

(於開曼群島以「Glory Land Company Limited (國瑞置業有限公司)」的名稱註冊成立的有限公司，
並以「Guorui Properties Limited」的名稱在香港經營業務)
(Incorporated in the Cayman Islands with limited liability under the name of "Glory Land Company
Limited (國瑞置業有限公司)" and carrying on business in Hong Kong as Guorui Properties Limited)



GLORY 國瑞

香港聯合交易所股份代號 Stock Code : 2329

GUORUI PROPERTIES LIMITED
國瑞置業有限公司

INTERIM REPORT
中期報告

2016



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun (*Chairman*)
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent Non-Executive Directors

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)
Ms. Kwong Yin Ping, Yvonne (FCIS, FCS)

AUTHORIZED REPRESENTATIVES

Mr. Ge Weiguang
Ms. Zheng Jin

AUDIT COMMITTEE

Mr. Luo Zhenbang (*Committee Chairman*)
Mr. Lai Siming
Ms. Chen Jingru

REMUNERATION COMMITTEE

Mr. Lai Siming (*Committee Chairman*)
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

NOMINATION COMMITTEE

Mr. Zhang Zhangsun (*Committee Chairman*)
Mr. Lai Siming
Mr. Luo Zhenbang

INTERNAL CONTROL COMMITTEE

Ms. Chen Jingru (*Committee Chairman*)
Mr. Luo Zhenbang
Ms. Ruan Wenjuan

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Beijing Co., Ltd.

LEGAL ADVISORS

As to Hong Kong Law

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REGISTERED OFFICE

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Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

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Dongcheng District
Beijing
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

LISTING INFORMATION

Share Listing

The Company’s ordinary shares
The Stock Exchange of Hong Kong Limited
(the “**Stock Exchange**”)
Stock Code: 02329

WEBSITE

<http://www.glorypty.com/>

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Guorui Properties Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce to the Group’s shareholders (the “**Shareholders**”) the interim results of the Group for the six months ended June 30, 2016, together with comparative figures for the corresponding period in 2015. The Group’s interim results have not been audited but have been reviewed by the Company’s audit committee and the Company’s auditors, Deloitte Touche Tohmatsu (“**DTT**”).

- Achieved contracted sales for the six months ended June 30, 2016 (the “**Reporting Period**”) was RMB6,919.3 million with corresponding gross floor area (“**GFA**”) of approximately 723,950 sq.m., representing a period-on-period increase of 127.7% and 156.7%, respectively;
- Revenue for the Reporting Period was RMB3,655.6 million, of which the revenue from property development was RMB3,415.7 million;
- Gross profit for the Reporting Period was RMB1,500.7 million, of which the gross profit from property development was RMB1,376.3 million;
- Net profit for the Reporting Period was RMB1,000.4 million, of which RMB863.6 million was attributable to the equity holders of the Company;
- Basic earnings per share for the Reporting Period were RMB19.6 cents;
- Land reserves reached a total GFA of 7,672,908 sq.m. and the average cost of land reserves was RMB2,592.7 per sq.m. for the Reporting Period. Newly acquired land reserves amounted to a total GFA of 596,782 sq.m. and the average cost of land acquisition was RMB7,271.1 per sq.m. for the Reporting Period;
- Contracted average selling price (“**ASP**”) for the Reporting Period was RMB9,557.7 per sq.m.. The average cost of land reserves accounted for 27.1% of the ASP for the Reporting Period.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended June 30, 2016.

For the Reporting Period, the Group achieved contracted sales of RMB6,919.3 million, representing an increase of 127.7% as compared to the same period last year. Total contracted GFA was 723,950 sq.m., representing an increase of 156.7% as compared to the same period last year. The Group realized a revenue of RMB3,655.6 million, representing an increase of 41.2% as compared to the same period last year, of which the revenue from property development was RMB3,415.7 million, representing an increase of 46.4% as compared to the same period last year; that from property investment was RMB145.7 million, representing an increase of 2.9% as compared to the same period last year; that from primary land construction and development services was RMB41.6 million, representing a decrease of 52.1% as compared to the same period last year; that from property management and related services was RMB52.7 million, representing an increase of 86.8% as compared to the same period last year; and the profit attributable to owners of the Group was RMB863.6 million, representing an increase of 11.7% as compared to the same period last year.

REVIEW OF THE FIRST HALF OF 2016

Market Review

In the first half of 2016, China has achieved stable performance in its economic development. The overall monetary policy remained lenient and supply for mortgage loans in the real estate market has increased. Started from the first-tier and second-tier hot-spot cities, the demand in the national real estate market has sharply increased, continuing the favorable trend at the end of last year. Yet, as the policies adopted by the local government varied for different cities, the differentiation in cities has also increased.

Based on the data from China Index Academy, during the first half of 2016, the price performance of the core and the neighboring areas of the first-tier and second-tier cities was impressive; the ASP of residential housing in the first-tier cities increased in total by 12.79% and the ASP of residential housing in the second-tier cities increased in total by 5.33%. Comparing the price performance of cities in different tiers, the first-tier cities and some of the popular second-tier cities were still more attractive to purchasers due to the housing supply shortage and the complete urban facilities in these cities. As such, despite the policies in these cities continued to tighten, the real estate developers seemed to remain optimistic about these cities.

Furthermore, whilst the profit margins for real estate developers have gradually become narrower due to increase in land costs in hot-spot cities, the consolidation of resources from different industries intensified. As such, developers still aimed to implement a diversified strategic plan, optimize its management and innovate its business so as to achieve a high degree of integration between real estate and other diversified industries such as tourism, recreation and sports, healthcare, medical and retirement-related industries.

Diversified Strategy

Based on the market and industry trend, the Group would adhere to its established strategy of diversified development. It will continue to position property development as its principal business and conduct both residential property development and property investment. While expanding its business scale, the Group is committed to maintain its profit margin and competitive advantage. At the same time, the Group would gradually explore diversified development. With innovative businesses “Themed Real Estate” (主題地產) and “Medical and Healthcare” (醫療健康) serving as its “two wings”, the Group could continue to explore opportunities at the relevant upstream and downstream industries with a view to achieving improvement and innovation in both its principal business and innovative businesses and establishing a diversified strategic pattern.

Business Review

Deepening the regional strategic layout

With respect to both “sales” and “land reserves”, the Group would place its core resources in the first-tier and second-tier cities as well as certain hot-spot cities and deepen its regional strategic layout. From the contracted sales data of the Company for the first half of the year, the sales performance was greatly supported by major regional projects, including the good sales performance of Yongqing Glory City (永清國瑞城), Haikou Glory City (海口國瑞城), Foshan Guohua New Capital (佛山國華新都) and Shantou Glory • Guanhaiju (汕頭國瑞 • 觀海居). For the second half of the year, the Group plans to launch projects in about 10 cities, including Beijing, Langfang, Haikou, Xi'an, Zhengzhou and Shantou.

Furthermore, in April this year, the Group successfully won the bid for a prime land parcel in Wuzhong District, Suzhou and started establishing a presence in the “Yangtze River Delta” region. Currently, the Group has already formed strategic layouts in the “Beijing, Tianjin and Hebei” region, the “Pearl River Delta” region and the “Yangtze River Delta” region, which are centered around Beijing, Shenzhen and Suzhou respectively. As of June 30, 2016, the total land reserves of the Group was approximately 7,672,908 square meters, of which those in first-tier and second-tier cities accounted for approximately 69% which should be able to meet the rapid development over the next three to five years.

Advancing innovative businesses

With respect to the “Themed Real Estate” sector, the Group aims to realize the value of market segmentation through a differentiation strategy. Culture and tourism are deemed as important expression of the “soft power” (軟實力) of a city. As the integration of culture and tourism would provide a “solid support” (硬支撐) for future urban development, the Group would aim to create new urban complexes with cultural and tourism features by leveraging from its resources and advantages as well as its expertise gained from property development business. The Group has already established a culture and tourism innovation business division to enhance its research and development and operational capabilities in the innovative property business sector and support the layout and implementation of its “Real Estate +” (房地產+) business in China. In April 2016, the Group reached an intention for strategic cooperation with the Zhengzhou Municipal Government in respect of a cultural industry park. In May 2016, the Group signed an agreement with the Yongqing County Government of Hebei Province in respect of an internet finance town project with a view to constructing a gathering place for internet finance enterprises. Going forward, the Group aims to explore opportunities and expand into “Beijing, Tianjing and Hebei” region, the “Peral River Delta” region and hot-spot cities such as Wuhan and Suzhou, with a view to supporting the development of the innovative property business.

With respect to the healthcare sector, the Shantou Guorui Hospital acquired at the beginning of the year has been planned and positioned as a general 3A hospital and the relevant preparation and construction work is in steady progress. The project is planned to be constructed in two phases. It is planned to provide 2,000 beds and is expected to be put into operation by the end of 2018. The 13th Five-year Plan advances the implementation of the “Healthy China” strategy. The healthcare industry will lead the new round of economic development wave. The Group will further build the healthcare industry platform to open new space for the growth of results in future.

Improvement of operational management

To adapt to the development of the industry under the “new normal conditions” and the positioning of diversified development, the Group has carried out necessary reforms on the original management approach and systems to enhance the standardization and modular management of products and improve the capacity to respond to changes in the market. With respect to costs and expenses control, the Group will continue to comprehensively implement product upgrade and optimization and the standardization management so as to ensure the rapid replication and fast advancement of projects, shorten the development cycle and minimize the financial costs, thereby achieving better product pricing.

Winning recognition from the market

The Group has been widely recognized from the market for the enhancement of its overall strength. In March 2016, the Group was named 2016 China Real Estate Top 100 Enterprise by an authoritative institution. In May 2016, it was awarded the prize of “China Mainland Real Estate Company Top 10 listed in Hong Kong in terms of Investment Value Ranking”. Meanwhile, it was included in the constituent stocks of MSCI China Small Cap Index. In June 2016, it was included in the Top 100 of “Sales Results List of Branded Real Estate Enterprises for the First Half of 2016”.

OUTLOOK FOR THE SECOND HALF OF 2016

On July 26, 2016, the CPC Politburo set the tone to stabilize market expectations using the stable macroeconomic policy. In the second half of the year, the PRC real estate market is expected to continue to show a situation of the coexistence of overall easing and local tightening. So far as the real estate industry is concerned, the era of “small investment, short cycle and fast effect” (投資少、週期短、見效快) has ended. To capture the new round of market opportunities and development potential, real estate enterprises should reinforce their “craftsman spirit” to constantly enhance the market competitiveness of products and the enterprises.

The Group will continue to practice its strategy of diversified development, constantly improve and innovate its principal business and innovative businesses, enhance the soft power of the enterprise, develop proficient skills and create a quality, sustainable and robust development pattern.

Winning by quality

The Group aims to enhance customer positioning and product research, strive to achieve excellence in products. The Group intends to launch a high-end product series in Changping, Beijing and Mudu, Suzhou. Under the demand for improving housing conditions and rising land costs, the Group seeks to expand its competitive edge through innovating core products to stabilize its market position and increase the revenue level.

Talent strategy

The Group aims to support nationwide expansion and diversified development by adhering to the “talent strategy” and strive to be one of the most competitive enterprises with the greatest development potential in each locality it establishes presence in. In 2016, the Group will exert itself to provide human resources support for the advancement and realization of the diversified strategy through continuously attracting, nurturing and motivating outstanding talents representing the advance standard of each industry. Meanwhile, the Group will constantly improve performance management, enhance systematic training and implement mechanisms such as equity incentive to promote the harmonious development of the enterprise and achieve the common growth of the enterprise and employees.

Corporate governance

The Group aims to raise the standard of corporate governance to ensure effective operation of the Group's business as well as protection of assets and shareholders' interests. Secondly, the Group will continue to make substantial improvement in the overall transparency of the Company and the improvement of corporate internal control and risk management.

Sustainable development

The Group aims to raise the development and management standard of its properties and facilitate the sustainable development of the environment and the community through a series of measures such as green and environmental-friendly architectural planning, design, construction and operation. The Group's Hademen Center (哈德門中心) project, a landmark on the Second Ring in Beijing, has obtained the LEED Gold pre-certification granted by U.S. Green Building Council, not only which exhibits the quality of a high-end commercial complex and also reflects the commitment of the development enterprise towards the environment and the community.

Going forward, the Group will strive to continue to uphold the mission of being a responsible property developer and join hands with the shareholders to achieve the next stage of leap-forward growth. The Group will embark on a new journey at a new starting point!

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express our gratitude to all our employees for their diligence and endeavors, and our sincere appreciation to investors, customers and business partners for their strong support and confidence in the Group.

Zhang Zhangsun
Chairman

Beijing, the PRC
August 29, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of 2016, the Group's total contracted sales were approximately RMB6,919.3 million, representing an increase of 127.7% as compared to the corresponding period of last year. For the six months ended June 30, 2016, the Group's revenue was RMB3,655.6 million, representing an increase of 41.2% as compared to the corresponding period of last year. This increase was primarily due to the increase in revenue from property development. Revenue from property development was RMB3,415.7 million, representing an increase of 46.4% as compared to the corresponding period of last year. For the six months ended June 30, 2016, the Group's gross profit was RMB1,500.7 million, representing an increase of 13.0% as compared to the same period last year; the net profit was RMB1,000.4 million, representing an increase of 3.3% as compared to the same period last year, of which RMB863.6 million was attributable to the equity holders of the Company, representing an increase of 11.7% as compared to the same period last year.

Contracted Sales

The contracted sales of the Group for the first half of 2016 and 2015 amounted to approximately RMB6,919.3 million and RMB3,039.2 million, respectively, representing an increase of 127.7%. Total GFA sold was approximately 723,950 sq.m. and 282,009 sq.m., representing an increase of 156.7%. Contracted sales of the Group, by geographical location, were mainly from Langfang, Haikou, and Shantou amounted to approximately RMB 3,596.6 million, RMB 835.8 million and RMB 820.0 million, respectively, representing 52.0%, 12.0% and 11.9% of the Group's total contracted sales, respectively.

The following table sets out the geographic breakdown of the Group's contracted sales for the six months ended June 30, 2016 and 2015:

	For the Six Months Ended June 30,					
	2016 Contracted Sales (RMB million)	2015 Contracted Sales (RMB million)	2016 GFA Sold (sq.m.)	2015 GFA Sold (sq.m.)	2016 Contracted ASP (RMB/sq.m.)	2015 Contracted ASP (RMB/sq.m.)
Beijing						
Beijing Glory City (Phases I and II)	243.9	676.0	6,356	10,644	38,365.3	63,510.0
Beijing Fugui Garden	—	—	—	—	—	—
Eudemonia Palace	—	9.3	—	220	—	42,454.5
Haikou						
Haikuotiankong Glory City (Phases I to V)	788.2	736.9	53,982	53,885	14,601.5	13,674.5
Glory Riverview Garden	47.6	—	2,495	—	19,066.1	—
Haidian Island Glory Garden	—	2.2	—	279	—	7,992.8
Wanning						
Wanning Glory City (Phase I)	226.7	186.6	33,105	26,950	6,847.3	6,922.4
Langfang						
Yongqing Glory City (Phases III to V)	3,596.6	273.5	389,080	28,090	9,243.9	9,735.8
Zhengzhou						
Zhengzhou Glory City (Phases I to VII)	482.6	422.1	78,138	62,009	6,176.8	6,807.6
Shenyang						
Shenyang Glory City (Phases II to IV)	278.7	404.1	42,722	58,856	6,522.4	6,865.2
Foshan						
Foshan Guohua New Capital (Phase I)	435.0	327.1	50,863	40,909	8,553.2	7,995.8
Shantou						
Glory Garden	—	1.4	—	167	—	8,503.0
Yashi Garden	—	—	—	—	—	—
Guan Haiju	820.0	—	67,209	—	12,201.2	—
Total	6,919.3	3,039.2	723,950	282,009	9,557.7	10,776.9

Note:

Contracted sales shown in the table include sales of car parking spaces and GFA sold includes contracted GFA of car parking spaces.

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at June 30, 2016, the Group had completed a total GFA of 4,622,877 sq.m. and had land reserves with a total GFA of 7,672,908 sq.m., comprising (a) a total GFA of 826,716 sq.m. completed but remaining unsold, (b) a total GFA of 1,602,367 sq.m. under development, and (c) a total planned GFA of 5,243,825 sq.m. held for future development.

The Group selectively retains the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and recurring income. As at June 30, 2016, the Group had investment properties with a total GFA of 810,507 sq.m. in Beijing Fugui Garden, Beijing Glory City, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen • Nanshan and Foshan • South Levee Bay.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary of information on the Group's projects and project phases under development and properties held for future development as at June 30, 2016:

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT			Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
Beijing									
1. Beijing Hademen Center	Mixed-use	12,738	140,021	140,021	—	—	—	80.0	
2. Beijijia East	Residential	94,199	—	—	—	308,093	—	80.0	
3. Beijijia West	Residential	73,294	—	—	—	238,288	—	80.0	
Haikou									
1. Haikuotiankong Glory City (Phase V (partial))	Mixed-use	16,610	161,817	144,006	6,032	—	—	80.0	
2. Glory Riverview Garden	Residential	36,634	21,659	20,574	3,063	—	—	80.0	
3. Haikou West Coast Glory	Residential	34,121	22,023	20,743	—	—	—	80.0	
4. Hainan Yunlong	Mixed-use	1,084,162	—	—	—	1,084,162	—	40.8	

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	
Wanning								
1. Wanning Glory City (Phases II to III)	Residential	143,560	—	—	—	204,057	—	80.0
Langfang								
1. Yongqing Glory City (Phases I (partial) to II, Phases IV (partial) to V)	Residential	942,760	304,888	223,837	186,885	1,256,351	—	80.0/100.0
Zhengzhou								
1. Zhengzhou Glory City (Phase VIII, School)	Mixed-use	50,434	25,522	—	—	28,324	—	80.0
Shenyang								
1. Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	352,440	143,235	138,730	2,324	852,598	349,902	80.0
Foshan								
1. Foshan Guohua New Capital (Phases I (partial) to II)	Residential	65,501	279,740	264,953	13,390	—	—	44.0
2. Foshan • South Levee Bay	Mixed-use	90,231	—	—	—	356,490	—	80.0
Xi'an								
1. Guorui • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	—	—	—	72.0
Shantou								
1. Shantou Glory City (Phases I to II)	Mixed-use	54,431	170,721	169,763	67,209	186,442	—	100.0
2. Shantou Glory Hospital	Hospital	100,001	—	—	—	359,528	—	100.0
Shenzhen								
1. Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	—	132,237	—	75.0
Suzhou								
1. Suzhou Mudu	Mixed-use	74,196	—	—	—	237,255	237,255	80.0
Total		3,264,637	1,602,367	1,376,761	278,903	5,243,825	587,157	
Total Attributable GFA			1,189,995	1,020,930	231,744	4,035,223	469,725	

The following table sets out a summary of information of the Group's investment properties as at June 30, 2016:

Project	Types of Properties	Total GFA Held for Investment (sq.m.)	Leasable GFA (sq.m.)	Effective Leased GFA (sq.m.)	Total Rental Income For the Six Months Ended June 30,	
					2016 (RMB'000)	2015 (RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	32,456	115,191	114,327
	Offices	8,520	8,520	6,871		
	Car parking spaces	26,324	26,324	22,103		
	Retail outlets	34,759	31,273	24,080		
	Siheyuan	7,219	7,219	1,723		
Eudemonia Palace	Car parking spaces	3,950	3,950	3,318		
Beijing Fugui Garden	Shopping mall	26,146	26,146	24,839	19,795	16,769
	Retail outlets	3,170	3,170	2,868		
Shenyang Glory City	Specialized markets	50,841	50,841	—	—	111
	Retail outlets	58,972	58,972	—		
Shantou Glory City	Specialized markets	62,398	62,398	42,053	10,678	10,334
Beijing Hademen Center*	Offices					
	Shopping mall	140,021				
	Car parking spaces					
Foshan • South Levee Bay*	Retail outlets	260,520				
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763				
Total		810,507	325,179	160,311	145,664	141,541

* Projects currently under construction

Completed Properties

The following table sets out a summary of information on the Group's completed projects and project phases as at June 30, 2016:

Project	Project Type	Site Area (sq.m.)	GFA Available		GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
			Completed GFA (sq.m.)	for Sale or use by us (sq.m.)					
Beijing									
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	48,042	3,463	29,316	421,374	9,125	91.0
2. Beijing Glory City (Phases I and II)	Mixed-use	117,473	881,590	62,799	15,355	161,725	638,886	18,180	80.0
3. Eudemonia Palace	Residential	14,464	33,102	2,912	—	3,950	24,931	1,309	80.0
Haikou									
1. Haikuotiankong Glory City (Phases I to IV, Phase V (partial))	Mixed-use	124,765	638,661	202,255	82,014	—	418,137	18,269	80.0
2. Haidian Island Glory Garden	Residential	65,643	71,863	15,059	788	—	56,222	581	80.0
Wanning									
1. Wanning Glory City (phase I)	Residential	100,780	161,988	47,504	40,152	—	110,910	3,574	80.0
Langfang									
1. Yongqing Glory City (Phase I (partial), Phase III, Phase IV (partial))	Residential	370,606	414,807	88,851	40,053	—	314,364	11,592	80.0/100.0
Zhengzhou									
1. Zhengzhou Glory City (Phases I to VII)	Mixed-use	433,793	778,240	149,169	72,702	—	609,544	19,527	80.0
Shenyang									
1. Shenyang Glory City (Phases I to II, Phase III (partial), Phase IV)	Mixed-use	275,145	716,398	177,171	58,469	109,813	419,694	9,720	80.0
Foshan									
1. Foshan Guohua New Capital (Phase I (partial))	Mixed-use	55,312	236,224	208,611	144,146	—	23,328	4,285	44.0
Shantou									
1. Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	—	—	62,398	—	—	90.0
2. Glory Garden	Mixed-use	14,161	33,795	2,278	2,278	—	31,518	—	100.0
3. Yu Garden	Residential	8,292	25,767	—	—	—	25,767	—	100.0
4. Star Lake Residence	Residential	3,589	12,132	—	—	—	12,132	—	100.0
5. Yashi Garden	Residential	9,472	48,055	94	94	—	47,185	776	100.0
Total		1,731,569	4,622,877	1,004,745	459,514	367,202	3,153,992	96,938	
Total Attributable GFA		1,415,343	3,761,581	750,254	322,614	303,226	2,628,618	79,483	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at June 30, 2016:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves	Average land cost
Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA ⁽¹⁾ (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)	
Beijing	213,809	140,021	546,382	900,212	11.7	8,797.7
Haikou	82,802	205,499	1,084,162	1,372,463	17.9	1,466.0
Wanning	40,152	—	204,057	244,209	3.2	351.2
Langfang	40,054	304,888	1,256,351	1,601,293	20.8	373.9
Zhengzhou	72,702	25,522	28,324	126,548	1.6	406.5
Shenyang	168,282	143,235	852,598	1,164,115	15.2	888.4
Foshan	144,146	279,740	356,490	780,376	10.2	2,702.0
Xi'an	—	289,978	—	289,978	3.8	1,551.8
Shantou	64,769	170,721	545,970	781,460	10.2	1,154.2
Shenzhen	—	42,763	132,237	175,000	2.3	3,428.6
Suzhou	—	—	237,254	237,254	3.1	17,411.6
Total	826,716	1,602,367	5,243,825	7,672,908	100.0	2,592.7

Note:

- (1) Includes 216,523 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

The following table sets out a summary of the Group's land reserves by type of properties as at June 30, 2016:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA ⁽¹⁾ (sq.m.)	Total GFA (sq.m.)	(%)
Residential	338,324	644,223	2,815,401	3,797,948	49.4
Commercial for sale	108,483	484,719	909,220	1,502,422	19.6
Commercial held or intended to be held for investment	367,202	182,784	260,519	810,505	10.6
Hotel	—	—	190,355	190,355	2.5
Car parking spaces	12,707	190,117	487,610	690,434	9.0
Ancillary	—	71,027	196,495	267,522	3.5
Hospital	—	—	359,528	359,528	4.7
Others	—	29,497	24,697	54,194	0.7
Total	826,716	1,602,367	5,243,825	7,672,908	100.0

Note:

- (1) Includes 216,523 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

Primary Land Development and Projects Developed under the “Urban Redevelopment” Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During the Reporting Period, the Group undertook primary land development and under the “Urban Redevelopment” policy projects in Beijing, Shantou and Chaozhou.

Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street project, with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. The site of West Qinian Street project is located on the west side of Qinian Street and is less than one kilometer from Tiananmen Square. As at June 30, 2016, the Group incurred development costs of approximately RMB1,167.3 million and has completed the primary land development of one of the five land parcels. Another land parcel is under check for acceptance. The West Qinian Street project is still currently under development.

Shantou

Pursuant to cooperation agreements with local self-governing organizations and enterprises under the “Urban Redevelopment” policy, the Group undertook the development of land parcels in Shantou, comprising four development projects with a total planned GFA of approximately 4.3 million sq.m. during the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after the completion of the requisite government procedures under the relevant local regulation. The Group has completed a detailed regulatory plan for two of the development projects. The demolition work has been completed successfully and approval has been obtained from the relevant governmental authorities on transformation and distribution solutions. The application for relevant certificates is advancing in an orderly way. As at June 30, 2016, the Group incurred aggregate development costs of approximately RMB244.5 million and planned to develop residential properties on these land parcels.

Chaozhou

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environment assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the pre-proclamation of approximately 4,419 mu of land. As at June 30, 2016, the Group incurred preliminary development costs of RMB9.3 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake project is still currently under development.

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2016, the Group’s revenue was RMB3,655.6 million, representing an increase of 41.2% as compared to the corresponding period of last year. This increase was primarily due to the increased revenue from property development.

Revenue from property development for the six months ended June 30, 2016 was RMB3,415.7 million, representing an increase of 46.4% as compared to the corresponding period of last year. This increase was primarily due to completion and delivery of Foshan Guohua New Capital (Phase I) (佛山國華新都 (一期)) and Yongqing Glory City (Phase IV) (永清國瑞城 (四期)) during the six months ended June 30, 2016.

Gross Profit

For the six months ended June 30, 2016, the Group’s gross profit was RMB1,500.7 million, representing an increase of 13.0% as compared to the corresponding period of last year.

Gross profit of property development was RMB1,376.3 million, representing an increase of 14.4% as compared to the corresponding period of last year. The increase in the Group’s gross profit of property development was primarily due to the changes in project mix and geographic breakdown of properties the Group delivered in the six months ended June 30, 2016. The gross profit margin of property development decreased from 51.6% for the six months ended June 30, 2015 to 40.3% for the six months ended June 30, 2016.

Net Profit Attributable to Equity Holders of the Company

For the Reporting Period, the net profit attributable to equity holders of the Company was RMB863.6 million, representing an increase of 11.7% from RMB773.1 million for the corresponding period of last year.

Changes in Fair Value Gains on Investment Properties

The fair value gains on investment properties at the Group's level decreased by 24.4% from RMB615.8 million for six months ended June 30, 2015 to RMB465.6 million for six months ended June 30, 2016, mainly due to the increase in the investment properties held by the Group in Beijing in the first half of last year.

Other Gains and Losses

Other losses were RMB0.5 million for the six months ended June 30, 2015, while other losses were RMB8.5 million for the six months ended June 30, 2016, primarily due to foreign exchange losses.

Other Income

Other income increased by 54.9% from RMB5.0 million for the six months ended June 30, 2015 to RMB7.7 million for the six months ended June 30, 2016.

Distribution and Selling Expenses

Distribution and selling expenses increased by 2.8% from RMB126.6 million for the six months ended June 30, 2015 to RMB130.2 million for the six months ended June 30, 2016.

Administrative Expenses

Administrative expenses decreased by 10.5% from RMB159.0 million for the six months ended June 30, 2015 to RMB142.2 million for the six months ended June 30, 2016, primarily due to the Group's stringent management and control of administrative expenses.

Finance Costs

Finance costs decreased by 11.4% from RMB85.5 million for the six months ended June 30, 2015 to RMB75.8 million for the six months ended June 30, 2016, mainly due to part of borrowings were settled.

Income Tax Expenses

Income tax expenses increased by 2.9% from RMB597.0 million for the six months ended June 30, 2015 to RMB614.6 million for the six months ended June 30, 2016, primarily due to the increase of the profit before taxation. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2016 were RMB342.3 million and RMB272.3 million, respectively.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period increased from RMB968.7 million for the six months ended June 30, 2015 to RMB1,000.4 million for the six months ended June 30, 2016. The increase in the Group's profit and total comprehensive income for the period was primarily due to the increase in revenue from property development.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at June 30, 2016, the Group's cash, restricted bank deposits and bank balances were approximately RMB1,498.4 million, representing a decrease of 27.8%, compared to RMB2,075.8 million as at December 31, 2015.

Net Operating Cash Flow

The Group recorded negative net operating cash flow in the amount of RMB710.4 million for the six months ended June 30, 2016, as compared to a positive operating cash flow of RMB489.9 million for the six months ended June 30, 2015. The Group's negative net cash flow from operating activities was primarily attributable to the increase of expenditure for land acquisitions as compared to the corresponding period of last year.

Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was 140% as at June 30, 2016, as compared to 133% as at December 31, 2015.

Borrowings

As at June 30, 2016, the Group had outstanding borrowings of RMB13,483.8 million, consisting of bank borrowings of RMB12,216.3 million and other borrowings which are trust financing arrangements of RMB1,267.5 million.

As at June 30, 2016, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 9.4% of the balance of the Group's total bank and other borrowings.

Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at June 30, 2016, the assets pledged to secure certain borrowings granted to the Group amounted to RMB23,651.9 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the purchasers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at June 30, 2016, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB5,821.0 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at June 30, 2016.

Capital and Other Commitments

As at June 30, 2016, the Group had certain contracted but not-provided-for commitments in connection with expenditure in respect of properties under development for sale. For details, please refer to footnote 18 to the Report on Review of Condensed Consolidated Financial Statements.

Foreign Exchange Rate Risk

We conduct our business primarily in Renminbi. We are exposed to foreign exchange rate risk on bank deposits. On July 21, 2005, the PRC Government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate with a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in a gradual appreciation of the Renminbi against the US dollar and, in turn, the Hong Kong dollar which value is linked to the US dollar. The PRC Government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates. A depreciation in the Renminbi would (i) adversely affect the value of any dividends we pay to our Shareholders outside the PRC and (ii) require us to use more Renminbi funds to service the same amount of any foreign currency debt. An appreciation in the Renminbi, however, would adversely affect the value of the proceeds we receive from any security offerings or capital contributions in foreign currency if they are not converted into Renminbi in a timely manner. We do not have a foreign currency hedging policy. However, our Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

MATERIAL ACQUISITION AND DISPOSALS AND SIGNIFICANT INVESTMENTS

Reference is made to the Company's announcement dated January 8, 2016 in connection with the connected transaction of acquisition of Guorui Hospital (the "**CT Announcement**") and unless otherwise stated, capitalized terms used in this paragraph have the same meanings as defined in the CT Announcement. On January 8, 2016, Garden Group, an indirect wholly-owned subsidiary of the Company, and Shantou Wujin entered into the Equity and Shareholder's Loan Transfer Agreements, pursuant to which (i) Shantou Wujin agreed to sell, and Garden Group agreed to acquire, 100% equity interest in Guorui Hospital and (ii) Garden Group agreed to assume the Shareholder's Loan owed by Guorui Hospital to Shantou Wujin for a total consideration of RMB306,000,000. Upon completion of the Transaction, Garden Group will hold 100% equity interest in Guorui Hospital and Guorui Hospital will become an indirect wholly-owned subsidiary of the Company. The Transaction is conditional upon the fulfillment of various conditions precedent within 12 months from the date of the Equity and Shareholder's Loan Transfer Agreements as stated in the CT Announcement.

Pursuant to a state-owned land use right grant contract dated May 17, 2016 between an indirect subsidiary of the Company, Beijing Glory Xinye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"), and the Bureau of Land and Resources of Suzhou City, New Beijing Glory acquired the land use right of a parcel of land in Mudu Town (木瀆鎮) of Wuzhong District (吳中區) in Suzhou City (蘇州市) measuring a total of 74,195.9 square meters for a total consideration of approximately RMB4.011 billion. The Company has obtained the construction land planning permit issued by the Suzhou Planning Bureau on July 15, 2016 and is currently in the process of obtaining the land use right certificate to such parcel of land. The Company plans to develop residential housing on such parcel of land.

Save as disclosed in this report, the Group did not have any other material acquisition and disposal and significant investment during the Reporting Period.

* For identification purpose only

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in the Company's prospectus dated June 23, 2014 (the "Prospectus") and the abovementioned in this report, the Group did not have any future plans for material investments or capital assets as at the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2016, the Group had approximately 1,735 employees. For the six months ended June 30, 2016, the Group incurred employee costs of approximately RMB150.2 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

INTERIM DIVIDEND

The Board has resolved that no interim dividends be paid to the Shareholders.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of over-allotment option (after deducting underwriting fees and related expenses) amounted to approximately HK\$1,561.0 million. As of June 30, 2016, the Company had used approximately HK\$150.0 million for the Company's general corporate and working capital purpose. The remaining of the net proceeds are applied in the manner consistent with that set out in the Prospectus.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2016, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Zhang Zhangsun (“Chairman Zhang”) ¹	Interest of a controlled corporation	3,716,382,300	83.808%
Ruan Wenjuan	Interest of a controlled corporation	3,716,382,300	83.808%

Note 1: Alltogether Land Company Limited (“Alltogether”) is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Interest in the underlying Shares of the Company**(i)**

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ge Weiguang	Beneficial owner	3,500,000	0.079%
Ruan Wenjuan*	Beneficial owner	3,500,000	0.079%
Zhang Jin	Beneficial owner	3,500,000	0.079%

* As Chairman Zhang is the spouse of Ms. Ruan Wenjuan, Chairman Zhang is deemed to be interested in the above underlying Shares held by Ms. Ruan Wenjuan.

(ii)

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Post-IPO Share Option Scheme⁽¹⁾	Approximate percentage of interest in the Company
Ge Weiguang	Beneficial owner	900,000	0.020%
Ruan Wenjuan*	Beneficial owner	1,000,000	0.023%
Zhang Jin	Beneficial owner	1,000,000	0.023%

* As Chairman Zhang is the spouse of Ms. Ruan Wenjuan, Chairman Zhang is deemed to be interested in the above underlying Shares held by Ms. Ruan Wenjuan.

Note (1): For details, please refer to the section headed "Post-IPO Share Option Scheme" on page 93 of this interim report.

DISCLOSURE OF INTERESTS

(c) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

All interests in the shares and underlying shares of the Company and its associated corporations are long positions.

Save as disclosed above, as at June 30, 2016, none of the Directors, chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITION SHARES

As at June 30, 2016, the following persons had an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Interest in Shares of the Company

Name of substantial shareholder	Nature of interest	Name of Shares	Approximate percentage of interest in the Company
Chairman Zhang ⁽¹⁾	Interest of a controlled corporation	3,716,382,300	83.808%
Alltogether	Beneficial owner	3,716,382,300	83.808%

Note 1: Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Substantial shareholders of other members of the Group

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
1	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	New Beijing Glory	Beneficial Owner	20%
2	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	Beijing Glory Xingye Real Estate Co., Ltd.*(北京國瑞興業地產股份有限公司)	Beneficial Owner	20%
3	Lin Yaoquan (林耀泉)	Shantou Glory Construction Materials & Home Furnishing Exhibition Center Co., Ltd.* (汕頭國瑞建材家居博覽中心有限公司)	Beneficial Owner	10%
4	Chaoan County Baoshan Investment & Development Co., Ltd.* (潮安縣寶山投資開發有限公司)	Chaoan County Meilin Lake Development & Construction Co., Ltd.*(潮州市潮安區梅林湖開發建設有限公司)	Beneficial Owner	40%
5	Xie Maolin (謝茂林)	Shantou Guohua Properties Real Estate Development Co., Ltd.*(汕頭市國華置業地產開發有限公司)	Beneficial Owner	25%
6	Ji Yongcai (紀永財)	Shantou Glory Zhoucuowen Real Estate Development Co., Ltd.*(汕頭市國瑞周厝塢房地產開發有限公司)	Beneficial Owner	15%
7	Shantou Liyi Real Estate Investment Co., Ltd.* (汕頭市利溢房地產投資有限公司)	Foshan Guohua Properties Co., Ltd.*(佛山市國華置業有限公司)	Beneficial Owner	45%

DISCLOSURE OF INTERESTS

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
8	Shaanxi Like Investment Group Ltd.* (陝西利科投資集團有限公司)	Shaanxi Huawei Shida Industrial Co. Ltd.*(陝西華威世達實業有限公司)	Beneficial Owner	10%
9	Dongguan Junhao Real Estate Development Co., Ltd.* (東莞駿豪房地產開發有限公司)	Hainan Junhe Industrial Co. Ltd.*(海南駿和實業有限公司)	Beneficial Owner	48.2%
10	Shenzhen Xiangrui Investment Co., Ltd.* (深圳市祥瑞投資有限公司)	Shenzhen Wanji Pharmaceutical Co., Ltd.*(深圳萬基藥業有限公司) ("Shenzhen Wanji")	Beneficial Owner	20%

* For identification purpose only.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun (“**Chairman Zhang**”) is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors, and therefore has a fairly strong independence element in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the six months ended June 30, 2016. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus. Further details of the Share Award Scheme are set out in note 20.i. to the condensed consolidated financial statements.

Pursuant to the Share Award Scheme, a total of four Selected Persons (as defined below) were awarded Shares representing approximately 0.762% of the total issued share capital of the Company upon completion of its Listing (assuming the Over-allotment Option is not exercised and without taking into account any options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme). On June 10, 2014, Alltogether transferred a total of 33,617,700 Shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the Seleted Persons.

As at June 30, 2016, a total of 33,617,700 Shares were granted to Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) (collectively, the “**Selected Persons**”). No further Shares have been awarded under the Share Award Scheme for the six months ended June 30, 2016.

Apart from Ms. Zhang Chanjuan, the other Selected Persons disclosed above are connected persons of the Group as defined in the Listing Rules.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 67,076,800 Shares, representing approximately 1.51% of the issued share capital of the Company as at December 31, 2015 and June 30, 2016. An offer of the grant of an option under the Pre-IPO Share Option Scheme shall remain open for acceptance for 28 days from the grant. An offer shall be accepted when the Company receive the duly signed offer letter together with a non-refundable payment of HK\$1.00 (or such other sum in any currency as the Board may determine). Save for the options which have been granted on or before June 16, 2014, no further options has been granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK\$2.38. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at December 31, 2015 and June 30, 2016, options to subscribe for an aggregate of 67,076,800 Shares (representing approximately 1.51% of the issued share capital of the Company) were granted to 54 grantees under the Pre-IPO Share Option Scheme. Further details of the Pre-IPO Share Option Scheme are set out in note 20.ii. to the condensed consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of Shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of Shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK\$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Pursuant to the Post-IPO Share Option Scheme, the Company has offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 Shares (representing approximately 2.210% of the issued share capital of the Company). The first tranche of 49,000,000 Share options (representing approximately 1.105% of the issued share capital of the Company) was granted on October 27, 2015. As at December 31, 2015, in respect of the first tranche, certain performance conditions were not met and the first tranche lapsed. As at June 30, 2016, the second tranche of 49,000,000 Share options (representing approximately 1.105% of the issued share capital of the Company) was granted on March 23, 2016 (“**Share Option 2016**”), among which, a total of 2,900,000 Share options were granted to the Directors and a total of 46,100,000 Share options were granted to certain employees of the Company and its subsidiaries. Performance targets or conditions were applied to the options granted under the Share Option 2016. The exercise prices for any option granted under the Share Option 2016 shall be HK\$3.75 per share. Please refer to note 20.ii. in the consolidated financial statements in this interim report for further details.

The total number of shares available for issue under the Share Option Scheme are 434,877,378, representing 9.81% of the total number of shares in issue of the Company as at the date of this interim report.

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

There was no change to any of the information required to be disclosed in relation to any Directors of the Company pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules during the Reporting Period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company satisfied the minimum percentage as prescribed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08 of the Listing Rules.

SUBSEQUENT EVENTS

On July 20, 2016, the Group entered into an agreement for an acquisition of a further 45% equity interest in one of the Group’s associates, Shenzhen Dachaoshan Real Estate Development Ltd. (深圳市大潮汕建設有限公司) (“**Dachaoshan Real Estate**”) from certain of the shareholders, for a total cash consideration of RMB534,597,000. Upon completion, the Group’s equity interest in Dachaoshan Real Estate will be increased from 30% to 75%, and thereafter, Dachaoshan Real Estate will become a subsidiary of the Group. The transaction is not yet completed as of the date of issuance of this report.

As disclosed in the Company’s annual report 2015 published on April 26, 2016, the Group entered into an equity interest transfer and cooperation agreement dated June 7, 2015 (the “**Agreement**”) with an independent third party (the “**Vendor**”) to acquire 87.5% equity interest in Shenzhen Wanji for a cash consideration of RMB500,000,000 and an assignment of debts of RMB200,000,000. Shenzhen Wanji held two properties in a piece of land in Shenzhen, PRC. As at December 31, 2015, legal title of 75% of Shenzhen Wanji had been transferred to the Group. On May 30, 2016, the Group renegotiated and entered into an agreement with the Vendor, whereby the Group agreed not to proceed with the transfer of the legal title of the remaining 12.5% of Shenzhen Wanji and as a result, the Group is no longer required to pay the outstanding consideration of RMB100,000,000 to the Vendor under the Agreement.

On August 18, 2016, the Group entered into an agreement with another independent third party, which is also a shareholder of the Shenzhen Wanji, for the acquisition of 5% equity interest in Shenzhen Wanji for a total cash consideration of RMB50,000,000. Upon completion of the transaction, the Group's equity interest in Shenzhen Wanji will be increased from 75% to 80%. The transaction is not yet completed as of the date of issuance of this report.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The Audit Committee is chaired by Mr. Luo Zhenbang.

The Audit Committee has reviewed with the management and the Group's auditors, DTT, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed internal control and financial reporting matters (including the review of the interim results for the six months ended June 30, 2016) of the Group. The Audit Committee considered that the interim results for the six months ended June 30, 2016 are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERNAL CONTROL

The Company has set up an internal control committee, which reports to the Board on a quarterly basis, to review and discuss the solutions to regulatory, compliance and internal control related matters on an on-going basis.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016



TO THE BOARD OF DIRECTORS OF GUORUI PROPERTIES LIMITED

(INCORPORATED UNDER THE NAME OF “GLORY LAND COMPANY LIMITED (國瑞置業有限公司)” IN THE CAYMAN ISLANDS AND CARRYING ON BUSINESS IN HONG KONG AS “GUORUI PROPERTIES LIMITED”)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Guorui Properties Limited (incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 97 to 128, which comprise the condensed consolidated statement of financial position as of June 30, 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 29, 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2016

	NOTES	Six months ended June 30,	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	3	3,655,621	2,589,664
Cost of sales and services		(2,154,919)	(1,261,629)
Gross profit		1,500,702	1,328,035
Other gains and losses		(8,536)	(464)
Other income		7,722	4,984
Change in fair value of investment properties		465,557	615,793
Share of (loss) profit of an associate		(726)	1,585
Distribution and selling expenses		(130,227)	(126,628)
Administrative expenses		(142,217)	(158,960)
Other expenses		(1,484)	(13,075)
Finance costs	4	(75,780)	(85,500)
Profit before tax		1,615,011	1,565,770
Income tax expense	5	(614,598)	(597,028)
Profit and total comprehensive income for the period	6	1,000,413	968,742
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		863,614	773,111
Non-controlling interests		136,799	195,631
		1,000,413	968,742
EARNINGS PER SHARE	7		
– Basic (RMB cents)		19.6	17.6
– Diluted (RMB cents)		19.4	17.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended June 30, 2016

	NOTES	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Non-current Assets			
Investment properties	9	15,879,850	15,065,850
Property, plant and equipment	10	148,629	130,248
Intangible assets		4,175	3,490
Interests in associates	11	31,470	32,196
Available-for-sale investments		165,192	165,192
Prepaid lease payments		290,571	3,013
Deposit paid for acquisition of a subsidiary		—	70,000
Deferred tax assets		248,066	160,336
Restricted bank deposits		131,835	38,686
		16,899,788	15,669,011
Current Assets			
Inventories		93	73
Prepayment/deposits paid for land acquisition		2,090,426	2,929,848
Properties under development for sale		13,682,807	9,667,914
Properties held for sale		2,903,358	2,719,459
Trade and other receivables, deposits and prepayments	12	782,325	870,875
Amounts due from customers for contract work		1,264,331	1,222,245
Tax recoverable		138,859	39,270
Amount due from a related party		—	1,063
Financial assets at fair value through profit or loss		97	70,097
Restricted bank deposits		15,961	80,898
Cash and bank balances		1,350,560	1,956,263
		22,228,817	19,558,005

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended June 30, 2016

	NOTES	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	13	4,902,918	4,910,116
Deposits received from pre-sale of properties		3,054,761	1,611,699
Amounts due to related parties	22(c)	322,296	55,057
Tax liabilities		1,629,779	1,477,701
Bank and other borrowings - due within one year	14	2,968,622	3,718,997
		12,878,376	11,773,570
Net Current Assets		9,350,441	7,784,435
Total Assets Less Current Liabilities		26,250,229	23,453,446
Non-Current Liabilities			
Other payables	13	72,591	65,970
Bank and other borrowings - due after one year	14	10,515,153	8,579,128
Corporate bonds	15	2,981,006	2,977,127
Deferred tax liabilities		2,020,444	1,903,251
		15,589,194	13,525,476
Net Assets		10,661,035	9,927,970
Capital And Reserves			
Share capital		3,512	3,511
Share premium and reserves		8,782,091	8,115,985
Equity attributable to owners of the Company		8,785,603	8,119,496
Non-controlling interests		1,875,432	1,808,474
Total Equity		10,661,035	9,927,970

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2016

	Attributable to owners of the Company								Attributable to non-controlling interests	Total	
	Share capital	Share Premium	Capital reserve	Other reserve	Equity-settled share-based payment reserve	Treasury shares reserve	Statutory surplus reserve	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At January 1, 2016 (Audited)	3,511	1,033,470	133,379	(42,258)	59,368	(37,495)	673,320	6,296,201	8,119,496	1,808,474	9,927,970
Exercise of share options	1	1,178	—	—	(442)	—	—	—	737	—	737
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	863,614	863,614	136,799	1,000,413
Dividend declared to shareholders of the Company	—	(206,000)	—	—	—	—	—	—	(206,000)	—	(206,000)
Dividend declared to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	(180,000)	(180,000)
Disposal of partial equity interest in a subsidiary to non-controlling interests (note iii)	—	—	—	(10,159)	—	—	—	—	(10,159)	110,159	100,000
Recognition of equity-settled share-based payments	—	—	—	—	17,915	—	—	—	17,915	—	17,915
At June 30, 2016 (Unaudited)	3,512	828,648	133,379	(52,417)	76,841	(37,495)	673,320	7,159,815	8,785,603	1,875,432	10,661,035
At January 1, 2015 (Audited)	3,509	1,239,244	133,379	(36,845)	24,306	(56,242)	489,869	5,219,102	7,016,322	1,520,122	8,536,444
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	773,111	773,111	195,631	968,742
Dividend declared to shareholders of the Company	—	(209,914)	—	—	—	—	—	—	(209,914)	—	(209,914)
Dividend declared to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	(140,000)	(140,000)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	100,000	100,000
Deemed acquisition of additional equity interest in subsidiaries (note iv)	—	—	—	(5,413)	—	—	—	—	(5,413)	5,413	—
Recognition of equity-settled share-based payments	—	—	—	—	20,801	—	—	—	20,801	—	20,801
At June 30, 2015 (Unaudited)	3,509	1,029,330	133,379	(42,258)	45,107	(56,242)	489,869	5,992,213	7,594,907	1,681,166	9,276,073

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2016

Notes:

- i. Other reserve represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group acquired or disposed of partial interests in existing subsidiaries.
- ii. In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.
- iii. On May 30, 2016, the Group has disposed of 12.5% equity interest in Shenzhen Wanji Pharmaceutical Co., Ltd. ("Shenzhen Wanji") at a consideration of RMB100,000,000. Details have been set out in Note 16(b). Upon completion of the disposal, the Group's equity interest in Shenzhen Wanji was reduced to 75%.
- iv. Beijing Glory Real Estate (Holding) Co., Ltd. (北京國瑞興業房地產控股有限公司) ("New Beijing Glory") is a 80% owned subsidiary of the Company. During the six months ended June 30, 2015, New Beijing Glory disposed of the entire 100% equity interest in Langfang Guoxing Real Estate Development Co., Ltd (廊坊國興房地產開發有限公司) ("Langfang Guoxing") and Shantou Glory Real Estate Development Co., Ltd. (汕頭市國瑞置業有限公司) ("Shantou Glory") to Glory Real Estate (HK) Investment Limited ("Glory Real Estate (HK)") and Well Ample Holdings (HK) Limited ("Well Ample (HK)") respectively. After the disposal, Langfang Guoxing and Shantou Glory became 100% owned subsidiaries of the Company. The 20% non-controlling interest of New Beijing Glory gain from the disposal of subsidiaries by sharing an increased net assets value after the transaction, resulting a credit of amounting to RMB5,413,000. The restructuring was recognised as a deemed acquisition of additional equity interests in subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2016

	NOTE	Six months ended June 30,	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(710,430)	489,939
INVESTING ACTIVITIES			
Placement of restricted bank deposits		(80,048)	(325,795)
Withdrawal of restricted bank deposits		977	982,979
Purchase of property, plant and equipment and intangible assets		(29,929)	(8,152)
Proceeds on disposal of property, plant and equipment		5	6
Interest received		4,081	3,958
Payment for investment properties		(224,214)	(97,869)
Repayment from related parties		1,063	—
Proceeds from disposal of financial products		70,000	—
Payment of consideration payable for acquisition of subsidiaries in prior year		(12,500)	(40,000)
Settlement of debts assigned in an acquisition of a subsidiary	16	—	(200,000)
Net cash outflow on acquisition of a subsidiary	16	(226,179)	(300,000)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(496,744)	15,127
FINANCING ACTIVITIES			
New bank loans raised		3,038,145	2,172,660
New other loans raised		—	305,000
Repayment of bank loans		(1,010,550)	(1,910,909)
Repayment of other loans		(841,945)	(292,900)
Dividends paid to owners of the company		(38,348)	(32,592)
Dividends paid to non-controlling interests in the subsidiaries		(67,540)	(140,000)
Interest paid		(476,032)	(408,898)
Exercise of share options		737	—
Repayment to related parties		(3,000)	(9,514)
Advance from related parties		4	13,176
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		601,471	(303,977)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(605,703)	201,089
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,956,263	542,557
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH		1,350,560	743,646

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

1. GENERAL INFORMATION OF THE GROUP

The Company was incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited” as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012. Its parent and ultimate holding company is Alltogether Land Company Limited, a company incorporated in the British Virgin Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at No. 15, East Zhushikou Street, Dongcheng District, Beijing, PRC.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in property development, primary land construction and development services, property investment and property management and related services.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which the group entities operate (the functional currency of the group entities).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) (the “Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment properties, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2016 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”).

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the above amendments to IFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

For the six months ended June 30, 2016

3. REVENUE AND SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the Executive Directors of the Company) for the purposes of resources allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties. All of the Group's activities are carried out in the PRC.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments. All of the Group's activities are carried out in the PRC.

Property investment: This segment derives rental income from investment properties developed by the Group. Currently, the Group's investment property portfolio mainly comprises commercial properties located in the PRC.

Property management and related services: This segment derives income from property management. Currently, the Group's activities are carried out in the PRC.

Segment profit represents the profit earned by each segment without allocation of other gains and losses, other income, other expenses, share of (loss) profit of an associate, changes in fair value of investment properties, finance costs, certain depreciation, auditor's remuneration, directors' remunerations and income tax expenses. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter-segment sales are priced with reference to prices charged to external parties for similar products and services.

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purposes of resources allocation and performance assessment.

For the six months ended June 30, 2016

3. REVENUE AND SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended June 30, 2016					
Revenue from external customers	3,415,689	41,604	145,664	52,664	3,655,621
Inter-segment revenue	—	—	—	6,731	6,731
Segment revenue	3,415,689	41,604	145,664	59,395	3,662,352
Segment profit	1,130,733	1,522	102,859	4,057	1,239,171
Six months ended June 30, 2015					
Revenue from external customers	2,333,034	86,897	141,541	28,192	2,589,664
Inter-segment revenue	—	—	—	2,731	2,731
Segment revenue	2,333,034	86,897	141,541	30,923	2,592,395
Segment profit	939,015	1,131	112,520	684	1,053,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

3. REVENUE AND SEGMENT INFORMATION (continued)

(b) Reconciliations of segment revenue, profit or loss

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue		
Segment revenue	3,662,352	2,592,395
Elimination of inter-segment revenue	(6,731)	(2,731)
Consolidated revenue	3,655,621	2,589,664
Profit		
Segment profit	1,239,171	1,053,350
Other gains and losses	(8,536)	(464)
Other income	7,722	4,984
Other expenses	(1,484)	(13,075)
Share of (loss) profit of an associate	(726)	1,585
Change in fair value of investment properties	465,557	615,793
Finance costs	(75,780)	(85,500)
Depreciation	(1,942)	(1,942)
Auditor's remuneration	(2,986)	(3,219)
Directors' remunerations	(5,985)	(5,742)
Consolidated profit before taxation	1,615,011	1,565,770

For the six months ended June 30, 2016

4. FINANCE COSTS

	Six months ended June 30,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	418,511	270,915
Interest on other loans	52,763	127,987
Interest on corporate bonds	113,729	—
Other finance costs	—	3,950
Total	585,003	402,852
Less: Amounts capitalized to properties under development	(509,223)	(317,352)
	75,780	85,500

Interests capitalized arose from borrowings made specifically for the purpose of constructing the qualifying assets, which bore annual interest at rates from 4.9% to 12.2% (six months ended June 30, 2015: 6.0% to 12.2%) and general borrowings pool calculated by applying a capitalization rate of 7.5% (six months ended June 30, 2015: 8.5%) per annum on expenditure on the qualifying assets.

5. INCOME TAX EXPENSE

	Six months ended June 30,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	312,566	240,517
Under provision in prior year	17	—
Land appreciation tax ("LAT")	272,316	247,615
	584,899	488,132
Deferred tax	29,699	108,896
Income tax expense	614,598	597,028

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

5. INCOME TAX EXPENSE (continued)

PRC Enterprise Income Tax has been calculated on the estimated assessable profit derived from the PRC at the rate of 25% for both periods.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the period has been arrived at after charging (crediting):

	Six months ended June 30,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' remunerations		
– Salaries and other benefits	4,710	3,960
– Retirement benefit contributions	66	66
– Equity-settled share-based payments	1,209	1,716
Other staff costs		
– Salaries and other benefits	117,426	105,080
– Retirement benefit contributions	10,119	8,145
– Equity-settled share-based payments	16,706	19,085
Total staff costs	150,236	138,052
Less: Amounts capitalized to properties under development	(66,903)	(53,601)
	83,333	84,451
Cost of properties sold recognized as expense	2,039,403	1,130,179
Losses (gains) on disposal of property, plant and equipment	5	(66)
Net foreign exchange gains	(8,597)	(1,478)
Interest income	4,081	3,958
Depreciation of property, plant and equipment	13,050	12,273
Amortization of intangible assets	528	403
Release of prepaid lease payments	3,018	53
Operating lease rentals	948	4,585
Rental income from investment properties	(145,664)	(141,541)
Less: Direct operating expenses	42,805	29,021
	(102,859)	(112,520)

For the six months ended June 30, 2016

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	863,614	773,111

	Six months ended June 30,	
	2016 '000	2015 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,411,571	4,398,016
Effect of dilutive potential ordinary shares		
Share options	28,799	28,795
Share awards	18,806	19,174
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,459,176	4,445,985

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

8. DIVIDENDS

During the current interim period, a final dividend of HK5.55 cents (six months ended June 30, 2015: HK6.05 cents) per ordinary share totalling HK\$245,882,000 (equivalent to RMB206,000,000) (six months ended June 30, 2015: HK\$266,080,000, equivalent to RMB209,914,000) in respect of the year ended December 31, 2015 was declared, and part of the dividend amounting to HK\$45,390,000 (equivalent to RMB38,348,000) was paid.

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

9. INVESTMENT PROPERTIES

	Total RMB'000
Fair value	
At January 1, 2016 (Audited)	15,065,850
Additions	348,443
Change in fair value of investment properties	465,557
At June 30, 2016 (Unaudited)	<u>15,879,850</u>
At January 1, 2015 (Audited)	12,822,450
Additions	307,007
Acquisition of a subsidiary	798,921
Change in fair value of investment properties	615,793
At June 30, 2015 (Unaudited)	<u>14,544,171</u>
Additions	412,444
Change in fair value of investment properties	167,808
Disposal	(58,573)
At December 31, 2015 (Audited)	<u>15,065,850</u>

The investment properties are all situated in the PRC under medium-term lease. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties, as at June 30, 2016 and December 31, 2015 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("Colliers"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties were arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income method-direct capitalization approach by capitalization of the net rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

For the six months ended June 30, 2016

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2016, additions to property, plant and equipment amounted to RMB28,716,000 (six months ended June 30, 2015: RMB7,782,000), consisting of buildings, motor vehicles and electronic equipment and furniture.

11. INTERESTS IN ASSOCIATES

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Cost of investment, unlisted	36,000	36,000
Share of post-acquisition losses	(4,530)	(3,804)
	31,470	32,196

Interests in associates represent the Group's 30% equity interest in Shenzhen Dachaoshan Real Estate Development Ltd. (深圳市大潮汕建设有限公司).

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly comprise of rental receivables and receivables for sales of properties.

Pursuant to the lease agreements, rental payment is generally required to be settled in advance with no credit period being granted to the tenants. In respect of sale of properties, a credit period of six to twelve months may be granted to specific customers on a case-by-case basis.

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Trade receivables, net of allowance	354,154	475,587
Advances to contractors and suppliers	245,480	205,953
Other receivables from independent third parties (note)	17,261	17,261
Other receivables and prepayment, net of allowance	87,976	87,165
Prepaid lease payment - current portion	6,035	107
Deposits	71,419	84,802
	782,325	870,875

Note: Other receivables from independent third parties are of non-trade nature, unsecured, interest free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The following is an aged analysis of trade receivables based on the date of recognition of revenue at June 30, 2016 and December 31, 2015:

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
0 to 60 days	141,922	350,660
61 to 180 days	11,970	28,618
181 to 365 days	125,479	28,302
1-2 years	22,953	64,274
Over 2 years	51,830	3,733
	354,154	475,587

Trade receivables with an amount of approximately RMB69,490,000 and RMB49,112,000 as at June 30, 2016 and December 31, 2015, respectively, are overdue receivables but not impaired. The Group does not hold any collateral over these balances.

For the six months ended June 30, 2016

13. TRADE AND OTHER PAYABLES

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Trade payables	3,192,367	3,223,172
Rental received in advance	31,585	51,782
Deposits received	654,402	399,886
Payable for acquisition of subsidiaries (note (a))	391,860	504,360
Other payables to connected person (note (b))	—	200,000
Accrued payroll	21,167	45,578
Business and other tax payable	139,615	212,170
Other payables and accruals	544,513	339,138
	4,975,509	4,976,086
Analyzed for reporting purposes as:		
Non-current (note (c))	72,591	65,970
Current	4,902,918	4,910,116
	4,975,509	4,976,086

Notes:

- (a) The balance as at June 30, 2016 comprised the outstanding balance of consideration amounted to RMB346,860,000 (December 31, 2015: RMB346,860,000) for the acquisition of equity interests in Hainan Junhe Industrial Co., Ltd. (海南駿和實業有限公司) (“Hainan Junhe”) during 2014 and the outstanding balance of consideration amounted to RMB45,000,000 (December 31, 2015: RMB57,500,000) in relation to the equity interests in Shaanxi Huawei Shida Industrial Co., Ltd. acquired in 2013. These amounts are unsecured, interest free and repayable on demand.

In June 2015, the Group acquired 87.5% equity interest in Shenzhen Wanji at a cash consideration of RMB500,000,000. The outstanding balance as at December 31, 2015 was RMB100,000,000. The details of the acquisition and the settlement of the consideration payable during the current interim period are set out in Note 16(b).

- (b) The amount is related to the cancellation of a sale contract with a connected person as defined under the Listing Rules, which is unsecured and repayable on demand as at December 31, 2015. The amount was paid during the current interim period.
- (c) Pursuant to the relevant rental agreements, rental deposits of approximately RMB72,591,000 (December 31, 2015: RMB65,970,000) as at June 30, 2016 will be refundable after twelve months from the end of the reporting period and is therefore classified as non-current liability.

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is approximately 180 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

13. TRADE AND OTHER PAYABLES (continued)

The following is an aged analysis of trade payables based on invoice date at June 30, 2016 and December 31, 2015:

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
0 to 60 days	1,996,695	2,577,407
61-365 days	761,480	386,298
1-2 years	390,265	227,801
Over 2 years	43,927	31,666
	3,192,367	3,223,172

14. BANK AND OTHER BORROWINGS

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Bank loans, secured	12,216,245	10,188,650
Other loans, secured	1,267,530	2,109,475
	13,483,775	12,298,125
Less: Amount due within one year shown under current liabilities	(2,968,622)	(3,718,997)
Amount due after one year	10,515,153	8,579,128

As at June 30, 2016, the borrowings with carrying amount of RMB7,107,245,000 (December 31, 2015: RMB7,259,626,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 2.46% to 6.90% (December 31, 2015: 5.23% to 8.52%) per annum. The remaining borrowings are arranged at fixed rates, ranging from 6.50% to 12.20% (December 31, 2015: 2.09% to 12.20%) per annum at June 30, 2016.

During the six months ended June 30, 2016, the Group borrowed new bank loans of RMB3,038,145,000 (six months ended June 30, 2015: new bank loans of RMB2,172,660,000 and other loans of RMB305,000,000) and repaid bank loans amounting to RMB1,010,550,000 (six months ended June 30, 2015: RMB1,910,909,000) and other loans amounting to RMB841,945,000 (six months ended June 30, 2015: RMB292,900,000) respectively.

For the six months ended June 30, 2016

15. CORPORATE BONDS

On November 11, 2015, the Group has issued its first tranche of domestic corporate bonds to the public in the PRC (“First Tranche Issue”) with a principal amount of RMB2,000,000,000, bearing interest at the coupon rate of 7.25% per annum payable annually, and has a term of 5 years. On December 22, 2015, the Group has issued the second tranche of domestic corporate bonds to the public in the PRC (“Second Tranche Issue”) with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 7.47% per annum, payable annually, and has a term of 5 years. The Group is entitled to adjust or not adjust the coupon rate at the end of the third year with the right of redemption exercisable by the holders. The corporate bonds of First Tranche Issue and Second Tranche Issue are collectively referred as “2015 Corporate Bonds”.

According to the terms and conditions of the 2015 Corporate Bonds, the Group has the right to adjust or not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before November 10 and December 21 2018 for the First Tranche Issue and the Second Tranche Issue respectively. At the same time, the bondholder may at its option require the Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued and unpaid interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the 2015 Corporate Bonds is approximately 7.61% and 7.64% per annum respectively after the adjustment for transaction costs.

	Total RMB'000
Carrying amount as at January 1, 2016	2,977,127
Effective interest recognised	113,729
Interest payable accrual	(109,850)
Carrying amount as at June 30, 2016	<u>2,981,006</u>

For the six months ended June 30, 2016

16. ACQUISITION OF A SUBSIDIARY

- (a) On January 8, 2016, the Group entered into an agreement with Shantou Jinming Wujin Material Co., Ltd. (汕頭金明五金材料有限公司) (“Jinming Wujin”), a company controlled by Mr. Zhang Zhangsun, for the acquisition of 100% equity interest in Shantou Guorui Hospital Co., Ltd. (汕頭市國瑞醫院有限公司) (“Guorui Hospital”) for a total cash consideration of RMB306,000,000. Guorui Hospital currently owns the land use right of a parcel of land in Shantou. Guorui Hospital has not carried on any business or operations other than holding this parcel of land. This acquisition is accounted for as an acquisition of assets and the associated liabilities.
- (b) On June 7, 2015, the Group entered into an equity interest transfer and cooperation agreement (the “Agreement”) with an independent third party to acquire 87.5% equity interest in Shenzhen Wanji at a cash consideration of RMB500,000,000 and an assignment of debts of RMB200,000,000. Shenzhen Wanji holds two properties in a piece of land in Shenzhen, PRC. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

As at June 30, 2015, legal title of 62.5% equity interest in Shenzhen Wanji was transferred to the Group. The transfer of the legal title of the remaining 12.5% was completed before December 31, 2015 and the transfer of the legal title of remaining 12.5% equity interest will be completed upon full settlement of the outstanding consideration payable of RMB100,000,000. As the Group is obliged to settle the outstanding consideration payable and the Group is exposed to any risk or entitled to any rewards relating to 87.5% equity interest as equity holder of Shenzhen Wanji, the acquisition is considered as a single acquisition or a linked transaction. The Group accounts for Shenzhen Wanji at 87.5% effective interest from the date of acquisition.

On May 30, 2016, the Group has renegotiated and entered into an agreement with the vendor (the “Vendor”), and agreed to dispose of the 12.5% equity interest in Shenzhen Wanji at a consideration of RMB100,000,000. The disposal was completed during the current interim period and the consideration was settled through the consideration payable to the Vendor of same amount.

For the six months ended June 30, 2016

16. ACQUISITION OF A SUBSIDIARY (continued)

The net assets at the date of acquisition are as follows:

	Six months ended June 30,	
	2016 Guorui Hospital RMB'000	2015 Shenzhen Wanji RMB'000
<i>Current assets</i>		
Cash and bank balances	9,821	—
Other receivable	5,933	10,207
<i>Non-current assets</i>		
Prepaid lease payments	290,495	—
Property, plant and equipment	2,725	1
Deferred tax assets	236	—
Investment properties	—	798,921
<i>Current liabilities</i>		
Trade and other payables	(3,210)	(9,129)
Amount due to the then equity holder	—	(200,000)
Net assets acquired	306,000	600,000
Less: Non-controlling interests	—	(100,000)
Total consideration	306,000	500,000
Satisfied by:		
Cash	236,000	300,000
Deposit paid in previous years	70,000	—
Consideration payable	—	200,000
	306,000	500,000
Net cash outflow arising on acquisition:		
Cash consideration	(236,000)	(300,000)
Cash and bank balances acquired	9,821	—
	(226,179)	(300,000)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

17. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other loans granted to the Group at June 30, 2016 and December 31, 2015:

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Investment properties	14,738,300	13,628,300
Property, plant and equipment	67,133	74,008
Prepaid lease payments	2,146	2,171
Properties under development for sale	7,831,580	3,913,890
Properties held for sale	1,002,569	1,390,967
Restricted bank deposits	10,131	10,104
	23,651,859	19,019,440

As at June 30, 2016 and at December 31, 2015, 100% equity interest in Foshan Glory Southern Real Estate Development Co., Ltd. (佛山市國瑞南方地產開發有限公司), 51% equity interest in Hainan Junhe, 75% equity interest in Shenzhen Wanji, 100% equity interest in Glory Xingye (Beijing) Investment Co., Ltd. (國瑞興業(北京)投資有限公司) and Beijing Wenhushengda Real Estate Development Co., Ltd. (北京文華盛達房地產開發有限公司) were pledged to certain banks in the PRC.

As at June 30, 2016, 100% equity interest in Foshan Guohua Properties Co., Ltd. (佛山市國華置業有限公司) and 100% equity interest in Suzhou Guorui Real Estate Co., Ltd. (蘇州國瑞地產有限公司) were pledged to certain banks in the PRC.

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd. (海南國瑞投資開發有限公司) ("Hainan Glory investment") to Haikou New City Construction & Development Co., Ltd. (海口新城區開發建設有限公司) ("Haikou New City") in order to secure the performance obligation as at June 30, 2016 and December 31, 2015. Upon the completion of the construction contract, the pledge shall be released within 10 days.

For the six months ended June 30, 2016

18. COMMITMENTS

At June 30, 2016 and December 31, 2015, the Group had the following commitments:

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Contracted but not provided for		
– Expenditure in respect of investment properties under development	164,343	312,334
– Acquisition of land use rights	2,005,326	1,676,476
– Construction of properties for own use	18,528	—
	2,188,197	1,988,810

In addition to the above capital commitments, the Group has contracted expenditure in respect of properties under development for sale of RMB2,315,320,000 (December 31, 2015: RMB2,565,291,000) as at June 30, 2016, which have not provided for in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

19. CONTINGENT LIABILITIES

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers (note)	5,790,101	3,997,153
– corporate property buyers (note)	30,890	—
	5,820,991	3,997,153

Note: As at June 30, 2016 the Group provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Pursuant to the construction contract signed between Hainan Glory Property Services Co., Ltd. (海南國瑞房地產開發有限公司) ("Hainan Glory") and Haikou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory investment to Haikou New City, the details of the pledge are disclosed in note 17.

For the six months ended June 30, 2016

20. SHARE-BASED PAYMENT TRANSACTIONS

i. Share Award Scheme

Pursuant to the share award scheme adopted by the Company on June 12, 2014 (the “Share Award Scheme”), a total of four employees were awarded in aggregate 33,617,700 shares of the Company on June 16, 2014. The awarded shares will vest in three equal tranches on the first, second and third anniversary of the date on which the Company’s shares are listed on the Stock Exchange (the “Listing Date”), respectively. On July 7, 2015, 11,205,896 shares had been vested to the employees.

The weighted average fair value of the shares granted under the Share Award Scheme at June 16, 2014 was RMB56,242,000, which was determined using Monte Carlo simulation model. The significant inputs into the model were estimated fair value of shares at the grant date, expected dividend payout rate, annual risk-free rate and volatility rate. The volatility is measured based on past years historical price volatility of similar companies.

The Group recognized an expense of RMB5,250,000 six months ended (June 30, 2015: RMB9,843,000) for the current interim period in relation to shares awarded by the Company. The shares awarded by the Company will be settled with the existing shares held by a trust company on behalf of the Company.

The following table discloses movements of the awarded shares during both periods:

	Outstanding at January 1, 2016	Vested during the period	Outstanding at June 30, 2016
Awarded shares	22,411,804	—	22,411,804
	Outstanding at January 1, 2015	Vested during the period	Outstanding at June 30, 2015
Awarded shares	33,617,700	—	33,617,700

For the six months ended June 30, 2016

20. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme

Pre-IPO Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the “Pre-IPO Share Option Scheme”), the Company granted to 54 employees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the “Pre-IPO Share Option”).

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date. No additional performance target or condition applies to the outstanding options granted under the Pre-IPO Share Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date, respectively. All share options will be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Options is as follows:

33.33%: from the date of grant to July 7, 2015

33.33%: from the date of grant to July 7, 2016

33.34%: from the date of grant to July 7, 2017

Post-IPO Share Option Scheme

The Company adopted the post-IPO share option scheme on June 5, 2014 (the “Post-IPO Share Option Scheme”) to enable the Company to grant options to any director (including the independent non-executive directors), full-time employee and consultant of the Group or any other eligible person who, in the Board’s sole discretion, has contributed or will contribute to the Group (the “Eligible Participants”). The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its shareholders as a whole.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to 137 employees options to subscribe for an aggregate of 98,000,000 shares of the Company. The first tranche of 49,000,000 share options were granted on October 27, 2015 and were forfeited during the year ended December 31, 2015 because of failure to satisfy the performance conditions. The second tranche of 49,000,000 share options were granted on March 23, 2016 (“Share Option 2016”), with performance targets or conditions being applied to the options granted under the Share Option 2016. The exercise price of these options granted under the Share Option 2016 is HK\$3.75 per share. The option period of the options granted under the Share Option 2016 is 9.6 years from the grant date, and the options granted under the Share Option 2016 will be expired on October 26, 2025.

For the six months ended June 30, 2016

20. SHARE-BASED PAYMENT TRANSACTIONS (continued)**ii. Share Option Scheme (continued)****Post-IPO Share Option Scheme (continued)**

The options granted under the Share Option 2016 will be vested on April 1, 2017 upon fulfilling the relevant performance targets or conditions.

The following table discloses movements of the Company's share options held by employees and directors during the period:

	Outstanding at 01/01/2016	Granted during the period	Exercised during the period	Forfeited during the period (note)	Outstanding at 30/06/2016
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other staff	54,395,803	—	(613,333)	(800,002)	52,982,468
Share Option 2016					
– Directors	—	2,900,000	—	—	2,900,000
– Other staff	—	46,100,000	—	(1,600,000)	44,500,000
	64,895,803	49,000,000	(613,333)	(2,400,002)	110,882,468
Exercisable at the end of the period					19,564,603
Weighted average exercise price (HKD)	1.428	3.75	1.428	2.98	2.42
	Outstanding at 01/01/2015	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30/06/2015
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other staff	56,576,800	—	—	—	56,576,800
	67,076,800	—	—	—	67,076,800
Exercisable at the end of the period					—
Weighted average exercise price (HKD)	1.428				1.428

Note: The share options granted under Pre-IPO Share Option and Share Option 2016 were forfeited during the six months ended June 30, 2016 because of resignation of the employees before vesting of the share options.

In respect of the share options exercised during the current interim period, the weighted average share price at the dates of exercise is HKD2.79.

The Group recognized the total expenses of RMB12,665,000 (six months ended June 30, 2015: RMB10,958,000) for the current interim period in relation to share options granted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

21. OPERATING LEASE COMMITMENT

The Group as a lessor

The properties held by the Group for rental purpose have committed tenants from six months to twenty years in which majority are fixed rental.

At June 30, 2016 and December 31, 2015, the Group has contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Within one year	254,593	233,004
In the second to the fifth year inclusive	427,735	359,544
After the fifth year	251,593	258,433
	933,921	850,981

The Group as a lessee

The Group leases various office buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Within one year	1,668	1,966
In the second to third year inclusive	653	1,229
	2,321	3,195

For the six months ended June 30, 2016

22. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) The following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related parties	Relationship with the Group
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Group
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Jinming Wujin	Controlled by Mr. Zhang Zhangsun
Alltogether Land Company Limited ("Alltogether Land") 通和置業有限公司	Controlled by Mr. Zhang Zhangsun
Tonghe Leasing Co., Ltd. ("Tonghe Leasing") 通和租賃股份有限公司	Controlled by Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd. ("Glory Commercial Management") 北京國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Shantou Longhu Huamu Market Co., Ltd. ("Longhu Huamu") 汕頭市龍湖花木市場有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016

22. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (b) At June 30, 2016 and December 31, 2015, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related party	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Non-trade nature:		
Jinming Wujin	—	70,000
Tonghe Leasing	—	1,063

- (c) At June 30, 2016 and December 31, 2015, the Group has amounts due to the following related parties and the details are set out below:

Trade nature:	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
Glory Commercial Management (note i)	9,828	24,107
Non-trade nature:		
Tonghe Leasing (note ii)	—	3,000
Jinming Wujin	184	180
Alltogether Land (note iii)	199,824	27,770
Longhu Huamu (note iv)	112,460	—
	312,468	30,950
Total	322,296	55,057

For the six months ended June 30, 2016

22. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(c) (continued)

Notes:

- (i) Balance is of trade nature, unsecured, interest free, repayable on demand and aged within one year.
- (ii) The Group borrowed RMB4,170,000 at interest rate of 6.33% per annum from Tonghe Leasing on September 30, 2014, and repaid the remaining balance of RMB300,000,000 during the current interim period.
- (iii) The amount represented dividend payable to shareholder of the Company recorded under amounts due to related parties.
- (iv) The amount represented dividend payable to non-controlling interests of subsidiaries recorded under amounts due to related parties.
- (d) In addition to the acquisition of Guorui Hospital as disclosed in Note 16, during the six months ended June 30, 2016 and 2015, the Group entered into the following transactions with its related parties:

Name of related party	Nature of transaction	Six months ended June 30,	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Glory Commercial Management	Property management services fee	7,993	7,803
Tonghe Leasing	Interest expense	—	127

- (e) Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At June 30, 2016, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB5,869,315,000 (December 31, 2015: RMB3,638,155,000).

Jinming Wujin has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At June 30, 2016, the Group has bank loans and other loans guaranteed by Jinming Wujin amounting to RMB 141,145,000 (December 31, 2015: RMB 138,216,000).

For the six months ended June 30, 2016

22. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(f) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the company and other key management of the Group. The key management personnel compensation are as follows:

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Short-term employee benefits	9,813	9,156
Retirement benefit contributions	222	216
Equity-settled share-based payments	7,173	11,740
	17,208	21,112

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's investment in funds of RMB97,000 (December 31, 2015: RMB97,000) and investment in financial products of nil (December 31, 2015: RMB70,000,000) as at June 30, 2016 which are measured subsequent to initial recognition at fair value, are grouped into Level 2 and determined by reference to a discounted cash flows model based on expected interest rates.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

24. EVENTS AFTER THE REPORTING PERIOD

- (a) On July 20, 2016, the Group entered into an agreement for the acquisition of 45% equity interest in Shenzhen Dachaoshan Real Estate Development Ltd. (深圳市大潮汕建設有限公司) ("Dachaoshan Real Estate") from certain of the shareholders, for a total cash consideration of RMB534,597,000.

Upon completion of the acquisition, the Group's equity interest in Dachaoshan Real Estate will be increased from 30% to 75%, and thereafter, Dachaoshan Real Estate will become a subsidiary of the Group. The transaction is not yet completed as of the date of issuance of these condensed consolidated financial statements.

- (b) In August 2016, the Group entered into an agreement with another independent third party for the acquisition of 5% equity interest in Shenzhen Wanji for a total cash consideration of RMB50,000,000.

Upon completion of the agreement, the Group's equity interest in Shenzhen Wanji will be increased from 75% to 80%. The transaction is not yet completed as of the date of issuance of these condensed consolidated financial statements.



GLORY 国瑞

GUORUI PROPERTIES LIMITED

國瑞置業有限公司