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## **HUIJING HOLDINGS COMPANY LIMITED**

**滙景控股有限公司**

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

**(Stock code: 9968)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

#### **FINANCIAL HIGHLIGHTS**

- Contracted sales (including contracted sales from joint venture) increased by 53.1% to approximately RMB2,447.1 million for the six months ended 30 June 2020.
- Revenue increased by 73.0% to approximately RMB2,277.3 million for the six months ended 30 June 2020.
- Gross profit amounted to approximately RMB876.9 million for the six months ended 30 June 2020, of which gross profit on property development was approximately RMB876.6 million. Gross profit margin on this segment was approximately 38.5%.
- Net profit amounted to approximately RMB305.9 million for the six months ended 30 June 2020, which represented a period-on-period increase of 43.4%, of which approximately RMB303.1 million was attributable to owners of the parent company.
- Cash and bank balances (including restricted cash and pledged deposits) were RMB1,114.7 million as at 30 June 2020. Net gearing ratio was 26.5%, which is calculated by net debt divided by total equity. Net debt includes interest-bearing bank and other borrowings and lease liabilities less cash and cash equivalents and restricted cash.

## INTERIM RESULTS

The board of directors (the “**Board**”) of Huijing Holdings Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) announces that the unaudited consolidated interim results of the Group for the six months ended 30 June 2020 (the “**Period**”) together with the comparative figures for the six months ended 30 June 2019 as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
<b>REVENUE</b>	5	<b>2,277,333</b>	1,316,210
Cost of sales		<u>(1,400,478)</u>	<u>(633,427)</u>
<b>Gross profit</b>		<b>876,855</b>	682,783
Other income and gains	5	<b>11,744</b>	15,177
Selling and distribution expenses		<b>(84,347)</b>	(31,410)
Administrative expenses		<b>(225,749)</b>	(122,913)
Other expenses		<b>(35,238)</b>	(3,083)
Fair value (loss)/gains on investment properties		<b>(13,553)</b>	8,387
Share of profit/(loss) of a joint venture		<b>133,080</b>	(6,012)
Finance costs	6	<u><b>(43,782)</b></u>	<u>(34,287)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>619,010</b>	508,642
Income tax expense	8	<u><b>(313,132)</b></u>	<u>(295,341)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>305,878</b></u>	<u>213,301</u>
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent		<b>303,100</b>	213,925
Non-controlling interests		<u><b>2,778</b></u>	<u>(624)</u>
		<u><b>305,878</b></u>	<u>213,301</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	9		
<b>Basic (RMB per share)</b>		<u><b>0.06</b></u>	<u>0.05</u>
<b>Diluted (RMB per share)</b>		<u><b>0.06</b></u>	<u>0.05</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2020*

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>305,878</b>	213,301
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
<b>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	<b>(4,484)</b>	478
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(4,484)</b>	478
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>301,394</b>	213,779
<b>ATTRIBUTABLE TO:</b>		
Owners of the parent	<b>298,616</b>	214,403
Non-controlling interests	<b>2,778</b>	(624)
	<b>301,394</b>	213,779

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

		<b>30 June</b>	31 December
	<i>Note</i>	<b>2020</b>	2019
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>17,920</b>	17,607
Right-of-use assets		<b>7,673</b>	10,134
Investment properties		<b>1,071,800</b>	1,002,900
Intangible assets		<b>6,604</b>	5,460
Investment in a joint venture		<b>157,590</b>	28,958
Land held for development for sale		<b>482,372</b>	286,975
Receivable from a joint venture		–	492,149
Deferred tax assets		<b>191,849</b>	154,076
		<hr/>	<hr/>
Total non-current assets		<b>1,935,808</b>	1,998,259
<b>CURRENT ASSETS</b>			
Land held for development for sale		<b>699,540</b>	757,842
Properties under development		<b>1,711,316</b>	2,875,681
Completed properties held for sale		<b>1,251,031</b>	1,075,239
Financial assets at fair value through profit or loss		<b>353,389</b>	–
Trade receivables	<i>10</i>	<b>66,404</b>	112,806
Receivable from a joint venture		<b>307,560</b>	–
Prepayments, other receivables and other assets		<b>1,533,504</b>	1,046,327
Prepaid land appreciation tax		–	22,336
Restricted cash		<b>394,025</b>	276,304
Cash and cash equivalents		<b>720,625</b>	452,464
		<hr/>	<hr/>
Total current assets		<b>7,037,394</b>	6,618,999

		<b>30 June 2020</b>	31 December 2019
	<i>Notes</i>	<b>RMB'000 (Unaudited)</b>	<b>RMB'000 (Audited)</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	1,367,727	1,582,636
Other payables, deposits received and accruals		574,649	313,602
Lease liabilities		4,489	5,709
Contract liabilities		451,844	1,724,907
Amounts due to directors		–	62,442
Interest-bearing bank and other borrowings		1,212,230	1,277,150
Provision for corporate income tax		657,571	564,036
Provision for land appreciation tax		708,940	595,145
		<u>4,977,450</u>	<u>6,125,627</u>
<b>Total current liabilities</b>		<b>4,977,450</b>	<b>6,125,627</b>
<b>NET CURRENT ASSETS</b>		<b>2,059,944</b>	<b>493,372</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,995,752</b>	<b>2,491,631</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		735,770	781,860
Lease liabilities		3,449	4,663
Deferred tax liabilities		76,174	82,484
		<u>815,393</u>	<u>869,007</u>
<b>Total non-current liabilities</b>		<b>815,393</b>	<b>869,007</b>
<b>NET ASSETS</b>		<b>3,180,359</b>	<b>1,622,624</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	12	47,972	–*
Reserves		2,994,380	1,585,879
		<u>3,042,352</u>	<u>1,585,879</u>
<b>Non-controlling interests</b>		<b>138,007</b>	<b>36,745</b>
<b>TOTAL EQUITY</b>		<b>3,180,359</b>	<b>1,622,624</b>

\* Less than RMB500

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on January 9, 2019 under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Unit 2403–2408, 24/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 January 2020.

The Company is an investment holding company. The Group is principally engaged in the property development and investment in the People's Republic of China (the "PRC").

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2019.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. This unaudited interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## 3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial information and there have been no significant changes to the accounting policies applied in the unaudited interim condensed consolidated financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., the property development and investment business. Accordingly, no operating segment information is presented.

##### Geographical information

No geographical information about the Group's operating segment is presented as the Group's revenue from the external customers is derived solely from its operations in Mainland China and more than 90% of the non-current assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of the unaudited interim condensed consolidated financial information.

##### Information about major customers

During the six months ended 30 June 2020 and 2019, no revenue from transaction with a single external customer contributed 10% or more of the Group's total revenue.

#### 5. REVENUE, OTHER INCOME AND GAINS

(a) An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Revenue		
<i>Revenue from contracts with customers</i>		
Sale of properties in the PRC	2,275,847	1,314,733
<i>Revenue from another source</i>		
Gross rental income from investment property operating leases	1,486	1,477
	<u>2,277,333</u>	<u>1,316,210</u>

##### Revenue from contracts with customers

###### (i) Disaggregated revenue information

All revenue from contracts with customers are recognised at a point in time.

The following table shows the amount of revenue recognised in the current period that were included in the contract liabilities at the beginning of the period:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the period:		
Sale of properties	<u>1,686,771</u>	<u>1,158,011</u>

(ii) *Performance obligations*

Information about the Group's performance obligation is summarised below:

*Sale of properties*

The performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the customer.

The contracted sales amounts allocated to the remaining performance obligations as at the end of the period:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>178,215</b>	919,089
After one year	<b>18,608</b>	2,150,065
	<b>196,823</b>	3,069,154

The contracted sales amounts allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties, of which the performance obligations are to be satisfied within two years. All the other contracted sales amounts allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

(b) An analysis of the Group's other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b> <b>(Unaudited)</b> <i>RMB'000</i>	2019 <b>(Audited)</b> <i>RMB'000</i>
Bank interest income	<b>1,453</b>	1,421
Interest income of a loan to a joint venture	<b>4,629</b>	6,621
Forfeiture of deposits	<b>791</b>	624
Foreign exchange differences, net	–	144
Others	<b>4,871</b>	6,367
	<b>11,744</b>	15,177



## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Interest on lease liabilities	198	236
Interest on bank and other borrowings	92,757	122,239
Interest expense arising from revenue contracts	3,898	2,556
	<u>96,853</u>	<u>125,031</u>
Less: Interest capitalised	(53,071)	(90,744)
	<u>43,782</u>	<u>34,287</u>

## 7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Cost of properties sold	1,399,278	632,227
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	1,200	1,200
Depreciation of property, plant and equipment	3,817	2,513
Depreciation of right-of-use assets	2,909	2,870
Amortisation of intangible assets <sup>#</sup>	185	392
Gain on disposal of items of property, plant and equipment	91	–
Impairment of other receivables	13,309	–
Lease payments not included in the measurement of lease liabilities	576	207
Equity-settled share option expense	18,505	16,310
Foreign exchange differences, net <sup>#/*</sup>	704	(144)

<sup>#</sup> Included in "Administrative expenses" in the unaudited condensed consolidated statement of profit or loss.

<sup>\*</sup> Included in "Other income and gains" in the unaudited condensed consolidated statement of profit or loss.

## 8. INCOME TAX EXPENSE

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 the British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax.

No provision for Hong Kong profits tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2019: Nil). Subsidiaries of the Group operating in Mainland China are subject to the Corporate Income Tax ("CIT") at a rate of 25% for each of the six months ended 30 June 2020 and 2019.

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 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.

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	<b>RMB'000</b>
Current:		
PRC CIT	<b>148,115</b>	152,325
PRC LAT	<b>209,100</b>	178,371
	<b>357,215</b>	330,696
Deferred	<b>(44,083)</b>	(35,355)
Total tax charge for the period	<b>313,132</b>	295,341

The share of tax attributable to a joint venture is RMB148 million for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the six months ended 30 June 2020 is based on the profit for the period attributable to owners of the parent of RMB303,100,000 (six months ended 30 June 2019: RMB213,925,000), and the weighted average number of ordinary shares of 5,189,046,703 (six months ended 30 June 2019: 4,465,899,953) in issue during the period.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2020 represented 100 ordinary shares of the Company issued, 4,465,899,900 ordinary shares issued pursuant to the Capitalisation Issue (as defined in note 12(d)) as if these shares had been in issue throughout the period, as well as 788,100,000 ordinary shares issued upon the completion of the listing of the Company, as further detailed in note 12(e) to the unaudited interim condensed consolidated financial information.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2019 represented 1 ordinary share of the Company issued on the date of incorporation, 99 ordinary shares of the Company issued by allotment on 27 March 2019, as well as 4,465,899,900 ordinary shares issued pursuant to the Capitalisation Issue as if these shares had been in issue throughout the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2019 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
<b>Earnings</b>		
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculation	<u><b>303,100</b></u>	<u>213,925</u>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Audited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>5,189,046,703</b>	4,465,899,953
Effect of dilution — weighted average number of ordinary shares: Share options	<u><b>4,518,729</b></u>	<u>—</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u><b>5,193,565,432</b></u>	<u>4,465,899,953</u>

#### 10. TRADE RECEIVABLES

	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
Trade receivables	<u><b>66,404</b></u>	<u>112,806</u>

Trade receivables represent receivable arising from the sale of properties. Consideration in respect of properties is payable by the customers in accordance with the terms of the related sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Within 1 year	<b>66,404</b>	112,806

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on the evaluation on the expected credit loss rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 30 June 2020 and 31 December 2019, the loss allowance for trade receivables was assessed to be minimal.

## 11. TRADE PAYABLES

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Trade payables to third parties	<b>1,317,980</b>	1,556,470
Trade payables to related companies controlled by Mr. Lun Ruixiang	<b>49,747</b>	26,166
	<b>1,367,727</b>	1,582,636

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Within 1 year	<b>1,172,090</b>	1,433,818
1 to 2 years	<b>159,923</b>	128,009
3 to 5 years	<b>35,714</b>	20,809
	<b>1,367,727</b>	1,582,636

The trade payables are unsecured and interest-free and are normally settled based on the progress of the construction of the Group's properties under development.

## 12. SHARE CAPITAL

### Shares

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u><b>90,141</b></u>	<u>90,141</u>
Issued and fully paid:		
5,254,000,000 (2019: 100) ordinary shares of HK\$0.01 each	<u><b>47,972</b></u>	<u>—*</u>

A summary of movements in the Company's share capital is as follows:

	<i>Notes</i>	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares RMB'000</b>
Authorised:			
At 9 January 2019 (date of incorporation)	<i>(a)</i>	38,000,000	331
Increase in authorised share capital on 11 December 2019	<i>(b)</i>	<u>9,962,000,000</u>	<u>89,810</u>
At 31 December 2019, 1 January 2020 and 30 June 2020		<u>10,000,000,000</u>	<u>90,141</u>
		<b>Number of ordinary shares in issue</b>	<b>Issued capital RMB'000</b>
	<i>Notes</i>		
Issued and fully paid:			
At 9 January 2019 (date of incorporation)	<i>(a)</i>	1	—
Shares issued on 27 March 2019	<i>(c)</i>	<u>99</u>	<u>—*</u>
At 31 December 2019 and 1 January 2020		100	—*
Capitalisation Issue	<i>(d)</i>	4,465,899,900	40,776
Issuance of new shares in connection with the listing of the Company	<i>(e)</i>	<u>788,100,000</u>	<u>7,196</u>
At 30 June 2020		<u>5,254,000,000</u>	<u>47,972</u>

\* The amount is less than RMB500.

*Notes:*

- (a) The Company was incorporated in the Cayman Islands on 9 January 2019 with authorised share capital of HK\$380,000 at par value of HK\$0.01. On its date of incorporation, 1 ordinary share was allotted and issued by the Company.
- (b) Pursuant to the shareholders' resolution passed on 11 December 2019, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 ordinary shares of HK\$0.01 each.
- (c) On 27 March 2019, pursuant to the Reorganisation, 98 ordinary shares and 1 ordinary share of HK\$0.01 each were allotted and issued to Wui Ying Holdings Limited ("**Wui Ying**", a company wholly-owned by Mr. Lun RX) and Wui Shing Holdings Limited ("**Wui Shing**", a company wholly-owned by Ms. Chan), respectively.
- (d) Pursuant to the shareholders' resolution passed on 11 December 2019, the Company shall allot and issue a total of 4,465,899,900 ordinary shares, credited as fully paid at par, to Wui Ying and Wui Shing by way of capitalisation of the sum of HK\$44,658,999 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"). The Capitalisation Issue became unconditional on 16 January 2020.
- (e) In connection with the listing of the shares of the Company on the Stock Exchange, 788,100,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.93 per share for a total cash consideration, before expenses, of HK\$1,521,033,000 (equivalent to RMB1,388,780,000). Dealings in the shares of the Company on the Stock Exchange commenced on 16 January 2020.

## **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GENERAL OVERVIEW**

In the first half of 2020, the outbreak of the COVID-19 had a short-term impact on the PRC economy, but the PRC economic development continued to maintain steady growth. As real estate is a major part of the macro economy, the PRC government focused more on city-specific measures regarding market regulation to ensure the steady development of the industry. The PRC government has also pledged to adhere to the principle of housing is “for living in, not for speculation” and facilitate the development of a long-term management mechanism for the real estate market.

Confronted with the ever-changing market environment and the increasingly fierce competition in this industry, the Group grasps the trend and emphasises on the development potential of the city to focus on the mission of “Maintain foothold in Greater Bay Area, based in Dongguan, and service cover the Southern, Central and Eastern Chain area” (立足大灣區，深耕東莞，布局華南、華中及華東地區), thus continuously increasing our land reserve and the development potential of the city. The Group will maintain the business strategy to cater for the market changes.

### **BUSINESS REVIEW**

The Group derives its revenue primarily from sales of properties and, to a lesser extent, leasing of investment properties. For the six months ended 30 June 2020, the Group recorded a total revenue of approximately RMB2,277.3 million, representing a period-on-period increase of approximately 73.0%.

#### **Contracted sales**

For the six months ended 30 June 2020, including those of joint ventures, the Group recorded (i) contracted sales of approximately RMB2,447.1 million, representing an increase of approximately 53.1% as compared to that for the six months ended 30 June 2019; and (ii) contracted gross floor area (“GFA”) sold of approximately 205,650.2 sq.m., representing an increase of approximately 69.6% as compared to that for the six months ended 30 June 2019.

#### **Sales of properties**

For the six months ended 30 June 2020, the revenue from sales of properties recorded a period-on-period increase of approximately 73.1% to approximately RMB2,275.8 million, which accounted for approximately 99.9% of the total revenue of the Group. For the six months ended 30 June 2020, the Group recognised total GFA of approximately 238,917 sq.m.,

which represented an increase of approximately 83.1% as compared to that for the corresponding period in 2019. The average selling price (“ASP”) of the properties recognised as property sales was approximately RMB9,526 per sq.m., representing a period-on-period decrease of approximately 5.5%.

The following table sets out the recognised sales and GFA sold of each city for the six months ended 30 June 2020:

	<b>Recognised GFA sq.m</b>	<b>Percentage of total recognised GFA %</b>	<b>Recognised ASP RMB/sq.m.</b>	<b>Recognised revenue RMB'000</b>	<b>Percentage of total recognised revenue %</b>
Dongguan	74,110	31.1%	16,456	1,219,548	53.6%
Heyuan	155,837	65.2%	6,309	983,107	43.2%
Hefei	2,485	1.0%	7,104	17,653	0.8%
Hengyang	6,485	2.7%	8,564	55,539	2.4%
<b>Total</b>	<b>238,917</b>	<b>100.0%</b>	<b>9,526</b>	<b>2,275,847</b>	<b>100.0%</b>

Name of Project	City	The Group's Equity Interest	Sold GFA (sq.m.)	Saleable		Unsaleable GFA (sq.m.)	Total estimate GFA for future development (sq.m.)	Total Consideration (RMB'000)	Attributable Consideration (RMB'000)	Land Cost (RMB/sq.m.)
				GFA (Note 1) (sq.m.)	Investment Property (sq.m.)					
Huijing Riverside Villa (御海藍岸)	Dongguan	100%	415,808	24,265	-	49,257	-	559,891	559,891	1,144.2
Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)	Dongguan	100%	28,123	4,748	-	5,276	-	80,059	80,059	2,098.7
Royal Spring Hill (御泉香山)	Dongguan	100%	216,193	8,200	-	42,024	-	184,600	184,600	692.9
City Valley (城市山谷)	Dongguan	100%	118,589	5,621	-	24,566	-	91,794	91,794	617.0
Huijing City Centre (滙景城市中心)	Dongguan	100%	114,936	26,393	-	28,659	-	231,031	231,031	1,359.1
Century Gemini (世紀雙子)	Dongguan	100%	49,749	8,759	-	27,168	-	-	-	-
Huijing City (滙景城)	Dongguan	100%	-	-	25,780	-	-	102,639	102,639	920.9
Central Palace (中央華府)	Dongguan	100%	62,590	4,770	-	11,670	-	80,097	80,097	1,013.5
Huijing Palace (滙景華府) and Huijing Ginza (滙景銀座)	Dongguan	100%	152,526	603	-	23,619	-	144,598	144,598	818.1
Emperor View Peak (帝景峰)	Dongguan	100%	38,576	122	-	11,661	-	37,023	37,023	735.2
Humen Marina City (虎門濱海城)	Dongguan	98%	92,004	10,043	-	19,509	-	377,298	369,752	3,103.9
Fenghua Mansion (豐華公館) (Note 2)	Dongguan	100%	1,895	14,255	-	2,745	-	105,260	105,260	5,570.8



Name of Project	City	The Group's Equity Interest	Saleable GFA				Investment Property (sq.m.)	Unsaleable GFA (sq.m.)	Total estimate GFA for future development (sq.m.)	Total Consideration (RMB'000)	Attributable Consideration (RMB'000)	Land Cost (RMB/sq.m.)
			Sold GFA (sq.m.)	(Note 1) (sq.m.)								
Houjie Town Baotun Village Area (厚街鎮寶屯村地塊) (Note 3)	Dongguan	100%	-	-	-	-	-	-	23,701	23,701	-	
Hongmei Hongwugao (洪梅洪屋渦) (Note 4)	Dongguan	100%	-	-	-	-	-	-	259,154	259,154	-	
Qingxi Sanzhong Area (清溪三中片區) (Note 4)	Dongguan	100%	-	-	-	-	-	-	186,300	186,300	-	
Shatian Renzhou Area (沙田稔洲片區) (Note 4)	Dongguan	100%	-	-	-	-	-	-	115,075	115,075	-	
Bund No.8 (外灘8號)	Heyuan	100%	178,638	2,147	-	35,244	-	-	186,131	186,131	861.6	
Nine Miles Bay (九里灣花園)	Heyuan	100%	155,286	245,683	-	77,006	230,456	747,084	747,084	747,084	1,054.6	
Dongjiang River Galleries (a portion of) (東江畫廊(部分))	Heyuan	100%	-	-	-	-	532,707	490,517	490,517	490,517	920.8	
Hefei Huijing City Centre (合肥滙景城市中心)	Hefei	100%	100,031	107,429	84,121	69,960	-	-	182,723	182,723	505.4	
Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	Hengyang	100%	34,356	59,116	-	12,867	1,185,342	330,283	330,283	330,283	255.7	
Huijing Global Centre (滙景發展環球中心)	Changsha	49%	75,871	156,071	-	64,672	-	-	826,040	404,760	2,784.9	
<b>Total</b>			<b>1,835,171</b>	<b>678,225</b>	<b>109,901</b>	<b>505,903</b>	<b>1,948,505</b>	<b>5,341,298</b>	<b>4,912,472</b>	<b>4,912,472</b>	<b>1,051.9</b>	

**Notes:**

- Some of the saleable GFA are in the process of obtaining sales permit certificate. Saleable/leasable GFA refers to the internal floor area of a property, which has been derived from the relevant (i) pre-sale permit; (ii) floor area prediction report (房產面積預測報告), where a pre-sale permit is not available for the whole or a part of a property; and/or (iii) relevant development indicators approved by the relevant authority responsible for urban and rural planning or the Group's internal records, where neither a pre-sale permit nor floor area prediction report is available for the whole or a part of the development.
- The development of Fenghua Mansion (豐華公館) commenced in October 2018. On 19 November 2019, the Group acquired this project through the acquisition of a property under development held by Dongguan Fenghua Automobile Sales Services Co., Ltd (東莞市豐華汽車銷售服務有限公司). The development of Fenghua Mansion was completed on 22 June 2020.
- The expected GFA is not available for Houjie Town Baotun Village Area as the latest land planning remains subject to approval. For further details, please refer to the section headed "Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents — (A) Delay in Commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts" in the Company's prospectus dated 31 December 2019 (the "Prospectus").
- As at 30 June 2020, the land in Qingxi Sanzhong Area, Hongmei Hongwugao and Shatin Renzhou Area was zoned for industrial use, current information (including plot ratio) is not relevant for our Group's purpose. For further details, please refer to the section headed "Business — Land reserves" in the Prospectus.

## Investment properties

As at 30 June 2020, the Group had a total GFA of approximately 109,901 sq.m. (leasable area of approximately 14,108 sq.m.) with rental income of approximately RMB1.5 million for the six months ended 30 June 2020.

## Land reserves

Leveraging on the Group's in-depth understanding of the property markets in the Greater Bay Area, the Yangtze River Delta Urban Cluster, the Mid-Stream Urban Cluster and intensive studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further establish the Group's presence in those markets. As at 30 June 2020, the Group had land reserves amounting to approximately 2,626,730 sq.m., with 17 projects and 5 parcels of land located in 5 cities in the Greater Bay Area, the Yangtze River Delta Urban Cluster and the Mid-Stream Urban Cluster.

The following table sets out the GFA of the Group's land reserves by geographical locations as at 30 June 2020:

	<b>Total land reserve GFA</b> <i>(sq.m.)</i>	<b>Percentage of total land reserve GFA</b> <i>(%)</i>
Dongguan	107,779	4.1%
Heyuan	1,010,992	38.5%
Hefei	107,430	4.1%
Hengyang	1,244,458	47.4%
Changsha	156,071	5.9%
Total	<u>2,626,730</u>	<u>100.0%</u>

As at the date of this announcement, the progress of the Three-old Transformation Schemes (the “**Three-old Transformation Schemes**”) was as follows:

1. Project Zhangmutou Baoshan Area: The Three-old Transformation for this project is carried out under the Cooperation Scenario. However, due to the outbreak of the COVID-19 in the first half of 2020, the relevant schedule of completing the Three-old Transformation procedures and obtaining the land-use rights for commercial and residential purposes is expected to be delayed to the end of 2020. The total site area of this project is 171,330 sq.m. with an expected plot ratio accountable GFA of 385,000 sq.m..

2. Humen Xinwan Area: The Three-old Transformation for this project is carried out under the Right Owners Scenario. The vendor had finished the transformation of the enterprise into a limited company. However, due to the outbreak of the COVID-19 in early 2020, the relevant schedule of completing the Three-old Transformation procedures and obtaining the land-use rights for residential purposes is expected to be delayed to the end of 2020. The total site area of this project is 14,910 sq.m. with an expected plot ratio accountable GFA of 44,730 sq.m..
3. The Company had entered into seven agreements as preparatory services providers with relevant parties. The relevant projects are all located in Dongguan city and have a total site area of 1,557,500 sq.m.. The Three-old Transformation for the relevant projects is expected to be carried out under the Single Party Scenario. The details of the projects are as follows:

<b>Project</b>	<b>Location</b>	<b>Total site area (sq.m.)</b>
Xie Gang Li Village (謝崗黎村)	Xiegang town, Dongguan city	323,000
AI Smart Town (AI智能小鎮)	Shatian town, Dongguan city	294,400
Qishi South Town (企石南鎮)	Qishi town, Dongguan city	255,300
Cha Shan Shang Yuan (茶山上元)	Chashan town, Dongguan city	207,800
Qingxi Qingxia (清溪清廈)	Qingxi town, Dongguan city	161,300
Chashan Waterworks Area (茶山水廠片區)	Chashan town, Dongguan city	105,700
Wanjiang Gonglian Area (萬江共聯片區) (Note)	Wanjiang Gonglian area, Dongguan city	210,000
<b>Total</b>		<b><u>1,557,500</u></b>

*Note:* Wanjiang Gonglian Area changes from Cooperation Scenario to the Single Party Scenario.

4. The Company is currently working on obtaining the qualifications of the preparatory services providers and promoting the progress of the change in land use for the other eight projects. The relevant projects are all located in Dongguan city and have a total site area of 379,423 sq.m.. After the progress of Three-old Transformation, the land use right for one of the lands with a total site area of approximately 77,688 sq.m. is expected to be changed to emerging industry use (M0), and this is expected to be finished by the end of 2020.

## **FINANCIAL REVIEW**

### **Overall performance**

For the six months ended 30 June 2020, total revenue of the Group was approximately RMB2,277.3 million, which represented a period-on-period increase of approximately 73.0%. Gross profit was approximately RMB876.9 million, which represented a period-on-period increase of approximately 28.4%. Gross profit margin was approximately 38.5%, which represented a period-on-period decrease of approximately 13.4 percentage points. Profit for the period recorded a period-on-period increase of approximately 43.4% to approximately RMB305.9 million and profit attributable to owners of the parent recorded a period-on-period increase of approximately 41.7% to approximately RMB303.1 million for the six months ended 30 June 2020.

### **Revenue**

Revenue increased from approximately RMB1,316.2 million for the six months ended 30 June 2019 to approximately RMB2,277.3 million for the six months ended 30 June 2020, which represented a period-on-period increase of approximately 73.0%. The GFA delivered increased from 130,467 sq.m. for the six months ended 30 June 2019 to 238,917 sq.m. for six months ended 30 June 2020, which represented a period-on-period increase of approximately 83.1%, while the ASP decreased from RMB10,077 per sq.m. to RMB9,526 per sq.m. It is mainly due to an increase in GFA delivered in Heyuan city and the property price in Heyuan city is relatively lower.

### **Cost of sales**

Corresponding to the significant increase in revenue, the cost of sales increased accordingly from approximately RMB633.4 million for the six months ended 30 June 2019 to approximately RMB1,400.5 million for the six months ended 30 June 2020, which resulted from the significant increase in GFA delivered during the six months ended 30 June 2020 as compared to that for the corresponding period in 2019.

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

Gross profit increased from approximately RMB682.8 million for the six months ended 30 June 2019 to approximately RMB876.9 million for the six months ended 30 June 2020, with gross profit margin being approximately 51.9% and 38.5%, respectively. The decrease in gross profit margin was mainly due to the difference between the product portfolio and regional portfolio of property delivery for the six months ended 30 June 2020.

## **Other Income and Gains**

Other income and gains decreased from approximately RMB15.2 million for the six months ended 30 June 2019 to approximately RMB11.7 million for the six months ended 30 June 2020. Such decrease was mainly due to the decrease in interest income of a loan to a joint venture.

## **Fair Value Loss or Gains on Investment Properties**

Fair value loss or gains on investment properties turned around from fair value gains of approximately RMB8.4 million for the six months ended 30 June 2019 to fair value loss of approximately RMB13.6 million for the six months ended 30 June 2020. Under the outbreak of COVID-19 since the first half of the year ending 31 December 2020, the valuation of investment properties become more conservative, resulting in a decrease of fair value with a loss of approximately RMB21.9 million.

## **Selling and Distribution Expenses**

Selling and distribution expenses increased from approximately RMB31.4 million for the six months ended 30 June 2019 to approximately RMB84.3 million for the six months ended 30 June 2020. Such increase was primarily due to the increase of approximately RMB36.4 million in marketing expense for the six months ended 30 June 2020 as compared to the same period in 2019, which was as a result of the increase in promotion activities held for the six months ended 30 June 2020 for project and brand promotion of the Group.

## **Administrative Expenses**

Administrative expenses increased from approximately RMB122.9 million for the six months ended 30 June 2019 to approximately RMB225.7 million for the six months ended 30 June 2020. Such increase was mainly due to the (i) increase in salaries expenses from approximately RMB46.4 million for six months 30 June 2019 to approximately RMB80.9 million for the six months ended 30 June 2020; (ii) increase in legal and professional fee from approximately RMB9.9 million for the six months ended 30 June 2019 to approximately RMB 48.3 million for the six months ended 30 June 2020 due to the increase in post-listing professional service; and (iii) increase in the other business development expenses.

## **Other Expenses**

Other expenses increased from approximately RMB3.1 million for the six months ended 30 June 2019 to approximately RMB35.2 million for the six months ended 30 June 2020. Such increase was mainly due to the (i) increase in bad debt of approximately RMB13.7 million; and (ii) increase in the donation of approximately RMB11.1 million.

## **Share of Profit or Loss of a Joint Venture**

Share of profit or loss of a joint venture turned around from a share of loss of approximately RMB6.0 million for the six months ended 30 June 2019 to a share of profit of approximately RMB133.1 million for the six months ended 30 June 2020, which was primarily due to the income generated from the property delivery of the joint venture in the relevant period.

## **Finance Costs**

Finance cost increased from approximately RMB34.3 million for the six months ended 30 June 2019 to approximately RMB43.8 million for the six months ended 30 June 2020, which was primarily due to the decrease in the interest capitalised for the six months ended 30 June 2020.

## **Income Tax Expenses**

Income tax expenses increased from approximately RMB295.3 million for the six months ended 30 June 2019 to approximately RMB313.1 million for the six months ended 30 June 2020, with effective income tax rate of approximately 58.1% and 50.6% for the respective period. The decrease in effective income tax rate was primarily due to the decrease in current PRC CIT.

## **Net Profit and Net Profit Margin**

Net profit increased from approximately RMB213.3 million for the six months ended 30 June 2019 to approximately RMB305.9 million for the six months ended 30 June 2020, while net profit margin decreased from approximately 16.2% for the six months ended 30 June 2019 to approximately 13.4% for the six months ended 30 June 2020.

Our adjusted net profit for the six months ended 30 June 2020 after excluding listing-related expenses of approximately RMB5.6 million, was approximately RMB311.5 million with net profit margin of approximately 13.7%. The increase in net profit was primarily due to an increase in revenue by approximately 73.0% for the six months ended 30 June 2020 as a result of an increase in properties delivered, which was partially offset by an increase in selling and distribution expenses and administrative expenses by 168.5% and 83.7%, respectively, as compared to those for the six months ended 30 June 2019.

## **Liquidity and capital resources**

The Group operated in a capital-intensive industry and has funded its growth primarily through cash generated from operations including proceeds from the sale of its properties, debt financing and capital contributions from shareholders. The Group's cash requirements relate primarily to acquisitions of lands, properties development, debt repayment, and clearance of all applicable taxes for projects developed.

Going forward, the Group believes that its liquidity requirements will be satisfied by cash generated from its operating activities, banking facilities available to us, and the net proceeds received from the Global Offering (as defined in the Prospectus).

As at 30 June 2020, the Group had a total cash and bank balance (including restricted cash) of approximately RMB1,114.7 million as compared to that of approximately RMB728.8 million as at 31 December 2019. The increase was primarily due to the increase in proceeds from sales of properties. Substantially all of the Group's cash and bank balance are denominated in RMB.

The Group's net current assets were approximately RMB493.4 million and RMB2,059.9 million as at 31 December 2019 and 30 June 2020, respectively. The increase in net current assets was mainly attributable to (i) the increase of prepayment, other receivable and other asset of approximately RMB487.2 million; and (ii) the decrease of contract liabilities of approximately RMB1,273.1 million.

As at 30 June 2020, the Group's borrowings of RMB1,948.0 million (31 December 2019: RMB2,059.0 million) were borrowings with floating interest rates.

As at 30 June 2020, the Group had banking facilities in the total amount of RMB3,221.3 million, of which approximately RMB2,524.4 million, representing approximately 78.4%, has been utilized.

### **Key financial ratios**

As at 30 June 2020, the Group's net gearing ratio (calculated as the total borrowings and lease liabilities net of restricted cash, cash and cash equivalents divided by total equity) was approximately 26.5%, which represented a decrease of 56.1 percentage points as compared to approximately 82.6% as at 31 December 2019. The decrease was primarily attributable to the (i) increase in cash and cash equivalents balance as at 30 June 2020; and (ii) decrease in short term and long-term interest-bearing bank and other borrowings and thus an increase in the balance of total equity as at 30 June 2020, which resulted in a better optimised capital structure.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates with the ratio at 1.1 times and 1.4 times as at 31 December 2019 and 30 June 2020, respectively.

### **Foreign exchange risk**

Substantially all of the Group's revenue and expenditure are denominated in RMB. As at 30 June 2020, the Group did not enter into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

### **Interest rate risk**

The Group's interest rate risk arises from its long-term borrowings. As all of the Group's borrowings are denominated in RMB, the interest rates on the Group's borrowings are primarily affected by interest-bearing bank and other borrowings. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.



## Pledge of assets

The Group's bank and other borrowings as at 30 June 2020 of approximately RMB1,948.0 million (31 December 2019: approximately RMB2,059.0 million) were secured by certain land held for development for sale, equity interests in certain subsidiaries, properties owned by the Group, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB3,335.4 million (31 December 2019: approximately RMB3,111.2 million).

## Capital commitments

As at 30 June 2020, the Group had commitments that are contracted but not provided for in respect of property development expenditure as follows:

	As at	
	30 June 2020 (RMB'000)	31 December 2019 (RMB'000)
Contracted, but not provided for:		
Properties under development	1,919,592	1,371,239
Purchase of land through acquisition of subsidiaries	780,293	840,108
Investment properties under construction	118,419	119,832
<b>Total</b>	<b>2,818,304</b>	<b>2,331,179</b>

## Financial guarantees and contingent liabilities

As at 30 June 2020, the Group's total financial guarantees are as follows:

	As at	
	30 June 2020 (RMB'000)	31 December 2019 (RMB'000)
Guarantees given to banks in connection with mortgage facilities provided to customers of the Group's properties (Note a)	4,060,110	5,468,152
Guarantee given to banks in connection with facilities granted to related companies controlled by Mr. Lun Ruixiang (Note b)	–	113,600
<b>Total</b>	<b>4,060,110</b>	<b>5,581,752</b>



*Notes:*

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of the Group's 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 for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted customers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral 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 start 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.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to customers of the Group's completed properties held for sale. In the opinion of the directors of the Company that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans principals together with any accrued interest and penalties and accordingly, no financial liability has been made in connection with these guarantees.

- (b) The Group provided guarantees in respect of bank loans granted to certain related companies controlled by Mr. Lun Ruixiang. The respective bank loans were also secured by pledges of certain properties owned by Mr. Lun Ruixiang or by the Group and were guaranteed by Mr. Lun Ruixiang.

In determining whether financial liabilities should be recognised in respect of the relevant financial guarantee contracts, the directors of the Company exercise judgement in the evaluation of the probability of a resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no financial liability has been recognised in the financial statements. The guarantees have been released before the listing of the Company in January 2020.

## **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

For the six months ended 30 June 2020, there was no significant investment, material acquisition and disposals of subsidiaries and associated companies by the Group.

## **Significant investment held**

For the six months ended 30 June 2020, there was no significant investment held by the Group.

## **Employee and remuneration policy**

As at 30 June 2020, the Group had a total of 535 employees. Total expenditure on salary and welfare of the Group's employees for the six months ended 30 June 2020 amounted to approximately RMB106.7 million (2019: approximately RMB54.5 million). The Group has adopted a system of determining the remuneration of employees based on employees qualification, experience, position and seniority. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, allowances, discretionary bonus, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including social insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields. To provide incentive or rewards to selected participants, the Company has adopted a pre-IPO share option scheme and a post-IPO share option scheme.

## **Future outlook**

Looking ahead, the Company foresees that the PRC economic development will continue to maintain steady growth. As real estate is a major part of the macro economy, the PRC government will focus more on city-specific measures regarding market regulation, so as to ensure the steady development of the industry as a whole, while different regional markets may further differ in performance, and liquidity is expected to improve gradually.

Looking forward to 2020, the outbreak of the COVID-19 in early 2020 will have a short-term impact on the PRC economy. Under the effective control measures of the PRC government, the epidemic has generally been under control. Due to the differences in the size and structure of the PRC economy, the impact of the epidemic on the economy is higher than that of during the Severe Acute Respiratory Syndrome (SARS) in 2003. The revenue from the service industries such as catering, retail, transportation, and tourism declined significantly. As the global epidemic spreads, trade is affected and resulted in a weaker foreign demand. In order to achieve this year's economic goals, the PRC government will adopt a more proactive monetary and fiscal policy to increase investment, promote consumption and stabilize foreign demand.

The epidemic will also have a short-term impact on sales, development, investment, and cash flow of the real estate industry. Nevertheless, real estate continues to be the backbone for the growth of the PRC economy. The PRC government will introduce more lenient policies to underpin the market and maintain a reasonable growth in real estate investment. The financial policies pertaining to the real estate industry will also remain stable, individual housing loan is expected to increase steadily, and there is room for downward adjustments of mortgage rate. It is expected that market transactions throughout the year will gradually pick up as the market adjusts. During the epidemic, companies of well-established infrastructure and public management outperformed in major cities. Therefore, the value of the economic core will be further highlighted, and the attractiveness of the cities will continue to increase in the future.

The outbreak will also have certain impact on the Group, and the specific impact depends on the duration and development trend of the epidemic situation. The Group will adopt a more aggressive sales strategy by adjusting marketing plans and strategies in a timely manner to intensify its marketing effort. Meanwhile, the Group will continue to strengthen cash flow management, speed up repayments and increase capital turnover rate. By optimizing the operation adjustment, the Group sets to refine and strengthen the management of project timeline.

The Group will also maintain a prudent investment strategy, and ensure sufficient and quality land reserve through proactively participating in urban redevelopment and renewal. The Group will continue to strengthen its presence across the Guangdong-Hong Kong-Macau Greater Bay Area, vigorously boost its market share in regions where the Group has established its presence, gradually extending its outreach across areas with high growth potential such as the Yangtze River Delta, Chengdu-Chongqing and the mid-stream of the Yangtze River.

Faced with new challenges, the Group will pay close attention to the changes in market environment, continue to meet customers's demand as its orientation and concentrate on a balanced and steady development. The Group adheres to the strategy of a steady and balanced development and focuses on the mission of "Maintain foothold in Greater Bay Area" (立足大灣區), thus constantly improving operational efficiency and business structure. With a foothold in Dongguan, the Group will continue to focus on developments in Guangdong Province and expand into regions such as the Central China Region.

The following table sets out the GFA breakdown of the Group's land reserves by property project as at 30 June 2020:

#### As at 30 June 2020

Property Type	Completed as at 2020.6.30				Under development as at 2020.6.30			Total estimate GFA for future development	Total GFA
	Unsaleable GFA	GFA sold	GFA available for sale/lease	Investment Property	Saleable/leasable GFA	Unsaleable GFA	Investment Property		
<b>Residential property project</b>									
Dongguan	217,495	1,176,053	81,386	-	-	-	-	-	1,474,934
Heyuan	89,769	333,924	70,172	-	177,658	22,481	-	230,456	924,460
Subtotal	307,264	1,509,977	151,558	-	177,658	22,481	-	230,456	2,399,394
<b>Integrated property project</b>									
Dongguan	28,659	114,936	26,393	-	-	-	-	-	169,988
Hefei	7,415	100,031	45,909	-	61,520	62,545	-	-	277,420
Changsha	64,672	75,871	156,071	-	-	-	-	-	296,614
Subtotal	100,746	290,838	228,373	-	61,520	62,545	-	-	744,022

Property Type	Completed as at 2020.6.30				Under development as at 2020.6.30				Total estimate GFA for future development	Total GFA
	Unsaleable GFA	GFA sold	GFA available for sale/lease	Investment Property	Saleable/leasable GFA	Unsaleable GFA	Investment Property			
<b>Investment property</b>										
Dongguan	–	–	–	25,780	–	–	–	–	–	25,780
Hefei	–	–	–	–	–	–	84,121	–	–	84,121
Subtotal	–	–	–	25,780	–	–	84,121	–	–	109,901
<b>Property promoting specific industry</b>										
Hengyang	10,760	34,356	39,587	–	19,529	2,107	–	1,185,342	1,291,681	
Subtotal	10,760	34,356	39,587	–	19,529	2,107	–	1,185,342	1,291,681	
<b>Total</b>	<b>418,770</b>	<b>1,835,171</b>	<b>419,518</b>	<b>25,780</b>	<b>258,707</b>	<b>87,133</b>	<b>84,121</b>	<b>1,415,798</b>	<b>4,544,998</b>	

The following table sets forth a summary of the Group's property projects and project phases developed, including projects and project phases held for future development as at 30 June 2020:

### As at 30 June 2020

Location	Total site area (sq.m.)	Completed as at 2020.6.30				Under development as at 2020.6.30						Total GFA under development (sq.m.)	Total estimate GFA for future development (sq.m.)	Actual/ Estimated Construction Commencement Time	Actual/ Estimated Pre-sale Commencement Time	Actual/ Estimated Construction Commencement Time	
		Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale (sq.m.)	Investment Property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment Property (sq.m.)						
Huijing Riverside Villa (御海藍岸)	Dongguan	315,867	49,257	415,808	24,265	–	489,330	–	–	–	–	–	–	489,330	2010.9.30	2011.4.1	2020 June
Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)	Dongguan	10,220	5,276	28,123	4,748	–	38,147	–	–	–	–	–	–	38,147	2017.9.1	2018.4.28	2019.6.26
Royal Spring Hill (御泉香山)	Dongguan	119,999	42,024	216,193	8,200	–	266,417	–	–	–	–	–	–	266,417	2010.12.28	2011.5.20	2017.3.9
City Valley (城市山谷)	Dongguan	59,665	24,566	118,589	5,621	–	148,776	–	–	–	–	–	–	148,776	2014.4.15	2014.11.25	2018.7.6
Huijing City Centre (滙景城市中心)	Dongguan	37,025	28,659	114,936	26,393	–	169,988	–	–	–	–	–	–	169,988	2015.10.16	2016.4.8	2019.7.8
Century Gemini (世紀雙子)	Dongguan	17,314	27,168	49,749	8,759	–	85,676	–	–	–	–	–	–	85,676	2011.1.21	2012.5.21	2015.1.5
Huijing City (滙景城)	Dongguan	–	–	–	25,780	25,780	–	–	–	–	–	–	–	25,780	2011.1.21	n.a	2015.4.30
Central Palace (中央華府)	Dongguan	18,914	11,670	62,590	4,770	–	79,030	–	–	–	–	–	–	79,030	2010.4.14	2010.4.28	2011.11.21
Huijing Palace (滙景華府) and Huijing Ginza (滙景銀座)	Dongguan	38,001	23,619	152,526	603	–	176,748	–	–	–	–	–	–	176,748	2005.6.14	2005.10.26	2008.9.28
Emperor View Peak (帝景峰)	Dongguan	12,240	11,661	38,576	122	–	50,359	–	–	–	–	–	–	50,359	2008.3.19	2008.9.23	2009.9.16
Humen Marina City (虎門濱海城)	Dongguan	37,407	19,509	92,004	10,043	–	121,556	–	–	–	–	–	–	121,556	2018.7.27	2018.12.14	2020.9.30
Fenghua Mansion (豐華公館)	Dongguan	6,042	2,745	1,895	14,255	–	18,895	–	–	–	–	–	–	18,895	2018.10.24	2019.11.29	2020.6.30
Subtotal		672,694	246,154	1,290,989	107,779	–	25,780	–	–	–	–	–	–	1,670,702			

Location	Completed as at 2020.6.30						Under development as at 2020.6.30						Total estimate GFA for future development (sq.m.)	Actual/ Estimated Construction Commencement Time	Actual/ Estimated Pre-sale Commencement Time	Actual/ Estimated Construction Commencement Time		
	Total site area (sq.m.)	Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale (sq.m.)	Investment Property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment Property (sq.m.)	Total GFA under development (sq.m.)						
Bund No.8 (外灘8號)	Heyuan	60,007	35,244	178,638	2,147	-	216,029	-	-	-	-	-	-	216,029	2016.7.27	2019.5.8	2018.12.25	
Nine Miles Bay (九里灣花園)	Heyuan	273,500	54,525	155,286	68,025	-	277,836	177,658	123,159	54,498	22,481	-	200,139	230,456	708,431	2018.11.30	2018.12.20	2021.12.31
Dongjiang River Galleries (a portion of) (東江畫廊(部分))	Heyuan	266,353	-	-	-	-	-	-	-	-	-	-	-	532,707	532,707	n.a	n.a	n.a
<b>Subtotal</b>		<b>599,860</b>	<b>89,769</b>	<b>333,924</b>	<b>70,172</b>	<b>-</b>	<b>493,865</b>	<b>177,658</b>	<b>123,159</b>	<b>54,498</b>	<b>22,481</b>	<b>-</b>	<b>200,139</b>	<b>763,163</b>	<b>1,457,167</b>			
Hefei Huijing City Centre (合肥匯景城市中心)	Hefei	37,779	7,415	100,031	45,909	-	153,355	61,520	-	-	62,545	84,121	208,186	-	361,541	2017.1.19	2017.8.31	2020.9.30
Huijing Yanhu International Resort (衡陽雁景·雁湖生態文 旅小鎮)	Hengyang	938,427	10,760	34,356	39,587	-	84,703	19,529	18,708	821	2,107	-	21,636	1,185,342	1,291,681	2016.4.28	2017.10.30	2020.12.31
Huijing Global Centre (匯景發展環球中心)	Changsha	27,081	64,672	75,871	156,071	-	296,614	-	-	-	-	-	-	-	296,614	2016.6.30	2017.12.25	2020.6.30
<b>Total</b>		<b>2,275,841</b>	<b>418,770</b>	<b>1,835,171</b>	<b>419,518</b>	<b>25,780</b>	<b>2,699,239</b>	<b>258,707</b>	<b>141,867</b>	<b>55,319</b>	<b>87,133</b>	<b>84,121</b>	<b>429,961</b>	<b>1,948,505</b>	<b>5,077,705</b>			

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The shares of the Company was listed on the Main Board of the Stock Exchange on 16 January 2020 (the “Listing Date”). Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the period from the Listing Date and up to the date of this announcement.

## REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

### Audit Committee

The audit committee of the Company had reviewed the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the Period.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (“CG CODE”)

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the CG Code during the period from the Listing Date to the date of this announcement.

## IMPORTANT EVENTS AFTER THE PERIOD

### Issuance of US\$110 million 12.5% senior notes due 2021

On 6 August 2020, the Company issued senior notes in the aggregate principal amount of US\$110 million due 2021 (“**2021 Senior Notes**”) which are listed on Singapore Exchange Securities Trading Limited for refinancing certain indebtedness and for other general corporate purposes. The 2021 Senior Notes bear interest at a rate of 12.5% per annum, payable in arrears on 6 February 2021 and 5 August 2021. For more details, please refer to the announcements of the Company dated 3 August 2020 and 12 August 2020.

By order of the Board  
**Huijing Holdings Company Limited**  
**Lun Ruixiang**  
*Chairman*

Hong Kong, 20 August 2020

*As at the date of this announcement, the Board comprises Mr. Lun Zhao Ming, Mr. Lau Kam Kwok Dickson and Mr. Lu Peijun as Executive Directors, Mr. Lun Ruixiang as a Non-executive Director, and Ms. Chiu Lai Kuen Susanna, Mr. Hung Wan Shun Stephen and Ms. Lin Yanna as Independent Non-executive Directors.*