SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.
祥生控股(集團)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 02599)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

- Contracted sales attributable to the Group amounted to approximately RMB49,681.1 million, increased by approximately 30.4% as compared with the corresponding period in the previous year.

- Total revenue amounted to approximately RMB15,894.0 million, increased by approximately 19.6% as compared with the corresponding period in the previous year.

- Profit for the period amounted to approximately RMB973.1 million, increased by approximately 135.6% as compared with the corresponding period in the previous year.

- Profit attributable to owners of the Company amounted to approximately RMB532.3 million, increased by approximately 48.7% as compared with the corresponding period in the previous year, and core net profit[1] attributable to owners of the Company amounted to approximately RMB533.9 million, increased by approximately 54.8% as compared with the corresponding period in the previous year.

- Total gross profit amounted to approximately RMB2,865.0 million, increased by approximately 19.3% as compared with the corresponding period in the previous year.

- Net gearing ratio decreased from 136.4% as of 31 December 2020 to 96.6% as of 30 June 2021.

- Cash and bank balances[2] amounted to approximately RMB27,319.0 million, representing an increase of approximately 12.4% as of 31 December 2020.

[1] Core net profit represents the net profit excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes.

[2] Cash and bank balances comprise restricted cash, pledged deposits, proceeds from pre-sale of properties, time deposits and cash and cash equivalents.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shinsun Holdings (Group) Co., Ltd. (the "**Company**" or "**Shinsun Holdings**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, referred to as the "**Group**" or "**We**") for the six months ended 30 June 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2020 as follows:

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

For the six months ended 30 June 2021

	NOTES	**2021** ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
REVENUE	*3*	**15,893,961**	13,291,758
Cost of sales		**(13,029,005)**	(10,890,303)
GROSS PROFIT		**2,864,956**	2,401,455
Finance income		**77,099**	61,964
Other income and gains	*3*	**76,124**	34,675
Selling and distribution expenses		**(616,409)**	(608,692)
Administrative expenses		**(470,373)**	(525,677)
Other expenses		**(121,295)**	(36,822)
Fair value gains on investment properties		**14,830**	1,605
Finance costs	*4*	**(463,239)**	(346,766)
Share of profits and losses of:			
Joint ventures		**242,996**	(32,448)
Associates		**1,679**	239
PROFIT BEFORE TAX	*5*	**1,606,368**	949,533
Income tax expense	*6*	**(633,254)**	(536,411)
PROFIT FOR THE PERIOD		**973,114**	413,122
Attributable to:			
Owners of the parent		**532,332**	358,064
Non-controlling interests		**440,782**	55,058
		973,114	413,122
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share	*8*	**RMB0.17**	RMB0.15

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2021

	NOTES	**2021** **RMB'000**	2020 RMB'000
PROFIT FOR THE PERIOD		**973,114**	413,122
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:			
Revaluation gains on transfer from property, plant and equipment to investment properties		–	161,395
Income tax effect		–	(40,348)
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods		–	121,047
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		–	121,047
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**973,114**	534,169
Attributable to:			
Owners of the parent		**532,332**	479,111
Non-controlling interests		**440,782**	55,058
		973,114	534,169

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	**30 June 2021** *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**110,084**	127,132
Right-of-use assets		**72,069**	74,064
Investment properties		**2,026,584**	2,018,554
Intangible assets		**10,418**	10,832
Investments in joint ventures		**1,292,381**	1,164,904
Investments in associates		**1,115,567**	686,226
Deferred tax assets		**2,350,195**	2,100,518
Total non-current assets		**6,977,298**	6,182,230
CURRENT ASSETS			
Properties under development		**101,414,403**	105,840,944
Completed properties held for sale		**9,737,018**	4,272,697
Trade and bills receivables	*9*	**115,130**	127,380
Contract cost assets		**156,593**	227,970
Due from related parties		**3,919,514**	2,700,144
Prepayments, deposits and other receivables		**19,619,678**	13,265,996
Tax recoverable		**2,673,415**	2,191,243
Financial assets at fair value through profit or loss		**724,326**	626,231
Cash and bank balances		**27,319,044**	24,304,747
Total current assets		**165,679,121**	153,557,352

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*10*	**7,408,176**	6,977,322
Other payables and accruals		**13,258,585**	13,220,334
Contract liabilities		**77,860,251**	68,791,434
Due to related parties		**5,948,266**	5,809,050
Interest-bearing bank and other borrowings		**17,485,942**	20,754,820
Senior notes		**4,653,237**	1,437,058
Corporate bonds		**22,362**	3,164
Tax payable		**2,094,844**	2,409,194
Lease liabilities		**32,115**	34,207
Total current liabilities		**128,763,778**	119,436,583
NET CURRENT ASSETS		**36,915,343**	34,120,769
TOTAL ASSETS LESS CURRENT LIABILITIES		**43,892,641**	40,302,999
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**23,552,456**	21,531,087
Senior notes		**–**	1,952,929
Corporate bonds		**497,500**	497,500
Lease liabilities		**56,248**	51,910
Deferred tax liabilities		**222,846**	232,537
Total non-current liabilities		**24,329,050**	24,265,963
NET ASSETS		**19,563,591**	16,037,036
EQUITY			
Equity attributable to owners of the parent			
Share capital		**199,616**	199,616
Reserves		**8,373,720**	8,231,939
		8,573,336	8,431,555
Non-controlling interests		**10,990,255**	7,605,481
TOTAL EQUITY		**19,563,591**	16,037,036

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted limited liability company incorporated in the Cayman Islands on 13 December 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 18 November 2020.

The Company is an investment holding company. During the Reporting Period, the subsidiaries now comprising the Group were involved in property development, property leasing, and the provision of property management services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Shinlight Limited, which is incorporated in the British Virgin Islands.

2.1 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.

2.2 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 IFRS for the first time for the current period's financial information.

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

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 certain interest-bearing bank and other borrowings denominated in RMB based on the Loan Prime Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the Reporting 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.

(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 amendment did not have any impact on the financial position and performance of the Group as the Group did not have any rent concessions arising as a direct consequence of the covid-19 pandemic for the six months ended 30 June 2021.

The Group has changed its accounting policy of the classification of the interest paid in the consolidated statement of cash flows. In prior periods, interest paid was classified as cash flows from operating activities, whereas interest paid is now classified as cash flows from financing activities (the "**Policy Change**"). In the opinion of the directors of the Company, it is more appropriate to classify all cash flows in respect of the Group's borrowings, as cash flows from financing activities in the consolidated statement of cash flows to reflect the nature of the cash flows associated with the Group's borrowings, including the interest paid as a cost of financing, and will provide more relevant information about the cash flows associated with the borrowings. The directors are also of the opinion that such classification and presentation will provide greater comparability with other industry peers of the Group. The comparative amounts have been restated accordingly.

Set out below are the amounts by which each financial statement line item was affected for the period ended 30 June 2021 and 30 June 2020 as a result of the Policy Change:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	Decrease/ (increase)	Decrease/ (increase)
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest paid	**2,123,041**	1,565,180
Increase in cash flows related to operating activities	**2,123,041**	1,565,180
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(2,123,041)**	(1,565,180)
Decrease in cash flows related to financing activities	**(2,123,041)**	(1,565,180)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–**	–

The adoption of the Policy Change has had no impact on the consolidated statements of profit or loss, comprehensive income, financial position and changes in equity.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**15,858,533**	13,270,881
Revenue from other sources		
Property lease income	**35,428**	20,877
	15,893,961	13,291,758

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services:		
Sale of properties	**15,774,489**	13,175,389
Property management services	**8,275**	7,702
Hotel operation	**–**	11,164
Management consulting services	**75,769**	76,626
Total revenue from contracts with customers	**15,858,533**	13,270,881
Timing of revenue recognition:		
Properties transferred at a point in time	**15,774,489**	13,175,389
Services transferred over time	**84,044**	95,492
Total revenue from contracts with customers	**15,858,533**	13,270,881

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Subsidy income	**10,717**	12,856
Gain on disposal of joint ventures	**55,914**	–
Deposit forfeiture	**2,779**	2,466
Gain on disposal of right-of-use assets	**–**	3,079
Foreign exchange gains	**–**	9,311
Others	**6,714**	6,963
	76,124	34,675

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on loans and borrowings	**1,592,330**	1,368,318
Interest on senior notes	**201,685**	86,937
Interest on corporate bonds	**19,198**	–
Interest on asset-backed securities	**–**	15,464
Interest on lease liabilities	**4,523**	4,093
Interest expense arising from revenue contracts	**402,811**	671,306
Total interest expense on financial liabilities not at fair value through profit or loss	**2,220,547**	2,146,118
Less: Interest capitalised	**(1,757,308)**	(1,799,352)
	463,239	346,766

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**13,012,883**	10,878,360
Cost of services provided	**16,122**	11,943
Impairment losses recognised for properties under development	**–**	9,035
Impairment of financial assets	**11,389**	1,986
Depreciation of property, plant and equipment	**30,071**	30,602
Depreciation of right-of-use assets	**14,215**	20,929
Amortisation of intangible assets	**1,658**	1,018
Lease payments not included in the measurement of lease liabilities	**2,779**	5,141
Auditor's remuneration	**2,200**	3,307
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**352,927**	351,596
Pension scheme contributions	**44,290**	40,934

6. 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 subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the six months ended 30 June 2021 and 2020.

Subsidiaries of the Group operating in Mainland China were subject to the People's Republic of China ("**PRC**") corporate income tax with a tax rate of 25% (2020: 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 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:		
Corporate income tax	**707,594**	537,358
LAT	**156,760**	283,845
Deferred tax	**(231,100)**	(284,792)
Total tax charge for the period	**633,254**	536,411

7. DIVIDENDS

The proposed 2020 final dividend of HK$0.20 per share (to be distributed out of the Company's share premium account), amounting to a total of approximately HK$608,680,600 was approved by the shareholders at the annual general meeting on 18 June 2021. It was recorded in "Other payables and accruals" in the interim condensed consolidated statement of financial position.

No interim dividends for the six months ended 30 June 2021 have been declared by the Company.

8. 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, and the weighted average number of ordinary shares of 3,043,403,000 (as of 30 June 2020: 2,399,999,302) in issue during the Reporting Period.

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

The calculations of the basic and diluted earnings per share amounts are based on:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**532,332**	358,064

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,043,403,000**	2,399,999,302

9. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**87,760**	98,185
1 to 3 years	**27,370**	29,195
Over 3 years	**–**	–
	115,130	127,380

10. TRADE AND BILLS PAYABLES

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**7,102,054**	6,764,319
Over 1 year	**306,122**	213,003
	7,408,176	6,977,322

Included in the trade and bills payables are bills payables of RMB3,472,098,000 which will due from July 2021 to June 2022.

MARKET REVIEW

In the first half of 2021, China's economic recovery has achieved remarkable results, with a GDP of approximately RMB53,216.7 billion, representing a year-on-year increase of approximately 12.7%. The economy has grown steadily, with favorable long-term fundamentals of China's economy remain unchanged.

During the Reporting Period, the sales area and amount of commodity properties increased in a steady pace, with the sales area of commodity properties of approximately 890 million sq.m. from January to June, representing a year-on-year increase of approximately 27.7%. The sales amount in the same period was approximately RMB9.3 trillion, representing a year-on-year increase of 38.9%. Under the development keynote of stability, the market's long-term and short-term policies have been implemented in parallel, and are gradually approaching the goal of "stabilizing land prices, housing prices and market expectations".

It is noteworthy that under the COVID-19 pandemic, the digital marketing process of the real estate industry has accelerated significantly, and real estate enterprises have begun to try to sell through online platforms, so as to solve the problem of offline sales hindered in short-term. As a supplement to the traditional offline sales method, the value and trend of digital marketing are being focused on and explored by the industry.

BUSINESS REVIEW

In the face of the challenges of the times and external uncertainties, the Group adhered to its corporate positioning as a "Happy Life Operator (幸福生活運營商)". With the vision of becoming a healthy and sustainable quality benchmark enterprise and the management policy of "market-oriented, quality-made, talent-first and win-win cooperation (市場導向、匠心質造、人才為先、合作共贏)", we actively face the new pattern of market and industry.

After more than 20 years, Shinsun Holdings Group is committed to maintaining its leading scale in the region. The Group insists on operating its business based on Zhejiang Province by deeply rooted into the Pan-Yangtze River Delta. While ensuring stable and healthy growth with its strategic vision on cities with high potential across the country, the Group also puts forward a "1+1+X" investment strategy, under which it built a layout in Zhejiang + Pan-Yangtze River Delta + key cities with potential.

In the first half of 2021, the Group achieved revenue of approximately RMB15,894.0 million, representing a year-on-year increase of approximately 19.6%, net profit of approximately RMB973.1 million, representing a year-on-year increase of 135.6%, core net profit attributable to owners of the Company approximately RMB533.9 million, representing an increase of approximately 54.8% as compared with the same period last year. In terms of replenishment of land value, the Group insisted on efficiency first and the strategy of deep cultivation and selective expansion. In the first half of 2021, the Group obtained 18 new land banks, with a total land area of 1,872.6 thousand sq.m. and total attributable GFA of 2,873.9 thousand sq.m.. From January to June 2021, Shinsun Holdings Group has realized the sales amount for equity contract of RMB49,681.1 million, with a GFA for equity contract of 3,763.6 thousand sq.m..

With the guidance of the "1+1+X" investment strategy, the Group has continued to enhance its regional penetration advantages, deepened its layout in the cities which it has operated, and created high-quality products matching the living needs of local people with its in-depth understanding of local customers' needs and urban development process, so as to further enhance the corporate brand recognition and influence.

During the Reporting Period, two brand new star product lines iteratively launched by Shinsun continued to be implemented. Taking the Cloud series (雲境系) as an example, up to now, Shinsun has nine products of Cloud series (雲境系) located in various places from Hefei, Nantong to Shaoxing, bringing an abundant, healthy, happy and free life experience to more families. With the growing maturity of the product system, Shinsun will continue to provide high-quality products and services to more consumers in the future.

Based on the Company's long-term and sound development, the Group won a number of awards and honors in the first half of 2021, including the TOP26 among the 2021 China Top 100 Real Estate Developers, 2021 China Top 10 Listed Real Estate Enterprises in Wealth Creation Capability, 2021 TOP5 Hong Kong Listed Real Estate Enterprises from Mainland China in Investment Value, 2021 Brand Value Model Enterprise, 2021 TOP6 China's Emerging Listed Company in Brand Value and other honors.

In addition, after the successful entering into the capital market, the Group was recognized by the capital market in just six months. Given the sound development of the enterprise, the increasingly improvement of layout and the continuous optimization of the capital structure, since March this year, dealers such as CCB International and CMB International have successively given a "Buy" rating, and numerous international authoritative rating agencies such as Moody, Standard & Poor, Lianhe Global and Fitch have also successively given "Stable" and "Positive" outlook, clearly demonstrating the favorable long-term development of the Group. Moreover, in May this year, the Group successfully released a sustainable financing framework and planed to issue debt instruments such as green, social and sustainable development bonds, so as to actively explore the development potential for green finance.

During the period, the Group attached great importance to two-way communication with investors, committed to enhancing corporate transparency and establishing long-term relationships with investors. Subject to complying with relevant listing rules and laws, the Group has established a systematic communication channel through a variety of methods to provide stakeholders with information such as operating results and latest development trends on a regular basis. In addition to issuing financial reports, announcements and press releases through online channels such as the website of Hong Kong Exchanges and Clearing Limited, the Company's official website, emails, and WeChat official account, the Group also actively organized and participated in various investor relations activities, including meetings, press conferences, road shows, investment seminars, site visits for projects and media access, so as to maintain close communication with the market.

As the development of a enterprise shall keep pace with the times, the Group also actively practiced social responsibility, followed the principle of "taking from society and giving back to society", and actively engaged in public welfare undertakings. The "Clover Plan" made up of leaf of hope, leaf of giving, leaf of love and leaf of health as a charity brand of Shinsun Holdings made continuous contribution to the urban construction, helping students from needy families, helping the disabled and orphans, and disaster relief and charity since its launch. As of June 30, 2021, there were 421 volunteers, 11 charity projects, over 800 books and over RMB400 million donated in the public welfare fields of poverty alleviation, education, orphanage, the disabled, and disaster relief.

OUTLOOK

2021 marks the opening year of the 14th Five-Year Plan, although the external environment for China's economic development remains complicated and challenging, the Group still has firm confidence in the continued stability and promising of China's economy and the healthy development of the real estate market. The policy keynote of stability of the real estate will be continued for a long time, and the policy of "housing is for living in, not for speculation" will be insisted on, so as to effectively solve the housing problem in big cities and ensure the realization of goal of "stabilizing land prices, housing prices and market expectations".

Against this context, the Group will still adhere to its aspiration to continue to deepen the operation of existing urban clusters with strategic layout of "1+1+X", consolidate localization advantages, and continue to develop differentiated competitiveness, with a view to make contribution to China's urbanization development and urban construction governance, and create value for shareholders while achieving stable growth in performance.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

	Six months ended 30 June 2021	2020	Change in percentage
Contracted sales *(Note 1)*			
Contracted sales attributable to the Group's interests (RMB'000) *(Note 1)*	**49,681,119**	38,112,263	30.4%
Contracted gross floor area ("**GFA**") sold attributable to the Group (sq.m.)	**3,763,636**	2,933,744	28.3%
Contracted average selling price ("**ASP**") attributable to the Group's interests (RMB/sq.m.)	**13,200**	12,991	1.6%
Selected financial information			
Revenue (RMB'000)	**15,893,961**	13,291,758	19.6%
Gross profit (RMB'000)	**2,864,956**	2,401,455	19.3%
Profit for the period (RMB'000)	**973,114**	413,122	135.6%
Core net profit *(Note 2)* (RMB'000)	**974,713**	399,965	143.7%
Profit attributable to owners of the Company (RMB'000)	**532,332**	358,064	48.7%
Core net profit attributable to owners of the Company (RMB'000)	**533,931**	344,907	54.8%
Gross profit margin (%) *(Note 3)*	**18.0%**	18.1%	
Core net profit margin (%) *(Note 4)*	**6.1%**	3.0%	
Earnings per share (basic and diluted) (RMB cents)	**17**	15	
Core earnings per share (basic and diluted) (RMB cents)	**18**	14	

	30 June 2021	31 December 2020	Change in percentage
Total assets (RMB'000)	**172,656,419**	159,739,582	8.1%
Cash and bank balances (RMB'000) *(Note 5)*	**27,319,044**	24,304,747	12.4%
Total liabilities (RMB'000) *(Note 6)*	**153,092,828**	143,702,546	6.5%
Total equity (RMB'000)	**19,563,591**	16,037,036	22.0%
Equity attributable to owners of the Company (RMB'000)	**8,573,336**	8,431,555	1.7%
Net gearing ratio (%) *(Note 7)*	**96.6%**	136.4%	
Weighted average costs of indebtedness (%) *(Note 8)*	**8.6%**	9.1%	

Notes:

(1) Contracted sales include contracted sales attributable to the Group. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.

(2) Core net profit represents the net profit excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes.

(3) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the period and multiplied by 100%.

(4) The calculation of core net profit margin is based on core net profit for the period divided by revenue for the period and multiplied by 100%.

(5) Cash and bank balances comprise restricted cash, pledged deposits, proceeds from pre-sale of properties, time deposits and cash and cash equivalents.

(6) Total liabilities represent current liabilities and non-current liabilities.

(7) The calculation of net gearing ratio is based on total interest-bearing liabilities less cash and bank balances divided by total equity at the end of the year and multiplied by 100%.

(8) Weighted average cost of indebtedness is the weighted average of interest costs of all indebtedness outstanding as at the end of each financial period.

PROPERTY DEVELOPMENT AND SALES

Contracted Sales

During the Reporting Period, the Group achieved contracted sales attributable to the Group of approximately RMB49,681.1 million, increased by approximately 30.4% from approximately RMB38,112.3 million for the six months ended 30 June 2020 mainly due to the rapid growth in sales and increase in the number of projects in the Pan-Yangtze River Delta Region (a geographical region in China including Shanghai Municipality, Jiangsu Province, Shandong Province, Anhui Province and Jiangxi Province, but excluding Zhejiang Province).

During the Reporting Period, the contracted sales in GFA attributable to the Group amounted to approximately 3,763,636 sq.m., representing an increase of approximately 28.3% from approximately 2,933,744 sq.m. for the six months ended 30 June 2020. The Group's contracted ASP for the six months ended 30 June 2021 was RMB13,200/sq.m., representing an increase of approximately 1.6% from RMB12,991/sq.m. for the six months ended 30 June 2020.

Contracted sales attributable to the Group from the Zhejiang Province, Pan-Yangtze River Delta Region and Other Regions, which represents regions in China other than Zhejiang Province and the Pan-Yangtze River Delta Region, including Hubei Province, Hunan Province, Inner Mongolia Autonomous Region, Fujian Province and Liaoning Province, accounted for approximately 55.0%, 35.4% and 9.6% of total attributable contracted sales of the Group for the six months ended 30 June 2021, respectively.

The following table sets forth the details of contracted sales attributable to the Group for the six months ended 30 June 2021:

	Contracted sales attributable to the Group's interests *(RMB'000)*	**Percentage of total contracted sales** *(%)*	**GFA attributable to the Group's interests** *(sq.m.)*	**Contracted ASP** *(RMB/sq.m.)*
Shaoxing	8,810,484	17.7%	501,880	17,555
Hangzhou	7,290,503	14.7%	288,263	25,291
Hefei	3,500,778	7.0%	174,947	20,010
Nantong	2,620,150	5.3%	85,123	30,781
Ningbo	2,455,806	4.9%	107,666	22,809
Hohhot	2,380,208	4.8%	243,325	9,782
Taizhou	2,080,581	4.2%	130,159	15,985
Huzhou	1,484,603	3.0%	117,229	12,664
Xuancheng	1,444,137	2.9%	184,613	7,823
Wuhu	1,381,924	2.8%	157,375	8,781
Ji'nan	1,273,471	2.6%	174,647	7,292
Zhoushan	1,158,022	2.3%	74,931	15,454
Chuzhou	1,126,822	2.3%	173,643	6,489
Wenzhou	1,098,684	2.2%	46,216	23,773
Nanchang	1,074,932	2.2%	65,541	16,401
Others	10,500,014	21.1%	1,238,078	8,481
Total	**49,681,119**	**100%**	**3,763,636**	**13,200**

Land Bank

During the Reporting Period, the Group acquired a total of 18 land parcels with a total occupied area of approximately 1,872,627 sq.m. and a total attributable GFA of approximately 2,873,904 sq.m.. The average cost of land parcels acquired was approximately RMB6,120 per sq.m. (calculated based on the GFA).

The following table sets forth details of the Group's newly acquired land parcels during the Reporting Period:

Developed by the Group and its subsidiaries

No.	City	Name of the land/project	Land use	Occupied area *(sq.m.)*	Total attributable GFA *(sq.m.)*	Attributable land cost *(RMB million)*	Average land cost (in terms of GFA) *(RMB/sq.m.)*
Zhejiang							
1	Hangzhou	Hangzhou Xiasha College Town North Plot 03 (杭州下沙大學城北03地塊)	Residential and commercial	52,412	208,428	2,612	12,531
2	Hangzhou	Shuangpu unit Plot XH2301-09 (雙浦單元XH2301-09地塊)	Residential and commercial	96,162	227,859	2,823	12,389
3	Shaoxing	Shaoxing Zeshuipai Plot 7-2 (紹興則水牌7-2)	Residential	106,509	189,134	3,111	16,449
4	Shaoxing	Zhuji Shinsun City Light (諸暨祥生城市之光)	Residential and commercial	207,043	330,010	1,425	4,318
5	Taizhou	Wenling Shentongmen Project (溫嶺神童門項目)	Residential and commercial	15,404	52,479	448	8,537
6	Quzhou	Quzhou High-speed Railway New Town Plot GT-05-18 (衢州高鐵新城GT-05-18地塊)	Residential and commercial	105,109	280,268	2,290	8,171
Shandong							
1	Ji'nan	Chengnan Yipin (城南壹品)	Residential and commercial	49,497	220,489	154	697
Anhui							
1	Anqing	Anqing Wanxing shinsun-Yicheng Jianglai (安慶萬興祥生宜城江來)	Residential and commercial	34,424	66,904	380	5,680
2	Anqing	Anqing Wanxing shinsun-Yicheng Future (安慶萬興祥生宜城未來)	Residential and commercial	35,702	92,109	486	5,276
3	Wuhu	Nanling Shinsun Qunxian Mansion (南陵祥生群賢府)	Residential	47,843	64,017	161	2,507
4	Fuyang	Shinsun Shuangqing Yunjing (祥生雙清雲境)	Residential and commercial	79,519	235,684	905	3,841
Jiangxi							
1	Jiiujiang	Yongxiu Shinsun Junyue Mansion (永修祥生君悅華庭)	Residential and commercial	55,647	142,059	342	2,408
		Subtotal		**885,271**	**2,109,441**	**15,136**	**7,176**

Developed by the Group's joint ventures and associates

No.	City	Name of the land/project	Land use	Occupied area *(sq.m.)*	Total attributable GFA *(sq.m.)*	Attributable land cost *(RMB million)*	Average land cost (in terms of GFA) *(RMB/sq.m.)*
Zhejiang							
1	Shaoxing	Shaoxing Jianhu Ming Arbor (紹興鑑湖明樾)	Residential	63,836	59,585	1,003	16,832
2	Shaoxing	Zhuji Sunflower Sun City (諸暨向日葵太陽城)	Commercial	353,756	290,814	336	1,154
3	Wenzhou	Wenzhou Plot 11-E-38 (溫州11-E-38地塊)	Residential and commercial	66,134	70,933	506	7,128
4	Wenzhou	Wenzhou Plot E-08 (溫州E-08地塊)	Residential and commercial	15,832	23,343	180	7,702
Shandong							
1	Zibo	Zibo Yuchang Project (淄博裕昌項目)	Residential and commercial	77,798	119,867	181	1,509
Jiangxi							
1	Fuzhou	Fuzhou Jinxi Xinxue ancient city (撫州金溪心學古城)	Commercial	410,000	199,920	246	1,230
		Subtotal		**987,356**	**764,463**	**2,451**	**3,206**
		Total		**1,872,627**	**2,873,904**	**17,587**	**6,120**

As at 30 June 2021, the total land bank attributable to the Group, taken into account the total land bank of projects developed by subsidiaries, joint ventures and associates, was 22.9 million sq.m., among which, 3.7 million sq.m. was completed properties available for sale/leasable and for investment purposes, 14.0 million sq.m. was under development and 5.2 million sq.m. was for future development.

The following table sets out a breakdown of the total land bank developed by the subsidiaries, joint ventures and associates of the Group attributable to the Group by geographical location as at 30 June 2021:

Developed by the Group's subsidiaries

City	Number of Projects	Completed properties available for sale/ available for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	Percentage of total land bank attributable to the Group *(%)*
Shanghai	**3**	**31,866**	**132,843**	**149,228**	**313,937**	**1.4%**
Shanghai	3	31,866	132,843	149,228	313,937	1.4%
Zhejiang	**102**	**2,003,177**	**6,520,803**	**1,698,629**	**10,222,609**	**44.6%**
Hangzhou	16	263,721	1,781,294	436,287	2,481,302	10.8%
Ningbo	4	14,905	394,544	–	409,449	1.8%
Shaoxing	41	589,437	2,207,826	519,144	3,316,407	14.5%
Wenzhou	5	21,435	433,808	–	455,243	2.0%
Taizhou	10	290,914	1,069,722	52,479	1,413,115	6.2%
Jiaxing	5	72,861	–	–	72,861	0.3%
Huzhou	6	325,565	79,693	–	405,258	1.8%
Zhoushan	4	157,531	167,731	–	325,262	1.4%
Quzhou	7	266,808	–	280,268	547,076	2.4%
Lishui	4	–	386,185	410,450	796,635	3.5%
Jiangsu	**18**	**601,548**	**920,513**	**–**	**1,522,061**	**6.6%**
Suzhou	2	10,644	–	–	10,644	0.0%
Yangzhou	1	–	205,321	–	205,321	0.9%
Nantong	3	21,402	177,622	–	199,024	0.9%
Lianyungang	2	98,289	–	–	98,289	0.4%
Yancheng	1	2,031	63,948	–	65,979	0.3%
Suqian	3	24,199	473,621	–	497,820	2.2%
Taizhou	6	444,984	–	–	444,984	1.9%
Shandong	**8**	**59,632**	**1,220,138**	**771,457**	**2,051,227**	**8.9%**
Ji'nan	6	59,632	508,974	606,969	1,175,575	5.1%
Ji'ning	1	–	578,376	164,488	742,864	3.2%

City	Number of Projects	Completed properties available for sale/ available for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	Percentage of total land bank attributable to the Group *(%)*
Liaocheng	1	–	132,788	–	132,788	0.6%
Anhui	**31**	**415,703**	**2,229,410**	**655,385**	**3,300,499**	**14.4%**
Hefei	2	–	374,442	–	374,442	1.6%
Wuhu	6	105,960	417,050	64,017	587,027	2.6%
Xuancheng	10	173,528	325,927	196,671	696,126	3.0%
Chuzhou	6	136,216	322,149	–	458,365	2.0%
Maanshan	2	–	248,723	–	248,723	1.1%
Anqing	2	–	–	159,013	159,013	0.7%
Suzhou	2	–	541,119	–	541,119	2.4%
Fuyang	1	–	–	235,684	235,684	1.0%
Jiangxi	**7**	**124,740**	**292,408**	**310,318**	**727,466**	**3.2%**
Nanchang	1	–	130,354	–	130,354	0.6%
Jiujiang	2	62,241	–	142,059	204,300	0.9%
Fuzhou	4	62,499	162,054	168,259	392,812	1.7%
Hubei	**13**	**127,880**	**336,017**	**404,528**	**868,424**	**3.8%**
Wuhan	4	12,737	–	67,293	80,030	0.3%
Xiantao	5	85,672	199,405	155,034	440,110	1.9%
Jingmen	1	7,277	136,612	182,201	326,091	1.4%
Jingzhou	3	22,194	–	–	22,194	0.1%
Hunan	3	43,161	460,410	128,582	632,153	2.8%
Hengyang	1	–	233,450	–	233,450	1.0%
Yueyang	1	22,787	109,502	–	132,289	0.6%
Changde	1	20,373	117,459	128,582	266,414	1.2%
Inner Mongolia	**6**	**–**	**1,084,044**	**–**	**1,084,044**	**4.7%**
Hohhot	6	–	1,084,044	–	1,084,044	4.7%
Fujian	**1**	**66,826**	**–**	**192,521**	**259,347**	**1.1%**
Nanping	1	66,826	–	192,521	259,347	1.1%
Liaoning	**3**	**45,021**	**–**	**–**	**45,021**	**0.2%**
Anshan	3	45,021	–	–	45,021	0.2%
Total	**195**	**3,519,555**	**13,196,586**	**4,310,648**	**21,026,788**	**91.6%**

Developed by the Group's joint ventures and associates

City	Number of Projects	Completed properties available for sale/ available for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	Percentage of total land bank attributable to the Group *(%)*
Zhejiang	**23**	**61,958**	**753,357**	**550,041**	**1,365,356**	**5.9%**
Hangzhou	3	37,110	207,035	–	244,145	1.1%
Ningbo	1	17,375	–	–	17,375	0.1%
Shaoxing	8	5,103	97,775	455,764	558,642	2.4%
Wenzhou	2	–	–	94,277	94,277	0.4%
Jiaxing	4	–	286,437	–	286,437	1.2%
Huzhou	2	2,370	–	–	2,370	0.0%
Quzhou	1	–	46,633	–	46,633	0.2%
Jinhua	2	–	115,478	–	115,478	0.5%
Jiangsu	**4**	**18,982**	**63,053**	**–**	**82,036**	**0.4%**
Nanjing	1	12,524	20,766	–	33,291	0.1%
Zhenjiang	1	–	42,287	–	42,287	0.2%
Taizhou	2	6,458	–	–	6,458	0.0%
Shandong	**1**	**–**	**–**	**119,867**	**119,867**	**0.5%**
Zibo	1	–	–	119,867	119,867	0.5%
Anhui	**3**	**24,886**	**28,866**	**39,382**	**93,134**	**0.4%**
Chuzhou	2	24,886	–	–	24,886	0.1%
Anqing	1	–	28,866	39,382	68,248	0.3%
Jiangxi	**2**	**58,418**	**–**	**199,920**	**258,338**	**1.1%**
Shangrao	1	58,418	–	–	58,418	0.3%
Fuzhou	1	–	–	199,920	199,920	0.9%
Subtotal	**33**	**164,244**	**845,276**	**909,210**	**1,918,731**	**8.4%**
Total	**228**	**3,683,799**	**14,041,862**	**5,219,858**	**22,945,519**	**100.0%**

	Number of Projects	Completed properties available for sale/ available for lease and for investment purposes *(sq.m.)*	Planned GFA under development *(sq.m.)*	Estimated GFA for future development *(sq.m.)*	Total land bank attributable to the Group *(sq.m.)*	% of total land bank attributable to the Group *(%)*
By regions						
Zhejiang	125	2,065,135	7,274,160	2,248,670	11,587,965	50.5%
Pan-Yangtze River Delta	77	1,335,776	4,887,231	2,245,557	8,468,564	36.9%
Other regions	26	282,888	1,880,471	725,631	2,888,990	12.6%
Total	**228**	**3,683,799**	**14,041,862**	**5,219,858**	**22,945,519**	**100%**

Completed properties held for sale

Completed properties held for sale represents completed GFA remaining unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties.

As at 30 June 2021, the Group had 111 completed property projects with completed properties held for sale amounted to approximately RMB9,737.0 million, representing an increase from approximately RMB4,272.7 million as at 31 December 2020. The Group's total completed GFA amounted to approximately 20.0 million sq.m., representing an increase from approximately 16.6 million sq.m as at 31 December 2020.

Projects under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost, which comprises land costs, construction costs, capitalised interests 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 95 property projects under development with properties under development amounted to approximately RMB101,414.4 million, representing a decrease from approximately RMB105,840.9 million as at 31 December 2020. The Group's total GFA under development amounted to approximately 15.2 million sq.m., representing a decrease from approximately 16.3 million sq.m as at 31 December 2020.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2021 and the corresponding period in 2020, the Group derived its revenue from five business lines, namely (i) property development and sales; (ii) management consulting services; (iii) property leasing; (iv) hotel services; and (v) property management services. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	Six months ended 30 June		**Change in Percentage**
	2021	2020	
	(RMB'000)	*(RMB'000)*	
	(Unaudited)	(Unaudited)	
Revenue			
Property development and sales	**15,774,489**	13,175,389	19.7%
Management consulting services	**75,769**	76,626	-1.1%
Property leasing	**35,428**	20,877	69.7%
Hotel services	**–**	11,164	-100.0%
Property management services	**8,275**	7,702	7.4%
Total	**15,893,961**	13,291,758	19.6%

Revenue from property development and sales

The following sets forth the details of revenue and GFA recognised for the years indicated:

	Six months ended 30 June					
	2021			2020		
	Revenue	**Recognised GFA**	**Recognised ASP**	Revenue	Recognised GFA	Recognised ASP
	(RMB'000)	***(sq.m.)***	***(RMB/sq.m.)***	*(RMB'000)*	*(sq.m.)*	*(RMB/sq.m.)*
	(Unaudited)		**(Unaudited)**	(Unaudited)		(Unaudited)
Zhejiang	**10,434,012**	**665,676**	**15,674**	6,561,814	600,628	10,925
Pan Yangtze River Delta	**4,733,532**	**635,219**	**7,452**	6,142,430	792,285	7,753
Other regions	**606,945**	**98,269**	**6,176**	471,145	107,394	4,387
Total	**15,774,489**	**1,399,164**	**11,274**	13,175,389	1,500,307	8,782

The Group's revenue from property development and sales for the six months ended 30 June 2021 amounted to approximately RMB15,774.5 million, representing an increase of approximately 19.7%, primarily due to an increase of approximately 28.4% in the recognised ASP as compared to the same period of 2020, as well as an increase in the recognized ASP in Zhejiang Province from approximately RMB10,925 per sq.m. to approximately RMB15,674 per sq.m..

Revenue from management consulting services

The Group's revenue from management consulting services for the six months ended 30 June 2021 amounted to approximately RMB75.8 million, representing a decrease of approximately 1.1%, primarily due to the change in the content of projects for which we provided management consulting services.

Revenue from property leasing

The Group's revenue from property leasing for the six months ended 30 June 2021 amounted to approximately RMB35.4 million, representing an increase of approximately 69.7%, primarily due to the increase in investment property leasing business projects.

Revenue from hotel services

The Group had no revenue from hotel services for the six months ended 30 June 2021, primarily due to the disposal of the hotel business as part of the reorganisation.

Revenue from property management services

The Group's revenue from property management services for the six months ended 30 June 2021 amounted to approximately RMB8.3 million, representing an increase of approximately 7.4%, primarily due to the increase in business management income from commercial plazas, partially offset by the decrease in revenue from property management services provided to residential property projects.

Cost of sales

The Group incurred the vast majority of its cost of sales in its property development and sales business. The Group's cost of sales increased by approximately 19.6% from approximately RMB10,890.3 million for the six months ended 30 June 2020 to approximately RMB13,029.0 million for the same period of 2021. This increase is primarily due to an increase in the area of projects delivered for the six months ended 30 June 2021.

Gross profit and gross profit margin

The Group's gross profit of the Group for the six months ended 30 June 2021 amounted to approximately RMB2,865.0 million, representing an increase of approximately 19.3%, primarily due to higher unit price of land carried forward for projects in the Zhejiang region recognised during the year and the increase in the recognised ASP per sq.m. mainly due to the overall increase in residential property market in the Zhejiang region recognised as at 30 June 2021.

For the six months ended 30 June 2021, the gross profit margin was approximately 18.0%, representing a decrease of approximately 0.1% as compared to approximately 18.1% for the corresponding period in the previous year, which is due to the recognition of higher land costs for projects.

Finance income

Finance income primarily consists of interest income from bank deposits. The Group's finance income increased by approximately 24.4% from approximately RMB62.0 million for the six months ended 30 June 2020 to approximately RMB77.1 million for the six months ended 30 June 2021, primarily due to the increase in interest income from bank deposits as a result of the increase in the average balance of bank deposits from January to June 2021.

Other income and gains

The Group's other income and other gains primarily includes (i) subsidy income; and (ii) gain on disposal of joint ventures.

The Group's other income and gains increased by approximately 119.5% from approximately RMB34.7 million for the six months ended 30 June 2020 to approximately RMB76.1 million for the six months ended 30 June 2021, primarily due to the gain arising from the disposal of the joint ventures during the period.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 1.3% from approximately RMB608.7 million for the six months ended 30 June 2020 to approximately RMB616.4 million for the six months ended 30 June 2021.

Administrative expenses

The Group's administrative expenses decreased by approximately 10.5% from approximately RMB525.7 million for the six months ended 30 June 2020 to approximately RMB470.4 million for the six months ended 30 June 2021, primarily due to (i) consulting fees of approximately RMB24.4 million incurred in connection with the issuance of bonds for the six months ended 30 June 2020; (ii) design fees of approximately RMB7.3 million incurred in connection with the issuance of bonds for the six months ended 30 June 2020.

Other expenses

The Group's other expenses primarily consist of (i) loss on disposal of subsidiaries; (ii) compensation and liquidated damages; (iii) exchange losses. For the six months ended 30 June 2021, the Group's other expenses increased by approximately 229.4% from approximately RMB36.8 million to approximately RMB121.3 million as compared with the corresponding period in the previous year, primary due to the loss on disposal of subsidiaries.

Fair value gains on investment properties

The Group's fair value gains on investment properties increased by approximately 824.0% from approximately RMB1.6 million for the six months ended 30 June 2020 to approximately RMB14.8 million for the six months ended 30 June 2021.

Finance costs

Finance costs mainly consist of (i) interest on loans and other borrowings, asset-backed securities, senior notes, corporate bonds and lease liabilities; and (ii) interest expense arising from revenue contracts (which represents interest expenses recognised for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of underlying properties), less capitalised interests.

The Group's finance costs increased from RMB346.8 million for the six months ended 30 June 2020 to RMB463.2 million for the six months ended 30 June 2021, primarily due to the total interest-bearing liabilities increased by approximately 27.4% from RMB36,263.1 million for the six months ended 30 June 2020 to RMB46,211.5 million for the six months ended 30 June 2021.

Share of profits/losses of joint ventures

The Group recorded share of loss of approximately RMB32.4 million for the six months ended 30 June 2020 and share of profit of approximately RMB243.0 million for the six months ended 30 June 2021. The Group recorded share of profit of joint ventures in 2021, which was attributable to the the delivery of profits from joint venture projects in the Pan-Yangtze River Delta Region operated by its joint ventures.

Share of profits and losses of associates

The Group recorded shares of profit of approximately RMB0.2 million for the six months ended 2020 and share of profit of approximately RMB1.7 million in 2021, because most projects that the Group jointly developed with associates were not delivered and therefore did not generate significant revenue.

Profit before tax

As a result of the foregoing, the Group's profit before tax was approximately RMB1,606.4 million for the six months ended 30 June 2021, compared to its profit before tax of approximately RMB949.5 million for the six months ended 30 June 2020.

Income tax expense

The Group's income tax expense increased from approximately RMB536.4 million for the six months ended 30 June 2020 to approximately RMB633.3 million for the six months ended 30 June 2021, primarily due to an increase in corporate income tax as a result of an increase in income tax expense.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry and property development requires substantial capital investments for land acquisition and property construction. As at the date of this announcement, the Group has funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of property lease income from its investment properties, management consulting service fees, and property management service fees, as well as bank and other borrowings, asset-backed securities, corporate bonds and senior notes. The financing methods of the Group vary from project to project, and are subject to limitations imposed by PRC regulations and monetary policies.

Cash position

The Group's cash and bank balances, comprising cash and cash equivalents, restricted cash, proceeds from pre-sale of properties, time deposits and pledged deposits, amounted to approximately RMB27,319.0 million in total as at 30 June 2021 (31 December 2020: approximately RMB24,304.7 million), representing an increase of approximately 12.4%, of which approximately RMB23,377.8 million, RMB2,526.2 million and RMB1,415.0million were denominated in RMB, HKD and USD, respectively.

Borrowings

As at 30 June 2021, the Group's total borrowings, comprising interest-bearing bank and other borrowings, corporate bonds and senior notes, amounted to approximately RMB46,211.5 million (31 December 2020: RMB46,176.6 million), representing an increase of approximately 0.1% as compared with that as at 31 December 2020.

Net current assets

As at 30 June 2021, the Group's net current assets amounted to approximately RMB36,915.3 million (as at 31 December 2020: RMB34,120.8 million). Specifically, the Group's total current assets increased by approximately 7.9 % from approximately RMB153,557.4 million as at 31 December 2020 to approximately RMB165,679.1 million as at 30 June 2021. The Group's total current liabilities increased by approximately 7.8% from approximately RMB119,436.6 million as at 31 December 2020 to approximately RMB128,763.8 million as at 30 June 2021. The increase in the Group's net current assets was primarily attributable to (i) an increase in properties under development and completed properties of approximately RMB1,037.8 million as a result of business expansion and the increase in the number of properties under development; (ii) an increase in cash and bank balances of approximately RMB3,014.3 million as a result of pre-sales and financing; (iii) an increase in contract liabilities of approximately RMB9,068.8 million as a result of the increase in receipts in advance; (iv) an increase in other receivables of approximately RMB6,353.7 million due to prepayments for land.

Pledge of assets

As at 30 June 2021, the Group's borrowings were secured by the Group's assets of approximately RMB68,807.8 million which include investment properties, properties under development, pledged deposits (as at 31 December 2020: RMB71,391.8 million), primarily due to the optimization of the structure of the Group's loans

Financial risks

The main risks arising from the Group's activities are: interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks.

Interest rate risk

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

Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade and bills receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade and bills receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group also makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments and other receivables and amounts due from related parties in Stage 1 and continuously monitored their credit risk.

The Group expects that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

Foreign currency risk

The Group primarily operates its business in the PRC. Therefore, the Group's businesses are principally conducted in RMB, which is the functional currency of the group companies. Foreign currency transaction included mainly receipts of proceeds from senior notes and payment of professional fees which are dominated in HK$ or US$. As at 30 June 2021, major non-RMB assets are approximately 3,036.0 million denominated in HK$ in the amount of approximately RMB2,526.2 million. Major non-RMB assets are approximately 219.0 million denominate in US$ in the amount of RMB1,415.0 million. Major non-RMB liabilities are approximately 697.4 million denominated in US$ in the amount of approximately RMB4,505.3 million. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. 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.

Liquidity risk

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects. 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. The Group reviews its liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of its borrowings and the progress of the property projects in order to monitor its liquidity requirements in the short and long terms.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2021, the Group has no plan for any material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

CONTINGENT LIABILITIES

Mortgage guarantees

In line with market practice in the PRC, the Group has arrangements with various banks for the provision of mortgage financing and where required, provide its customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, the Group is obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser.

The total outstanding mortgage guarantee amounts provided by the Group to banks amounted to approximately RMB19,642.7 million as at 30 June 2021 (31 December 2020: RMB27,241.5 million).

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 its completed properties held for sale.

Financial guarantees

As at 30 June 2021, the Group guaranteed certain of the bank and other borrowings made to its related companies up to approximately RMB393.6 million (As at 31 December 2020, the Group guaranteed certain of the bank and other borrowings made to its related companies up to approximately RMB943.6 million).

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 had capital commitment of approximately RMB33,493.6 million in relation to the signing of a construction contract or land contract that is being or will be performed (31 December 2020: approximately RMB27,016.9 million).

KEY FINANCIAL RATIOS

Current Ratio

As at 30 June 2021, the current ratio of the Group was approximately 1.3 times (31 December 2020: approximately 1.3 times).

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates and multiplied by 100%.

Gearing Ratio

As at 30 June 2021, the gearing ratio of the Group was approximately 88.7% (31 December 2020: approximately 90.0%), mainly due to the increase in net assets. This ratio is calculated as total debts divided by total assets as shown in the consolidated balance sheet.

Net gearing ratio

As at 30 June 2021, the Group's net gearing ratio decreased to approximately 96.6% from approximately 136.4% as at 31 December 2020 (which was calculated based on total bank and other borrowings, asset-backed securities, corporate bonds and senior notes less cash and bank balances divided by total equity as of the respective dates), which was primarily due to the increase in net assets.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, the Group has not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. The Group does not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 18 November 2020 (the "**Listing Date**"). The net proceeds from the Listing (including the full exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK$3,514.0 million.

As set out in the Prospectus the Company intended to utilise such proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, as follows: (i) approximately 60%, or approximately HK$2,108.4 million, will be used to finance the development of the Group's property projects; (ii) approximately 30%, or approximately HK$1,054.2 million, will be used to repay a portion of the Group's existing trust loans which are used for its project development purposes; and (iii) approximately 10%, or approximately HK$351.4 million, will be used for general business operations and working capital.

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 June 2021 is set out below:

Intended use of net proceeds	**Allocation of net proceeds as stated in the Prospectus** *HK$ million*	**Amount of net proceeds utilized as of 30 June 2021** *HK$ million*	**Balance of net proceeds unutilized as of 30 June 2021** *HK$ million*	**Intended timetable for use of the unutilized net proceeds**
Finance the development of the Group's property projects	2,108.4	1,748.6	359.8	Third quarter of 2021
Repay a portion of the Group's existing trust loans which are used for its project development purposes	1,054.2	1,054.2	–	N/A
General business operations and working capital	351.4	351.4	–	N/A
Total	**3,514.0**	**3,154.2**	**359.8**	*Note*

Note:

As at 30 June 2021, the unused amount of Net Proceeds was placed in interest-bearing deposits with licensed banks in Hong Kong. The Group expects to gradually apply the remaining Net Proceeds in the manner in accordance with actual business needs and utilise the remaining Net proceeds.

EMPLOYEE, REMUNERATION POLICY AND TRAINING

As at 30 June 2021, the Group employed a total of 3,339 full-time employees (31 December 2020: 3,488). For the six months ended 30 June 2021, the staff cost recognised as expenses of the Group amounted to RMB397 million (six months ended 30 June 2020: RMB393 million).

The remuneration policy of the Group is to provide remuneration packages, including salary, bonus and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory housing funds and social insurance funds.

The Company has also conditionally adopted a share option scheme on 20 October 2020 to recognise and reward the eligible employees for their contributions to the business and development of the Group.

The Group has also incorporated mentorship, assessment, feedback and evaluation processes into its various training programs, which the Group believes will facilitate its employees to better learn and grow. The Group believes that its training programs, combined with on-the-job learning, facilitate advancement of its employees.

The Group has a labor union which represents the interests of its employees and works closely with its management on labor-related issues. As at 30 June 2021, no labour dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the Group's operations.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 2 July 2021, the Company (for itself and on behalf of its subsidiaries) and Shinsun Lifestyle Services Group Limited ("**Shinsun Services**") (for itself and on behalf of its subsidiaries) entered into the property agency service framework agreement pursuant to which Shinsun Services, its subsidiaries and their respective associates ("**Shinsun Services Group**") has agreed to provide property agency services and other ancillary services to the Group for unsold car parking spaces located in properties developed by the Group for a period commencing from 2 July 2021 and ending on 31 December 2023 (both days inclusive).

As Shinsun Services is owned as to 98% by Top Honour Global Limited, a company wholly owned by Shinlight Limited, which is wholly owned by Shinfamily Holdings Limited, which is in turn wholly owned by TMF (Cayman) Ltd., the trustee of the CGX Family Trust, being a discretionary trust established on 23 March 2020 by Mr. Chen as the settlor, with TMF (Cayman) Ltd. as the trustee (the "**Family Trust**"). The Family Trust is a discretionary trust established by Mr. Chen, the settlor, with Mr. Chen and his family members as the beneficiaries. Accordingly, Shinsun Services is an associate of Mr. Chen and a connected person of the Company under Chapter 14A of the Listing Rules.

As such, the transactions contemplated under the property agency service framework agreement shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the highest amount of the annual caps under the property agency service framework agreement exceed 0.1% but all of which are less than 5%, the property agency service framework agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For further details, please refer to the Company's announcement dated 2 July 2021.

Save as disclosed in this announcement, the Group did not have any other significant event subsequent to the six months ended 30 June 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the "**Shareholders**") of the shares of the Company (the "**Shares**") and to enhance corporate value and accountability.

The Company has adopted and applied the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2021.

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 since the Listing. Following specific enquiries to each of the Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

INTERIM DIVIDEND

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

AUDIT COMMITTEE

The Board established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shinsunholdings.com).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Wong Kon Man Jason, who possesses appropriate professional qualifications.

REVIEW OF UNAUDITED INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the interim results for the six months ended 30 June 2021 before recommending the same to the Board for approval. The interim results for the six months ended 30 June 2021 has not been audited but has been reviewed by Ernst & Young, 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 Hong Kong Institute of Certified Public Accountants.

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

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at http://www.shinsunholdings.com. The interim report of the Company for the six months ended 30 June 2021 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By Order of the Board
Shinsun Holdings (Group) Co., Ltd.
Chen Guoxiang
Chairman

Hong Kong, 27 August 2021

As at the date of this announcement, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Han Bo and Mr. Zhao Leiyi as executive Directors; and Mr. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman as independent non-executive Directors.