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**廣州富力地產股份有限公司**  
**GUANGZHOU R&F PROPERTIES CO., LTD.\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 2777)**

**2021 INTERIM RESULTS ANNOUNCEMENT**

**FINANCIAL SUMMARY**

- Contracted sales increased to RMB65.08 billion, up 18%
- Revenue increased 18% to RMB39.49 billion. Gross profit and net profit of RMB8.57 billion and RMB3.18 billion, respectively
- Total land bank of 55.52 million sq.m.
- Continue to significantly reduce total liabilities of RMB18.40 billion to improve financial profile
- Sufficient cash of RMB28.80 billion
- Earnings per share was RMB0.8209 per share
- Interim dividend per share of RMB0.10

The board of directors (the “Board”) of Guangzhou R&F Properties Co., Ltd. (the “Company”) are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021. The condensed consolidated interim financial information appended at the end of this announcement forms an integral part of this announcement. The interim results have been reviewed by the audit committee of the Company.

## **RESULTS AND DIVIDEND**

For the six months ended 30 June 2021, the Group's total revenue increased by 18% to RMB39.49 billion and net profit decreased to RMB3.18 billion over the corresponding period last year.

During the period, revenue from the Group's main business of property development increased by 17% to RMB35.95 billion and net profit decreased by 15% to RMB2.96 billion. The increase in revenue was mainly due to an increase in the delivery of area sold to 4.10 million sq.m., representing an increase of 22% over the corresponding period last year. Recurring revenue from property investments and hotel segment recorded a growth of 63% during the period to RMB3.03 billion. Profitability from property investments continues to provide an important contribution to the Group with net profit (excluding revaluation) of RMB540 million. The Board have resolved to declare an interim dividend of RMB0.10 per share.

## **BUSINESS REVIEW**

In reviewing the performance of the Group in first half of 2021, we reflect on various milestones and inroads achieved under continual challenging operating environments facing the macroeconomic environment and sector since last financial year. In addition, certain companies encountering financial difficulties added to operating uncertainty. However, the Group successfully navigated potential financial pressure at the end of 2020 with sights on further improving the credit profile in 2021. Heading into 2021, the Group stayed consistent in terms of strategic direction, despite having recently addressed a large proportion of short-term indebtedness and volatility in operating environment. Strategically, the Group will continue to remain prudent in land acquisition, accelerate the pace of contract sales, and apply available funds to further reduce overall debt burden such that it can weather any further volatile markets. During the first half of 2021, the Group has made significant progress in overall debt reduction and managing liquidity, which it expects to accelerate further for the remainder of the year.

As the global COVID-19 epidemic backdrop continues to impede economic recovery, China's domestic economic growth targets continue to remain intake. Globally, countries are moving to the next stage of the epidemic fight, the proactive epidemic precautionary measures allow local businesses to return to a new normal whilst waiting for economy to recover, allowing businesses to shift focus to a recovery stage that should bolster economic activity in various sectors.

Regarding the Group's operating performance in the first half, contracted sales for the first half reached RMB65.08 billion with GFA of approximately 4.852 million sq.m.. Contracted sales increased by 18% and 6%, respectively, in terms of value and GFA. The increase in value was due to a higher volume of GFA sold and higher average selling price (ASP) achieved when compared to the same period in 2020. A higher ASP in 2021 of RMB13,400 per sq.m. was primarily related to a higher proportion of properties sold in tier-1 and tier-2 cities. The higher proportion of sales in tier-1 and tier-2 cities included Guangzhou, Hainan, Xi'an and Beijing. Economic growth and demand-supply dynamics are expected to favour higher tier cities where demographics, affluency and growth continue to remain strong. Therefore, in recent years, the Group has concentrated land investments and land banking in higher tier cities and the Greater Bay Area (GBA) whereby upside potential is higher. GBA will continue to be a key regional focus for the Group in terms of property development and land banking geographically.

Despite moderate and prudent land banking strategy, the Group has a sizeable land bank for current and future development. As at first half of 2021, the Group has total land bank of approximately 55.52 million sq.m. of saleable area. The Group has gradually shifted the land bank focus to tier-1 and tier-2 cities that now accounts for 53% of total land bank. The higher tier city focus has resulted in overall contracted ASPs increasing as they are generally higher than those in lower tier cities. As overall ASPs increase, contracted sales values can be achieved in the event there are fluctuations in sales volume across various cities, particularly in lower tier cities where market conditions can have varying effects on transaction volumes. As the Group increases the quality of land bank, we remain conscious to keep the average land bank cost to a reasonably low level to achieve potentially higher gross margins. Average land bank costs for the Group's land bank is approximately RMB2,700 per sq.m.. Whilst land banking is not necessarily a key focus at this moment, any potential land banking will focus on urban renewal projects whereby certain rights have been secured for development to be converted as the Group's land bank. The Group will continue to convert more urban renewal projects and targets to convert land bank of approximately 8 million sq.m. of saleable GFA in the near-term.

China continues to undergo adjustments in policies that affect the property sector and there is increasing oversight to ensure the stable and healthy development of the property sector, but policy fluctuation will affect the overall liquidity management to a certain extent. In addition to industry regulations, overall credit markets in the first half have been quite volatile, making it more uncertain as to available sources of financing. However, the Group still managed to make significant improvements in credit profile during this period. In the first half, the Group reduced total borrowings by RMB16.4 billion, and secured RMB25.7 billion of financing to refinance existing indebtedness and enhance available liquidity. The capital raising achieved allowed the Group to address short-term maturities and demonstrates our ability to manage liquidity during tight credit environments. The Group expects challenges in financing markets persist, hence, the Group will continue striving to maintain and explore financing channels to further improve the future credit profile.

As highlighted, uncertainty in operating conditions heightened market risk by developers to focus on managing cash flow. In the first half of 2021, land banking remained low to conserve available liquidity with expenditure comprising only 4% of contracted sales. The Group managed to increase overall revenue in the first half to RMB39.49 billion, or 18%, due to increase in GFA delivered. However, despite an increase in revenue, gross profit and net profit decreased for the Group to RMB8.57 billion and RMB3.18 billion, respectively, as the GFA recognised, product mix, and higher financing costs during the period had affected the profit performance. The Group's profitability in the first half is also somewhat affected by a disproportional revenue recognition between first half and full year, resulting in a lower proportion of revenue booked during the period. As contribution from GFA delivery increases towards the end of the year, the Group would expect an improvement in overall profitability and margins relative to the first half.

## **GOING FORWARD**

In the second half, the Group's focus will continue to be managing liquidity and further improving overall credit profile as volatility in operating conditions and uncertainty in capital markets are expected to persist. Delivering on higher contracted sales and potential asset sales will be important to achieving a deleveraging target for 2021. With an estimated over RMB270 billion of saleable resources and nationwide launch pipeline, management continues to implement on a sales plan outlined at the beginning of the year whilst continually adjusting for changes in operating conditions, potential further policy changes, and unexpected volatilities. During the last 12-months, the Group continues to balance liquidity with pace of sales whilst assessing the impact to margins based on ASP and product mix. Whilst maintaining liquidity remains the upmost importance, the Group believes the land bank and saleable resources are of a sufficiently high quality to allow the Group to achieve potential for higher profitability under more stable market environments.

## FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2021 decreased to RMB3.181 billion, from RMB3.917 billion for the corresponding period last year. Revenue from the Group's core business of property development accounted for 91% of the Group's total revenue and amounted to RMB35.946 billion. Compared to the previous period, net profit from property development decreased by 15%, based on a delivery of 4,098,000 sq.m. in terms of saleable area in the period. Profit from property investment, not including any fair value gains from investment properties and revaluation gains on investment properties transferred from completed properties held for sale, was RMB540 million. Fair value gains and revaluation gains in the period amounted to RMB735 million. Revenue from hotel operations increased to RMB2.500 billion from RMB1.396 billion, with the stabilisation of the COVID-19 epidemic, the hotel operation of the Group had continued to improve in the first half of 2021.

The following comments on the components of the income statement, with the exception of #7 (on finance costs) and #9 (on net profit), relate only to property development:

1. Revenue increased by 17% to RMB35.946 billion, from RMB30.831 billion in the same period in 2020. The amount of saleable area sold increased by 22% to 4,098,000 sq.m. from 3,350,000 sq.m. in previous period and the properties are located in 97 cities. The overall average selling price decreased by 4%, from RMB9,200 per sq.m. to RMB8,800 per sq.m.. This decrease in overall average selling price was due to marketing strategies of lowering prices to promote sales and sell inventory. In addition, the properties delivered in the first half of 2021 was largely concentrated in tier-2 and tier-3 cities. The average selling price was relatively lower in those cities. Based on revenue distribution by cities in the period, Hainan has the highest revenue of all cities where the Group operates. It accounted for 12% of total revenue. In terms of amount, revenue in Hainan amounted to RMB4.282 billion and was mainly derived from R&F Top in Hainan. Taiyuan's revenue ranked second with revenue amounted to RMB4.152 billion in the period, equivalent to 12% in total. R&F Golden Jubilee City in Taiyuan was the top one sales project in the period, which had revenue of RMB2.554 billion or 7% of total revenue. Chongqing ranked third with revenue amounted to RMB1.935 billion. These top three cities ranked by revenue in the period, Hainan, Taiyuan and Chongqing, together accounted for 29% of total revenue as compared to 22% from the top three cities (Taiyuan, Chongqing and Ningbo) in the previous period. The remaining 71% of revenue for this period was contributed by the other 94 cities in which the Group operated, the more significant of which were Beijing, Hangzhou, Jiaxing, Tianjin, Harbin, Baotou, Putian and Ningbo contributed more than RMB1 billion each.

The following is the summary of revenue by city:

<b>City</b>	<b>Amount of turnover (in RMB million)</b>	<b>Saleable area sold (sq.m.)</b>	<b>Average Selling Price (RMB/sq.m.)</b>
Hainan	4,282	292,900	14,620
Taiyuan	4,152	432,700	9,590
Chongqing	1,935	319,800	6,050
Beijing	1,922	98,100	19,590
Hangzhou	1,695	79,700	21,270
Jiaxing	1,588	123,500	12,860
Tianjin	1,266	127,000	9,970
Harbin	1,200	115,800	10,360
Baotou	1,165	217,800	5,350
Putian	1,031	162,800	6,330
Ningbo	1,012	88,400	11,450
Huzhou	695	83,500	8,320
Australia	690	19,600	35,230
Shenyang	684	120,400	5,680
Guangzhou	662	30,600	21,620
Malaysia	581	43,000	13,500
Huizhou	567	68,900	8,220
Luan	561	87,900	6,380
Wenzhou	546	44,200	12,350
Zibo	509	42,300	12,030
Zouping	504	58,400	8,630
Weihai	468	63,800	7,340
Shanghai	398	26,500	15,000
Wuxi	388	44,300	8,760
Xi'an	302	45,200	6,670
Jiangmen	287	38,700	7,400
Weinan	278	57,500	4,830
Jiande	260	35,900	7,250
Xiamen	257	11,800	21,800
Tangshan	249	51,500	4,830
Cambodia	238	24,900	9,550
Zhenjiang	221	16,200	13,660
Handan	211	65,600	3,220
Heze	209	39,500	5,280

City	Amount of turnover <i>(in RMB million)</i>	Saleable area sold <i>(sq.m.)</i>	Average Selling Price <i>(RMB/sq.m.)</i>
Meixian	206	52,800	3,890
Shangrao	206	27,200	7,570
Chuzhou	192	33,300	5,770
Tieling	169	35,400	4,760
Xiangtan	166	32,900	5,030
Dalian	162	29,200	5,560
Chengdu	159	22,600	7,030
Guiyang	157	23,400	6,690
Huaibei	157	21,200	7,420
Yueqing	150	10,100	14,770
Changzhi	148	38,100	3,890
Datong	146	23,900	6,090
Urumqi	143	14,500	9,860
Zhuhai	140	12,100	11,610
Qingyuan	133	24,900	5,340
Meishan	131	28,800	4,570
Nanchang	129	13,300	9,700
Baoji	126	25,000	5,020
Anshan	123	24,900	4,950
Qingdao	118	15,400	7,660
Jiujiang	118	18,600	6,360
Yangjiang	117	19,800	5,890
Other	1,637	371,900	4,420
Total	<u>35,946</u>	<u>4,098,000</u>	<u>8,800</u>

2. Cost of goods sold consists of land and construction costs, capitalised finance costs and levy. In the period, land and construction costs made up 91% of the Group's total costs. In terms of costs per sq.m., land and construction costs increased to RMB6,190 from RMB5,560 in the previous period. If only the top 10 sales projects, accounted for 42% of the total revenue in the period, were taken into consideration, the average unit cost was RMB6,900 per sq.m., increased by 38% as compared to the top 10 sales projects in the corresponding period last year accounted for 38% of the total revenue (1H2020: RMB5,000 per sq.m.). Capitalised interest included in the period's cost of goods sold amounted to RMB2.282 billion, representing approximately 8% of total costs. As a percentage of revenue from sale of properties, capitalised interest was 6%. The cost of goods sold also included RMB236 million in levy and business tax, making up 1% of costs.

3. Overall gross margin for the period was 22.3%, as compared to 33.5% in the same period in 2020. The decrease was due to the adjustments made on average selling price to accelerate the pace of sales which subsequently affected the Group's gross profit margin. The top five cities ranked by revenue in the period, Hainan, Taiyuan, Chongqing, Beijing and Hangzhou, accounted for 39% of total revenue. The gross margins of those cities were 35%, 21%, 40%, 51% and 23% respectively.
4. Other income and other gains – net were mainly the result of interest income.
5. Selling and administrative expenses for the period increased by 5% or RMB157 million, to RMB3.204 billion. This increase was due to the number of sales projects further increased in the period. Selling and administrative expenses as a percentage of revenue decreased to 8.9% from 9.9%.
6. The share of result of associates was mainly derived from the Group's 35% interests in Zhengzhou Wulong New Town and R&F Jianye Shangyue Court projects. The share of results of joint ventures were mainly from 33.34% interests in Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 50% interests in Huzhou R&F Greenland West Lake Mansion Project and 65% interests in Guangzhou R&F New City Project. These six projects mentioned had a combined turnover of RMB4.532 billion.
7. Finance costs being interest expenses incurred after deduction of amounts capitalised to development costs, decreased by 53% to RMB1.595 billion for the period (1H 2020: RMB3.392 billion), mainly coming from an exchange gain of RMB540 million due to the appreciation of exchange rate of RMB to US dollars. The total interest incurred in the period decreased by 9% to RMB6.461 billion was due to a decrease of average borrowings outstanding to RMB153.6 billion from RMB206.6 billion in the previous corresponding period. Together with RMB2.283 billion charged to cost of goods sold related to capitalised interest, the total finance costs incurred during the period amounted to RMB3.878 billion.
8. Land appreciation tax (LAT) of RMB880 million (1H 2020: RMB1.374 billion) and enterprise income tax of RMB983 million (1H 2020: RMB1.181 billion) brought the Group's total income tax expenses for the period to RMB1.863 billion. As a percentage of revenue, LAT decreased to 2.5% from 4.5% for the same period in 2020.
9. Overall, the Group's net profit margin for the period was stabled at 8.1% (1H 2020: 11.7%).



## **OTHER INFORMATION**

### **Purchase, Redemption or Sale of Listed Securities of the Company**

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

### **Compliance with the Model Code by Directors and Supervisors of the Company**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 2021.

### **Compliance with the Corporate Governance Code**

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other applicable laws and regulations. In particular, it has observed the principles and code provisions set out under the Corporate Governance Code and Corporate Governance Report as stated in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2021.

### **Audit Committee**

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2021. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **Interim Dividend Payment and Closure of Register of Members**

The Board has declared an interim dividend for the six months ended 30 June 2021 (the “Interim Dividend”) of RMB0.10 per share to shareholders whose names appear on the register of members of the Company as at the close of business on 17 September 2021. The Interim Dividend will be paid on 15 November 2021.

The H share register of members of the Company will be closed from 13 September 2021 (Monday) to 17 September 2021 (Friday) (both dates inclusive), during which period no transfer of H shares will be registered. In order to establish entitlements to the Interim Dividend, all the share transfer documents must be lodged with the Company’s H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 10 September 2021 (Friday).

According to the articles of association of the Company, dividends payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company’s H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People’s Bank of China. The Interim Dividend is also subject to PRC withholding tax.

The average of the closing exchange rates for RMB to Hong Kong Dollar as announced by the People’s Bank of China for the one-week period prior to 24 August 2021, the date on which the Interim Dividend was declared, was RMB0.833098 to HK\$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK\$0.120033.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the “EIT Law”), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company’s H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993)045號文件廢止後有關個人所得稅徵管問題的通知) (the “Notice”) issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

### **Profit Distribution to Investors of Southbound Trading**

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the “Southbound Trading”), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (“China Securities”), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depository and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

All investors are requested to read this part carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 15 November 2021. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

## ACKNOWLEDGEMENTS

The Group's management and dedication during these challenging times have been nothing short of exceptional. Our strong senior management team have worked closely with me to resolve issues and deliver on longer term targets whilst making sacrifices personally and mentally during a global pandemic. I am grateful to our shareholders who have shown patience as we navigate the Group through unprecedented obstacles with shorter and shorter recovery cycles that require a long-term strategy whilst adopting a nimble approach to achieving internal objectives. I would like to thank our senior management, entire staff, shareholders, and business partners for their unwavering support such that we were able to continue to move forward over the past 6-months and persevere for the remainder of 2021. By working together and heading in the same direction, I have no doubt that anything can be achieved with a successful outcome.

By Order of the Board  
**Guangzhou R&F Properties Co., Ltd.**  
**Li Sze Lim**  
*Chairman*

Hong Kong, 24 August 2021

*As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhang Hui and Mr. Xiang Lijun; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.*

\* *For identification purpose only*

(All amounts in RMB Yuan thousands unless otherwise stated)

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	<i>Note</i>	<b>Unaudited 30 June 2021</b>	Audited 31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		1,143,545	1,183,384
Investment properties		35,130,688	33,957,965
Property, plant and equipment		44,006,909	42,113,735
Right-of-use assets		10,654,818	10,846,583
Interests in joint ventures		11,274,830	11,617,336
Interests in associates		2,604,070	1,440,026
Deferred income tax assets		13,176,678	12,610,456
Financial assets at fair value through other comprehensive income		612,237	639,850
Other financial assets		3,217,970	–
		<u>121,821,745</u>	<u>114,409,335</u>
<b>Current assets</b>			
Properties under development		167,980,320	164,788,269
Completed properties held for sale		53,578,846	64,029,794
Inventories		1,227,151	1,141,518
Trade and other receivables and prepayments	5	45,253,727	46,315,461
Contract assets		1,543,740	1,621,299
Tax prepayments		4,344,839	3,600,167
Restricted cash		16,038,194	14,275,892
Cash and cash equivalents		12,763,909	25,672,822
		<u>302,730,726</u>	<u>321,445,222</u>
Assets classified as held for sale		–	6,330,658
		<u>302,730,726</u>	<u>327,775,880</u>
<b>Total assets</b>		<u><u>424,552,471</u></u>	<u><u>442,185,215</u></u>

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Note</i>	<b>Unaudited 30 June 2021</b>	Audited 31 December 2020
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		3,752,367	938,092
Other reserves		12,253,562	15,589,427
Retained earnings		74,156,850	72,970,684
		<u>90,162,779</u>	<u>89,498,203</u>
<b>Non-controlling interests</b>		<u>2,611,463</u>	<u>2,507,140</u>
<b>Total equity</b>		<u><b>92,774,242</b></u>	<u><b>92,005,343</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		91,444,718	95,848,642
Lease liabilities		430,940	452,557
Deferred income tax liabilities		10,623,179	10,307,753
Other payables		–	1,343,481
		<u>102,498,837</u>	<u>107,952,433</u>
<b>Current liabilities</b>			
Accruals and other payables	6	99,199,886	106,533,115
Contract liabilities		54,998,363	48,002,504
Current income tax liabilities		20,761,369	21,167,911
Dividend payable		2,326,468	–
Short-term borrowings		13,628,022	10,919,529
Current portion of long-term borrowings		38,275,868	52,961,902
Lease liabilities		89,416	96,448
		<u>229,279,392</u>	<u>239,681,409</u>
Liabilities directly associated with assets classified as held for sale		–	2,546,030
		<u>229,279,392</u>	<u>242,227,439</u>
<b>Total liabilities</b>		<u><b>331,778,229</b></u>	<u><b>350,179,872</b></u>
<b>Total equity and liabilities</b>		<u><b>424,552,471</b></u>	<u><b>442,185,215</b></u>

(All amounts in RMB Yuan thousands unless otherwise stated)

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
Revenue	4	<b>39,493,138</b>	33,591,036
Cost of sales		<u><b>(30,923,169)</b></u>	<u>(23,664,462)</u>
<b>Gross profit</b>		<b>8,569,969</b>	9,926,574
Other income	7	<b>491,354</b>	383,230
Other gains – net	8	<b>1,673,007</b>	3,615,126
Selling and marketing costs		<b>(1,482,064)</b>	(1,226,510)
Administrative expenses		<b>(2,727,187)</b>	(2,596,655)
Reversal of/(allowance for) impairment losses on financial and contract assets		<b>27,512</b>	(21,085)
Gains on bargain purchase		<u><b>508,209</b></u>	<u>–</u>
<b>Operating profit</b>		<b>7,060,800</b>	10,080,680
Finance costs	9	<b>(1,594,849)</b>	(3,392,052)
Share of results of associates		<b>35,728</b>	(10,724)
Share of results of joint ventures		<u><b>53,837</b></u>	<u>(49,394)</u>
<b>Profit before income tax</b>		<b>5,555,516</b>	6,628,510
Income tax expenses	10	<u><b>(2,374,495)</b></u>	<u>(2,711,522)</u>
<b>Profit for the period</b>		<u><b>3,181,021</b></u>	<u>3,916,988</u>
<b>Profit attributable to:</b>			
– Owners of the Company		<b>3,080,198</b>	3,792,275
– Non-controlling interests		<u><b>100,823</b></u>	<u>124,713</u>
		<u><b>3,181,021</b></u>	<u>3,916,988</u>
<b>Basic and diluted earnings per share for profit attributable to owners of the Company</b> (expressed in RMB Yuan per share)		<u><b>0.8209</b></u>	<u>1.0849</u>

(All amounts in RMB Yuan thousands unless otherwise stated)

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2021	2020
<b>Profit for the period</b>	<b>3,181,021</b>	3,916,988
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified to profit or loss</i>		
– Share of other comprehensive income/(loss) of joint ventures accounted for using the equity method	23,122	(136,663)
– Currency translation differences	(99,831)	48,078
<i>Items that will not be reclassified to profit or loss</i>		
– Change in fair value of financial assets at fair value through other comprehensive (loss)/income, net of tax	(12,445)	54,682
<b>Other comprehensive loss for the period, net of tax</b>	<b>(89,154)</b>	(33,903)
<b>Total comprehensive income for the period</b>	<b>3,091,867</b>	3,883,085
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	2,991,044	3,758,372
– Non-controlling interests	100,823	124,713
	<b>3,091,867</b>	3,883,085



*(All amounts in RMB Yuan thousands unless otherwise stated)*

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **1. GENERAL INFORMATION**

Guangzhou R&F Properties Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Pearl River New Town, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan (RMB), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 24 August 2021.

### **2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### **3. ACCOUNTING POLICIES**

Except as described below, the accounting policies applied are consistent with those of the 2020 financial statements as described therein.

#### **(a) New and amended standards and interpretation adopted by the Group**

The following new or amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2021.

<b>Standards</b>	<b>Subject</b>
Amendments to HKFRS 16	Covid-19-related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

**(b) New and amended standards and interpretation not yet adopted by the Group**

Certain new and amended standards have been issued and are not effective for financial year beginning 1 January 2021 and have not been early adopted by the Group. None of these is expected to have a significant effect on the Group.

Standards	Subject	Effective for annual periods beginning on or after
Amendment to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendment to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to HKFRS Standards 2018-2020	Annual improvements to HKFRS Standards 2018-2020 affecting HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

**4. SEGMENT INFORMATION**

**(a) Description of segments and principal activities**

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group’s consolidated revenue and results are attributable to the market in the PRC and almost all of the Group’s consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management. The results of these operations are included in the “all other segments” column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the period. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

(All amounts in RMB Yuan thousands unless otherwise stated)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2021 and 2020 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
<b>Six months ended 30 June 2021</b>					
Segment revenue	35,946,375	637,025	2,635,355	1,017,712	40,236,467
Recognised at a point in time	28,296,170	–	–	–	28,296,170
Recognised over time	7,650,205	–	2,635,355	1,017,712	11,303,272
Revenue from other sources – rental income	–	637,025	–	–	637,025
Inter-segment revenue	–	(103,774)	(135,710)	(503,845)	(743,329)
<b>Revenue from external customers</b>	<b>35,946,375</b>	<b>533,251</b>	<b>2,499,645</b>	<b>513,867</b>	<b>39,493,138</b>
<b>Profit/(loss) for the period</b>	<b>2,955,965</b>	<b>1,093,345</b>	<b>(547,172)</b>	<b>(321,117)</b>	<b>3,181,021</b>
Finance costs	(1,160,672)	(113,085)	(314,641)	(6,451)	(1,594,849)
Income tax (expenses)/credits	(1,862,732)	(724,464)	126,038	86,663	(2,374,495)
Share of results of associates	14,487	3,124	–	18,117	35,728
Share of results of joint ventures	56,950	–	–	(3,113)	53,837
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(216,790)	–	(736,140)	(48,701)	(1,001,631)
Gains on bargain purchase	508,209	–	–	–	508,209
Amortisation of incremental costs for obtaining contracts with customers	(256,851)	–	–	–	(256,851)
Reversal of/(allowance for) impairment losses on financial and contract assets	32,049	–	(5,050)	513	27,512
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	222,398	–	–	222,398
Fair value gains on investment properties – net of tax	–	331,278	–	–	331,278

(All amounts in RMB Yuan thousands unless otherwise stated)

	Property development	Property investment	Hotel operations	All other segments	Group
<b>Six months ended 30 June 2020</b>					
Segment revenue	30,831,124	551,954	1,428,337	1,445,802	34,257,217
Recognised at a point in time	19,499,707	–	–	–	19,499,707
Recognised over time	11,331,417	–	1,428,337	1,445,802	14,205,556
Revenue from other sources					
– rental income	–	551,954	–	–	551,954
Inter-segment revenue	–	(86,043)	(32,231)	(547,907)	(666,181)
<b>Revenue from external customers</b>	<b>30,831,124</b>	<b>465,911</b>	<b>1,396,106</b>	<b>897,895</b>	<b>33,591,036</b>
<b>Profit/(loss) for the period</b>	<b>3,465,024</b>	<b>1,884,205</b>	<b>(935,654)</b>	<b>(496,587)</b>	<b>3,916,988</b>
Finance costs	(2,891,021)	(129,909)	(364,337)	(6,785)	(3,392,052)
Income tax (expenses)/credits	(2,555,476)	(631,534)	302,730	172,758	(2,711,522)
Share of results of associates	(7,901)	–	–	(2,823)	(10,724)
Share of results of joint ventures	(49,097)	–	–	(297)	(49,394)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(213,082)	–	(733,643)	(78,838)	(1,025,563)
Amortisation of incremental costs for obtaining contracts with customers	(153,021)	–	–	–	(153,021)
(Allowance for)/reversal of impairment losses on financial and contract assets	(22,641)	–	(6,241)	9,906	(18,976)
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	1,495,616	–	–	1,495,616
Fair value gains on investment properties – net of tax	–	224,947	–	–	224,947

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

	Property development	Property investment	Hotel operations	All other segments	Group
<b>As at 30 June 2021</b>					
<b>Segment assets</b>	<b>319,790,345</b>	<b>36,370,257</b>	<b>47,438,390</b>	<b>3,946,594</b>	<b>407,545,586</b>
Segment assets include:					
Interests in joint ventures	11,266,382	–	–	8,448	11,274,830
Interests in associates	1,161,128	1,231,443	–	211,499	2,604,070
<b>Segment liabilities</b>	<b>151,106,824</b>	<b>–</b>	<b>1,506,586</b>	<b>2,105,195</b>	<b>154,718,605</b>
<b>As at 31 December 2020</b>					
<b>Segment assets</b>	<b>337,120,727</b>	<b>40,257,965</b>	<b>47,498,911</b>	<b>4,057,306</b>	<b>428,934,909</b>
Segment assets include:					
Interests in joint ventures	11,612,128	–	–	5,208	11,617,336
Interests in associates	474,624	–	–	965,402	1,440,026
<b>Segment liabilities</b>	<b>149,150,990</b>	<b>802,069</b>	<b>1,825,446</b>	<b>7,195,630</b>	<b>158,974,135</b>

## 5. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2021	31 December 2020
Trade receivables – net	7,211,642	10,536,351
Other receivables – net	19,518,817	19,392,535
Prepayments	7,973,021	6,819,901
Capitalised costs to obtain sales contracts	1,617,808	1,360,957
Due from joint ventures	5,501,017	5,450,586
Due from associates	3,277,080	2,571,654
Due from entities jointly controlled by major shareholders of the Company	154,342	183,477
Total	<b>45,253,727</b>	<b>46,315,461</b>

*(All amounts in RMB Yuan thousands unless otherwise stated)*

As at 30 June 2021, trade receivables were mainly derived from sale of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

	As at	
	30 June 2021	31 December 2020
Trade receivables		
– Due from third parties	7,194,753	10,535,699
– Due from joint ventures	203,692	281,040
– Due from an associate	30,529	9,858
– Due from entities jointly controlled by major shareholders of the Company	50,906	751
	<u>7,479,880</u>	<u>10,827,348</u>
Less: allowance for impairment	(268,238)	(290,997)
	<u><u>7,211,642</u></u>	<u><u>10,536,351</u></u>

At 30 June 2021 and 31 December 2020, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2021	31 December 2020
Up to 1 year	5,661,574	9,479,175
1 year to 2 years	906,156	550,851
2 years to 3 years	417,919	270,469
Over 3 years	494,231	526,853
	<u>7,479,880</u>	<u>10,827,348</u>

(All amounts in RMB Yuan thousands unless otherwise stated)

## 6. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2021	31 December 2020
Amounts due to joint ventures (Notes (a))	7,874,264	6,351,821
Amounts due to associates (Notes (a))	325,529	325,524
Amounts due to entities jointly controlled by major shareholders of the Company (Note (a))	3,555,440	7,305,745
Amounts due to major shareholders	3,139,849	2,616,360
Amounts due to a shareholder of certain joint ventures (Note (b))	3,773,099	3,933,366
Construction payables (Note (c))	46,612,420	48,632,027
Other payables and accrued charges (Note (d))	<u>33,919,285</u>	<u>38,711,753</u>
Total	<b>99,199,886</b>	107,876,596
Less: non-current portion (Note (b))	<u>–</u>	<u>(1,343,481)</u>
Current portion	<b><u>99,199,886</u></b>	<b><u>106,533,115</u></b>

*Note:*

- (a) Except for the balance of RMB902,400,000 (31 December 2020: RMB902,400,000) due to a joint venture of the Group, which bears interest of 4.66% (31 December 2020: 4.66%) per annum, unsecured and repayable on demand, the amounts are unsecured, interest free and repayable on demand.
- (b) The amount represents the fund received from a shareholder of certain joint ventures (the “Investor”), which bears interests from 13% to 15% per annum, and related accrued interest. The balance was secured by the Group’s shares in certain wholly-owned subsidiaries and the joint ventures jointly controlled with the Investor, the Group’s right to receive the economic benefits deriving from one property development project and the guarantee provided by the Company.
- (c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.
- (d) The balance mainly represents interest payables, accruals, salary payables and other taxes payable excluding income tax.
- (e) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

## 7. OTHER INCOME

	Six months ended 30 June	
	2021	2020
Interest income	354,960	217,872
Other operating income	70,152	81,700
Forfeited deposits from customers	53,072	76,024
Dividends income from financial assets at fair value through other comprehensive income	5,610	–
Others	7,560	7,634
	<u>491,354</u>	<u>383,230</u>

## 8. OTHER GAINS – NET

	Six months ended 30 June	
	2021	2020
Revaluation gains on investment properties transferred from completed properties held for sale	296,531	1,994,155
Fair value gains on investment properties – net	438,393	298,416
Gains on disposals of subsidiaries	802,099	678,795
Remeasurement gains on previously held equity interest in a joint venture	87,499	–
Gains on disposal of certain equity interests in an associate	–	674,822
Gains/(losses) on disposals of intangible assets	14,657	(20,942)
Others	33,828	(10,120)
	<u>1,673,007</u>	<u>3,615,126</u>

## 9. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
Interest expenses:		
– bank borrowings	2,654,861	3,009,287
– domestic bonds	747,445	1,353,056
– medium-term notes	–	44,541
– senior notes	1,541,328	1,497,264
– other borrowings, super & short-term commercial papers and others	1,504,235	1,165,046
– lease liabilities	12,958	6,519
	<u>6,460,827</u>	<u>7,075,713</u>
Early redemption premium for senior notes	7,965	56,794
Net foreign exchange (gains)/losses	(539,848)	1,124,521
Less: finance costs capitalised	(4,334,095)	(4,864,976)
	<u>1,594,849</u>	<u>3,392,052</u>



(All amounts in RMB Yuan thousands unless otherwise stated)

## 10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
Current income tax		
– enterprise income tax (Note (b))	1,765,293	2,648,309
– PRC land appreciation tax (Note (c))	879,774	1,373,769
Deferred income tax	<u>(270,572)</u>	<u>(1,310,556)</u>
	<u><b>2,374,495</b></u>	<u><b>2,711,522</b></u>

### (a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the period (six months ended 30 June 2020: Nil).

### (b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the period ended 30 June 2021, the companies in the PRC, Cambodia, Malaysia were primarily taxed at 25%, 20% and 24% (six months ended 30 June 2020: 25%, 20% and 24%) on their profits, respectively.

### (c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

## 11. DIVIDENDS

	Six months ended 30 June	
	2021	2020
Interim dividend of RMB0.10 (2020: RMB0.38) per ordinary share	<u><b>375,237</b></u>	<u><b>1,328,240</b></u>

An interim dividend in respect of the six months ended 30 June 2021 of RMB0.10 per ordinary share, totalling RMB375,237,000 was proposed by the board of directors (six months ended 30 June 2020: RMB1,328,240,000). This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ended 31 December 2021.