Group				61,858		179,261
17	Wei Lai Zhi Chen (未來之宸)	Xuzhou	Residential	36,353	March 2023	113,194
<b>Sub-total for Xuzhou</b>				<b>36,353</b>		<b>113,194</b>
Attributable to the Group				14,541		45,278
18	Junlanfu (君蘭府)	Taizhou	Residential/retail	34,120	February 2022	106,640
19	Jinlinfu (金麟府)	Taizhou	Residential/retail	75,476	February 2022	219,058
<b>Sub-total for Taizhou</b>				<b>109,596</b>		<b>325,698</b>
Attributable to the Group				28,743		86,468

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area sq.m.	Actual/Expected completion date	Total land bank sq.m.
20	Wen Hua Fu (文華府)	Wenzhou	Residential	19,852	April 2022	67,210
21	Huan Le Tian Di (歡樂天地)	Wenzhou	Residential/ commercial	145,658	April 2022	509,792
<b>Sub-total for Wenzhou</b>				<b>165,510</b>		<b>577,002</b>
Attributable to the Group				59,941		208,880
<b>Sub-total of land bank developed by the Group's joint ventures and associates</b>				<b>1,220,972</b>		<b>3,657,269</b>
<b>Sub-total of land bank developed by the Group's joint ventures and associates (attributable to the Group)</b>				<b>438,347</b>		<b>1,298,616</b>
<b>Total land bank</b>				<b>3,922,006</b>		<b>7,577,397</b>
<b>Total land bank (attributable to the Group)</b>				<b>3,139,381</b>		<b>5,218,744</b>

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately RMB765.3 million or approximately 16.8% from approximately RMB4,553.9 million for the six months ended 30 June 2020 to approximately RMB3,788.6 million for the six months ended 30 June 2021 primarily as a result of the decrease in revenue from sale of properties. Details of the decrease in revenue derived from sale of properties are set out under the paragraph headed "Property Development — GFA Delivered and Revenue Recognised from Sale of Properties" in this announcement.

The table below sets forth the Group's revenue for each of the components described above and the percentage of total revenue represented for the periods indicated.

	Six months ended 30 June			
	2021		2020	
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)
Sale of properties	3,728,442	98.4	4,522,146	99.3
Project management income	24,055	0.7	14,346	0.3
Hotel operations	11,612	0.3	11,319	0.3
Rental income	19,772	0.5	6,049	0.1
Exhibition operation	4,744	0.1	—	—
<b>Total</b>	<b>3,788,625</b>	<b>100</b>	<b>4,553,860</b>	<b>100</b>

The Group's cost of sales mainly comprised cost of property sales which was directly associated with the revenue from the sale of properties, which represented direct construction costs, land acquisition costs and capitalised borrowing costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales decreased by approximately RMB741.3 million or approximately 19.3% from approximately RMB3,840.6 million for the six months ended 30 June 2020 to approximately RMB3,099.3 million for the six months ended 30 June 2021, which corresponded with the lower revenue recognised for the six months ended 30 June 2021 as compared to that from the same period in 2020.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, the Group's gross profit decreased by approximately RMB24.0 million or approximately 3.4% from approximately RMB713.3 million for the six months ended 30 June 2020 to approximately RMB689.3 million for the six months ended 30 June 2021. The Group's gross profit margin increased from approximately 15.7% for the six months ended 30 June 2020 to approximately 18.2% for the six months ended 30 June 2021, which was primarily due to the recognition of higher gross profit from Zhixiang Cheng (致享城), Hui Mountain International Community (惠山國際社區) and Huijian Weilai (薈見未來) projects in 2021.

### **Other Income and Gains**

The Group's other income and gains primarily consist of gain on disposal of a subsidiary, fair value gains from financial assets at FVTPL, dividend income from FVOCI and FVTPL, interest income, forfeiture of deposits, government grants and others.

The Group's other income and gains increased by approximately RMB43.3 million or approximately 222.3% from approximately RMB19.4 million for the six months ended 30 June 2020 to approximately RMB62.7 million for the six months ended 30 June 2021, which was mainly due to the recognition of fair value gains from financial assets at FVTPL and gain on disposal of a subsidiary of approximately RMB23.3 million and RMB13.3 million, respectively.

### **Selling and Distribution Expenses**

The Group's selling and distribution expenses mainly represented staff cost, advertising and business development expenses, office expenses and others.

The Group's selling and distribution expenses increased by approximately RMB9.8 million or approximately 9.4% from approximately RMB104.6 million for the six months ended 30 June 2020 to approximately RMB114.4 million for the six months ended 30 June 2021, which was mainly due to a rise in the number of property projects available for pre-sale in 2021, and accordingly, the increase in advertising and office expenses incurred therefor.

## **Administrative Expenses**

Administrative expenses primarily comprised staff costs, travel and entertainment expenses, professional fees, office expenses, other taxes and surcharges, depreciation and amortisation and others.

The Group's administrative expenses remained relatively stable, which increased by approximately RMB4.9 million or approximately 6.6% from approximately RMB74.6 million for the six months ended 30 June 2020 to approximately RMB79.5 million for the six months ended 30 June 2021.

## **Other Expenses**

The Group's other expenses mainly comprised one-off expenses including financial guarantee, contract expenses, compensation to customers, charitable donation expenses and others.

The Group's other expenses decreased by approximately RMB9.7 million or approximately 92.1% from approximately RMB10.5 million for the six months ended 30 June 2020 to approximately RMB0.8 million for the six months ended 30 June 2021. The decrease was mainly attributable to the fact that no compensation to customers was required to be offered and recognised during the current period, unlike that during the same period in 2020.

## **Finance Costs**

Finance costs primarily consist of interest on bank and other borrowings and senior notes, interest expense arising from revenue contracts and interest on lease liabilities.

The Group's finance costs decreased by approximately RMB31.4 million or approximately 28.6% from approximately RMB109.8 million for the six months ended 30 June 2020 to approximately RMB78.4 million for the six months ended 30 June 2021, which was primarily attributable to the increase of interest capitalised with the increased amount of property projects.

## **Share of Profits and Losses of Joint Ventures and Associates**

The Group's share of gains on joint ventures decreased by approximately RMB11.1 million or approximately 212.3% from a gain of approximately RMB5.2 million for the six months ended 30 June 2020 to a loss of approximately RMB5.9 million for the six months ended 30 June 2021, which was mainly attributable to the fact that new property projects as developed by joint ventures this year are yet to be delivered.

The Group's share of gains on associates decreased by approximately RMB43.7 million or approximately 182.8% from a gain of approximately RMB23.9 million for the six months ended 30 June 2020 to a loss of approximately RMB19.8 million for the six months ended 30 June 2021, which was mainly attributable to the fact that new property projects as developed by associates this year are yet to be delivered.

## **Income Tax Expense**

Income tax represents PRC corporate income tax and LAT payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses remained relatively stable, which decreased by approximately RMB7.7 million or approximately 4.7% from approximately RMB162.8 million for the six months ended 30 June 2020 to approximately RMB155.1 million for the six months ended 30 June 2021.

## **Profit for the Period**

The Group's profit for the period decreased by approximately RMB1.5 million or approximately 0.5% from approximately RMB299.6 million for the six months ended 30 June 2020 to approximately RMB298.1 million for the six months ended 30 June 2021. The Group's net profit margin increased from approximately 6.6% for the six months ended 30 June 2020 to approximately 7.9% for the six months ended 30 June 2021, which was mainly attributable to the increase in gross profit margin as compared to that from the same period in 2020, which outweighed the effect of income tax expenses on the Group's profit for the six months ended 30 June 2021.

Profit attributable to owners of the parent for the six months ended 30 June 2021 was approximately RMB80.4 million, representing a decrease of approximately 21.5% as compared to approximately RMB102.5 million for the same period in 2020. Such decrease was mainly attributable to the decrease in revenue generated and the Group's low share of profit derived from such property projects delivered.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

Property development is capital-intensive and the Group expects to continue to incur a high level of capital expenditures for project development in the foreseeable future. The Group funds its business operations both through cash flows generated from its business operations and through external financing, primarily including bank and other borrowings.

The Group's primary uses of cash are for the payment of acquisition of land use rights, construction costs, staff costs and various operating expenses.

## **Cash Positions**

As at 30 June 2021, the Group had cash and bank balance of approximately RMB5,495.8 million (31 December 2020: approximately RMB 6,420.9 million).

## Trade Receivables

As at 30 June 2021, the Group had trade receivables of approximately RMB18.5 million, compared with approximately RMB1.3 million as at 31 December 2020. The trade receivables are unsecured and non-interest-bearing same as the position as at 31 December 2020. The trade receivables as at 30 June 2021 were neither past due nor impaired and less than one year based on the invoice day.

## Indebtedness

As at 30 June 2021, the Group had total borrowings (including interest-bearing bank loans, other borrowings and senior notes) of approximately RMB15,713.1 million, compared with approximately RMB14,365.6 million as at 31 December 2020. The Group's borrowings are mainly denominated in Renminbi.

The following table sets forth the Group's total debts as at the dates indicated.

	<b>As at 30 June 2021 RMB'000</b>	<b>As at 31 December 2020 RMB'000</b>
<b>Interest-bearing bank loans and other borrowings:</b>		
<b>Current</b>		
Bank loans — secured	<b>114,812</b>	—
Other loans — secured	<b>473,005</b>	576,000
Other loans — unsecured	<b>45,000</b>	326,245
Current portion of long term bank loans — secured	<b>1,773,365</b>	2,321,141
Current portion of long term other loans — secured	<b>—</b>	99,700
Total current borrowings	<b>2,406,182</b>	3,323,086
<b>Non-current</b>		
Bank loans — secured	<b>9,774,633</b>	7,401,345
Other loans — secured	<b>1,150,000</b>	1,381,497
Other loans — unsecured	<b>50,000</b>	42,252
Total non-current borrowings	<b>10,974,633</b>	8,825,094
<b>Sub-total</b>	<b>13,380,815</b>	12,148,180
<b>Senior notes:</b>		
Senior notes — unsecured	<b>2,332,277</b>	2,217,378
<b>Total borrowings</b>	<b>15,713,092</b>	14,365,558



The following table sets forth the repayment schedule of the Group's borrowings as at the dates indicated.

	As at <b>30 June</b> <b>2021</b> <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
<b>Interest-bearing bank loans and other borrowings:</b>		
Repayable within one year	2,406,182	3,323,086
Repayable in the second year	4,345,488	2,455,705
Repayable in the third to fifth years	4,856,395	5,886,433
Repayable after five years	1,772,750	482,956
	<b>13,380,815</b>	12,148,180
<b>Senior notes:</b>		
Repayable within one year	2,332,277	2,217,378
<b>Total borrowings</b>	<b>15,713,092</b>	14,365,558

The following table sets out the range of interest rates for the Group's borrowings as at the dates indicated.

	As at <b>30 June</b> <b>2021</b> <b>Effective</b> <b>interest rate</b> (%)	As at 31 December 2020 <b>Effective</b> <b>interest rate</b> (%)
<b>Interest-bearing bank loans and other borrowings:</b>		
<b>Current</b>		
Bank loans — secured	6.88–8.25	N/A
Other loans — secured	8.00–13.30	13.00
Other loans — unsecured	13.00	12.50
Current portion of long term bank loans — secured	4.39–6.65	4.69–6.90
Current portion of long term other loans — secured	N/A	13.00
<b>Non-current</b>		
Bank loans — secured	4.39–6.90	4.46–6.65
Other loans — secured	11.50	7.00–13.00
Other loans — unsecured	13.00	7.00–7.50
<b>Senior notes:</b>		
Senior notes — unsecured	11.80–12.00	12.00

The Group's certain secured borrowings were secured by the pledges of the asset portfolio which includes investment properties, prepaid land lease payments, properties under development and completed properties held for sale.

### **Notes Issue**

On 17 March 2021, the Company issued US\$165,000,000 11.8% senior notes due 2022, which were listed on the Stock Exchange on 18 March 2021. The Company intended to use the net proceeds from the issue of such senior notes for refinancing certain existing indebtedness of the Company and general corporate purposes. As at 30 June 2021, the net proceeds have been fully unutilised for the said purposes. For further details, please refer to the announcements of the Company dated 12 March 2021 and 17 March 2021.

### **Financial Risks**

The Group is exposed to market risks from changes in market rates and prices, such as interest rate, credit, liquidity and foreign exchange risk.

#### **Interest Rate Risk**

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

#### **Credit Risk**

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the six months ended 30 June 2021. The credit risk of its other financial assets, which mainly comprise restricted cash and pledged deposits, financial assets included in prepayment, deposits and other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

#### **Liquidity Risk**

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

#### **Foreign Exchange Risk**

The Group mainly operates its business in the PRC. Other than the foreign currency denominated bank deposits and senior notes, the Group did not have any other material direct exposure to foreign exchange fluctuations for the six months ended 30 June 2021. The directors of the Company expect that any such fluctuations in exchange rate would not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

## **Key Financial Ratios**

The Group's current ratio remained relatively stable at approximately 1.2 and 1.3 as at 31 December 2020 and 30 June 2021, respectively. The Group's net gearing ratio <sup>(Note)</sup> increased from approximately 151.0% as at 31 December 2020 to approximately 196.3% as at 30 June 2021, primarily due to the decrease in cash reserves and increase in interest-bearing bank borrowings and other borrowings as at 30 June 2021.

*Note:*

Net gearing ratio is calculated by dividing the net of interest-bearing liabilities minus cash and bank balances by the total equity.

## **Contingent Liabilities**

### *Mortgage Guarantees*

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a customer defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of its completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under the above arrangement, the related properties were pledged to the banks as collaterals for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

As at 30 June 2021, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were approximately RMB5,512.1 million, compared with approximately RMB5,130.6 million as at 31 December 2020.

The Group did not incur any material losses during the six months ended 30 June 2021 in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Board considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

The directors of the Company confirm that the Group has not encountered defaults by customers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on the Group's financial condition and results of operations.

The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. As the total guarantee amount of RMB2,585.8 million as at 30 June 2021 (31 December 2020: RMB2,546.0 million) was secured by the pledges, the Board considered no financial guarantee provision was needed in respect of the guarantees.

### *Legal Contingents*

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

### **Commitments**

As at 30 June 2021, the Group's capital expenditures it had contracted but yet provided for was approximately RMB10,515.3 million, compared with approximately RMB11,523.0 million as at 31 December 2020.

### **Off-Balance Sheet Commitments and Arrangements**

Except for the contingent liabilities disclosed above, as at 30 June 2021, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

### **Significant Investments Held**

Save as disclosed in this announcement, the Group did not hold any significant investments during the six months ended 30 June 2021.

## **Employees**

As at 30 June 2021, the Group had a total of 903 employees. The Group offers employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. It contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

## **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 Yangtze River Delta Megalopolis in China. No concrete plan for future investment is in place as at the date of this announcement.

## **Material Acquisition and Disposal**

On 30 June 2021, Nanjing Mahui Real Estate Co., Ltd.\* (南京馬會置業有限公司), an indirect wholly-owned subsidiary of the Company (“**Nanjing Mahui**”), and Nanjing Zhihui Meijia Technology Service Co., Ltd.\* (南京智慧美佳科技服務有限公司), an indirect wholly-owned subsidiary of Yincheng Life Service CO., Ltd. (銀城生活服務有限公司) and a connected person of the Company under the Listing Rules (“**Nanjing Zhihui Meijia**”), entered into commercial housing sale and purchase agreements, pursuant to which Nanjing Mahui agreed to sell and Nanjing Zhihui Meijia agreed to acquire, at the total consideration of RMB11,617,034, four PRC properties owned by Nanjing Mahui. For further details, please refer to the announcement of the Company dated 30 June 2021.

Save as disclosed herein or in the Company’s annual report for the year ended 31 December 2020, during the six months ended 30 June 2021, the Group did not perform any material acquisition or disposal of subsidiaries and associates.

## **Subsequent Events**

No material event was undertaken by the Group subsequent to 30 June 2021 and up to the date of this announcement.

## **OTHER INFORMATION**

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

None of the Company nor any of its subsidiaries had purchased, sold or redeemed any securities of the Company for the six months ended 30 June 2021.

## INTERIM DIVIDEND

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company with reference to the Corporate Governance Code (the “**Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) so as to maintain a high standard of corporate governance of the Company. So far as the directors of the Company are aware, the Company has complied with the Code for the six months ended 30 June 2021.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the six months ended 30 June 2021.

## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee in compliance with the Code are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of two independent non-executive directors, Mr. Chen Shimin and Mr. Chan Peng Kuan, and one non-executive director, Mr. Huang Qingping. Mr. Chen Shimin is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2021, which have been approved by the Board on 19 August 2021 prior to its issuance. The Audit Committee is of the view that the unaudited interim condensed consolidated financial information are in compliance with the applicable accounting standards, the Listing Rules and other legal requirements, and that sufficient disclosure has been made.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.yincheng.hk](http://www.yincheng.hk)). Information and discussion herein shall be read in conjunction with the interim condensed consolidated financial information of the Group, including the related notes, set forth in the interim report, which will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board  
**Yincheng International Holding Co., Limited**  
**HUANG Qingping**  
*Chairman*

Nanjing, China  
19 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Ma Baohua, Mr. Zhu Li, Mr. Wang Zheng and Ms. Shao Lei; the non-executive directors of the Company are Mr. Huang Qingping and Mr. Xie Chenguang; and the independent non-executive directors of the Company are Mr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Lam Ming Fai.*

*Notes:* In this announcement, English names of PRC entities marked “\*” are translations of their Chinese names for identification purpose only.

Amounts and percentage figures included in this announcement, including information presented in thousands or millions of units, have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items.