



Jiayuan International Group Limited
佳源國際控股有限公司

(Incorporated in the Cayman Islands with Limited Liability)
Stock Code : 2768

2020
INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

Shum Tin Ching (*Chairman*)
Shen Xiaodong

Executive Directors

Zhang Yi (*Vice Chairman*)*
Huang Fuqing (*Vice Chairman*)
Cheuk Hiu Nam
Wang Jianfeng

Independent non-executive Directors

Tai Kwok Leung, Alexander
Cheung Wai Bun, Charles, JP
Gu Yunchang

AUDIT COMMITTEE

Tai Kwok Leung, Alexander (*Chairman*)
Cheung Wai Bun, Charles, JP
Gu Yunchang

REMUNERATION COMMITTEE

Cheung Wai Bun, Charles, JP (*Chairman*)
Tai Kwok Leung, Alexander
Cheuk Hiu Nam

NOMINATION COMMITTEE

Shum Tin Ching (*Chairman*)
Cheung Wai Bun, Charles, JP
Gu Yunchang

PRESIDENT

Shen Hongjie*

JOINT COMPANY SECRETARIES

Cheuk Hiu Nam
Lau Yee Wa

AUTHORISED REPRESENTATIVES

Cheuk Hiu Nam
Lau Yee Wa

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

As to Hong Kong law:
Mayer Brown

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
CMB Wing Lung Bank Limited
Nanyang Commercial Bank
Chong Hing Bank Limited
Industrial and Commercial Bank of China Limited
Banco Tai Fung

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEADQUARTERS

Room 1403, 9 Queen's Road Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 59, Gu Jia Ying Road
Xuanwu District
Nanjing
China

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.jiayuanintl.com

STOCK CODE

2768

* Mr. Zhang Yi resigned as president of the Company with effect from 12 August 2020 while Mr. Shen Hongjie was appointed as the president of the Company on the same date.

COMPANY PROFILE

ABOUT JIAYUAN

Jiayuan International Group Limited (the “Company” and together with its subsidiaries, collectively as the “Group”) (Stock Code: 2768) is an established property developer of large-scale residential complexes and commercial complexes in the People’s Republic of China (the “PRC”). As at 30 June 2020, the total land bank of the Group was over 17 million sq.m..

With 25 years of experience in property development, the Group develops property projects through comprehensive planning, meticulous quality control, sophisticated operating systems and experienced professional teams to meet the needs of different regions and strengthen the “Jiayuan” brand.

As of 30 June 2020, the Group has a portfolio of 81 property projects in China. Ever since its establishment, the Group has had a deep presence in the property project development in Jiangsu and Anhui regions. Since 2016, the Group has taken the lead in entering Guangdong-Hong Kong-Macao Greater Bay Area, and has successively obtained a number of quality projects in Shenzhen, Jiangmen and Macau. In 2018, it established a joint venture company in Hong Kong to formally enter the Hong Kong real estate market. Also, the Group purchased the quality properties of Shanghai from Mr. Shum Tin Ching (“Mr. Shum”), Chairman, non-executive Director and ultimate controlling shareholder of the Company, thus enhancing its brand influence in the Yangtze River Delta Region. In addition, the Group also succeeded in expanding its business coverage to key provincial capital cities, including Guiyang and Urumqi. The Group also ventured into countries and regions along the “Belt and Road” initiative, such as acquiring fine land parcels in Cambodia. In addition, the Group acquired a property management business, for which property management services of the Group was deeply rooted in Yangtze River Delta Region. In 2020, the Group obtained various projects located in major cities of Jiangsu Province and Anhui Province through public auction, signifying the Group’s international development continuously.

The Group’s residential and commercial complexes in cities with sizeable economies and populations have been or will be developed into mixed-use community centres. The Group strives to infuse the following key values into its developments:

- (i) Education value: The Group believes that education is of paramount importance to customers as parents. Therefore, the Group focuses on selecting locations with relatively mature school nets. In addition, the Group has participated in the construction of five schools in its developed property projects, aiming at building an excellent school net;
- (ii) Leisure value: It is the Group’s general practice to spare a large portion of its site area for the construction of classical landmarks, European or Chinese-style theme parks and plazas, aiming at enhancing the visual attraction of properties and bringing leisure enjoyment to its customers; and
- (iii) Commercial value: The residential properties under the Group also include retail stores and shopping malls, providing a “one-stop” shopping experience to its customers and taking care of the daily needs of residents and citizens nearby.

FINANCIAL HIGHLIGHTS

- The Group recorded unaudited contracted sales of approximately RMB11,671 million for the six months ended 30 June 2020 with a total sales area of approximately 1,078,227 sq.m..
- The Group's revenue was approximately RMB8,559 million for the six months ended 30 June 2020 as compared to the corresponding period of approximately RMB6,730 million in 2019, representing an increase of approximately RMB1,829 million or 27%.
- The Group's gross profit increased by 27% to approximately RMB3,203 million for the six months ended 30 June 2020 as compared to the same period of RMB2,526 million in 2019.
- Net profit of the Group for the six months ended 30 June 2020 amounted to approximately RMB1,589 million, representing an increase of approximately RMB172 million or 12% as compared to the corresponding period in 2019.
- Core net profit of the Group⁽¹⁾ for the six months ended 30 June 2020 was approximately RMB1,846 million, representing an increase of 43% as compared to the corresponding period in 2019.
- Net gearing ratio of the Group⁽²⁾ was 78% as at 30 June 2020 while cash and bank balances of the Group⁽³⁾ as at 30 June 2020 was RMB9.13 billion (as at 31 December 2019: RMB8.15 billion).
- Basic earnings per share was approximately RMB37.06 cents. Excluding effects such as valuation gains, core earnings per share⁽¹⁾ increased by 42% to RMB0.47 as compared with that of last year.
- As at 30 June 2020, the Group had land reserves of 17 million sq.m..
- On 26 June 2020, Jiayuan Services, a subsidiary of the Company, submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Jiayuan Services Shares on the Main Board of the Stock Exchange. Jiayuan Services and its subsidiaries are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC.

Note 1: Core net profit and core earnings per share of the Group for the six months ended 30 June 2020 and 30 June 2019 exclude fair value change on investment properties and their related deferred tax, foreign exchange loss, net, net impairment reversal/(losses) on financial assets, fair value change on financial assets at fair value through profit or loss, fair value change on derivative financial instruments, loss on disposal of financial assets at fair value through profit or loss and gain/(loss) on disposal of subsidiaries and associates.

Note 2: Net gearing ratio was measured by net debt (bank and other borrowings and senior notes net of bank balances and cash and pledged/restricted bank deposits) over the total equity.

Note 3: Cash and bank balances include cash and cash equivalents and restricted/pledged bank deposits.

CHAIRMAN'S STATEMENT

Dear **Shareholders**,

Into 2020, the outbreak of Novel Coronavirus ("COVID-19") led to a temporary slump in sales in the real estate market in China in the first quarter. Despite the widespread of COVID-19 around the globe, China adopted vigorous anti-epidemic measures and thus was swift to stage an economic recovery in the second quarter of the year.

The real estate market in China followed the national economic trend closely in the first half of the year, and the sales has been recovering since the second quarter of 2020. Supported by well-tuned local control measures to foster sound development in real estate industry and adoption of city-specific policies, the national real estate market maintained a stable and progressive trend.

In the first half of the year, through the initiatives including the fortification of sales team development and continuous optimization of capital and debt structures, the Group continued to deliver an encouraging performance in terms of various operating indicators. The contracted sales amount and sales area for the first half of the year reached RMB11.671 billion and 1,078,227 sq.m., respectively. The revenue and core net profit reached RMB8,559 million and RMB1,846 million, respectively, representing a respective period-on-period increase of 27% and 43%. In addition, during the first half of the year, the Group reported satisfying achievements in respect of investment expansion, adding a gross floor area of 4,322,587 sq.m.. In the meantime, the Group still maintained a robust financial position with its net gearing ratio remaining healthy at 78%. In the second half of the year, the Group will focus on enforcing plans of property sales vis-à-vis new land reserves, having full confidence in completing the sales target for the whole year.

Next, under the new development layout predominated by the general cycle at home and mutually facilitated by the dual cycle at home and abroad, we will firmly adhere to our sound and stable development strategies and our strategic goal of "developing in a dedicate, detail-oriented, good quality way while maintaining a strong market position". Development is our evergreen theme and the Group will continue to enhance its expansion and operation in the Yangtze River Delta Economic Zone, the Guangdong-Hong Kong-Macao Greater Bay Area, the key provincial cities as well as the countries and regions along the "Belt and Road" initiative. Through raising its own management standard in an effort to achieve high quality development, the Group offers its customers quality products, thereby constantly creating benefits for its shareholders.

Shum Tin Ching

Chairman

Jiayuan International Group Limited

Hong Kong

12 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. Market Review

In the first half of 2020, despite the uncertainty outside the PRC brought about by the COVID-19 pandemic, the economic performance of the PRC maintained at a reasonable level and showed overall stable growth. A high level of policy coordination was achieved between the policies of both the Central People's Government (the "Central Government") and local governments (the "Local Governments") of the PRC on the property market and also in terms of its supply and demand management. The Central Government made its timely remarks on the principle of "housing is for accommodation instead of speculation" at some key meetings, and Local Governments responded to latest market changes and adopted city-specific policies such as "one city one policy", under which market performance remained stable.

Looking back to the first half of 2020, developers have been resuming construction and have obtained satisfying sales performance, with an increase recorded in both sales volume and sales area for the top 100 real estate companies in the PRC and an average increase of 5% in sales volume for the top 50 real estate companies in the PRC, maintaining a steady growth in the real estate market in the PRC. According to the data from the National Bureau of Statistics, under the impacts of COVID-19 and Lunar New Year holiday, the sales of residential buildings in the first two months of this year recorded a period-on-period decrease of 35%, and the decrease reduced in March and April to 12% and 3% respectively; a significant recovery of sales by the end of the first half of 2020, as the sales in May and June recovered and had an increase of 15%, primarily driven by second-tier and strong third-tier cities as the Local Governments in these cities had less strict restrictions than first-tier cities on the property market and the economic conditions were better than that of lower-tier cities. From January to June in 2020, the investment in national property

development amounted to approximately RMB6,278 billion, representing a period-on-period increase of approximately 2%; the sold area of commodity properties amounted to 694 million sq.m., representing a period-on-period decrease of approximately 8%; and the sales amount of commodity properties amounted to approximately RMB6,689.5 billion, representing a period-on-period decrease of approximately 5%.

II. Results Performance

The Group deepened its region-focused development strategy and achieved steady growth in its key performance indicators. During the first half of 2020, the Group's contracted sales of properties amounted to approximately RMB11,671 million. Contracted sales area amounted to approximately 1,078,227 sq.m.. Revenue of the Group increased by approximately 27% to approximately RMB8,559 million as compared to the same period in 2019. Profit attributable to the owners of the Company increased by approximately 6% from approximately RMB1,384 million in the first half of 2019 to approximately RMB1,462 million in the first half of 2020. The Group's basic earnings per share was approximately RMB37.06 cents for the six months ended 30 June 2020, representing an increase of approximately 5% as compared with approximately RMB35.13 cents in the corresponding period in 2019. Excluding effects such as valuation gains, core earnings per share increased by 42% to RMB0.47 as compared with that of last year. As at 30 June 2020, the Group had land bank of 17 million sq.m., of which Jiangsu Province and Anhui Province accounted for 36% and 23%, respectively; and its property portfolio comprised 81 properties in various major cities in the PRC, consisting of 35 residential complexes, 1 commercial complex and 45 mixed-used complexes covering Yangtze River Delta, city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area, cities along the "Belt and Road" initiative and other key provincial capital cities.

During the first half of 2020, the Group acquired 19 premium projects at a low premium in Huizhou, Yangzhou, Suzhou, Suqian, Bozhou, Hefei, Shenzhen, Guiyang, Urumqi and Cambodia through tender and bidding in the public market, and joint development, which further expanded its business footprint in the city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area and cities along the “Belt and Road” initiative. In terms of regional development strategy, the Group continued to strictly follow the “13th Five-Year Plan” of the PRC and maintained its focus on four main areas; namely, the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Economic Zone and key provincial capital cities, as well as cities along the “Belt and Road” initiative, with the aim of furthering development of large-scale residential and commercial complex projects, diversifying property projects and boosting land values.

The Group firmly adheres to promoting diversified business development with solid financial strengths and rendering stable cash flow as important supporting pillars. Therefore, the Group strove to speed up cash recovery from property sales, fortified its capital management ability and normalised its standards for finance costs during the year. The successful issue of USD120 million senior notes in June 2020 and USD30 million senior notes in July 2020 further boosted the Group’s financial liquidity. As at 30 June 2020, the net gearing ratio of the Group was 78%, while cash and bank balances was RMB9.13 billion. On 7 April 2020, Moody’s confirmed the Group’s rating as “B2” under corporate family rating with a “stable” outlook and the Group maintained a public rating of “B” under Standard & Poor’s long-term issuer credit rating.

III. Prospects

In the second half of 2020, against the backdrop of escalation of the US-China trade war, it is expected that the long-term outlook of the economy in China will nonetheless continue to be optimistic and the property control policies will be aimed at maintaining stability, and the city-specific adjustment measures will still be the keynote of property control. Maintaining the stability of property market will still remain as the top priority of the Central Government in the second half of the year, which in turn is conducive to achieving long-term control objectives of stabilising land and housing prices, and maintaining market expectations. In view of the challenges and opportunities brought by the new trend in the property market, the Group will be committed to implementing steady financial policies and risk control measures, ensuring construction quality and safety, strengthening its contracted sales and receipt of sales proceeds and applying strict control over its various costs and expenses, so as to secure a stable operating cash flow as well as investment returns.

Further, the Group will continue to replenish its premium land bank by adopting practical strategies to optimise the geographical layout of its projects and devise investment portfolios to suit the different urbanisation stages of the PRC with a view to capturing the different demands for the purchase of property in various local markets. In future, on a foundation of solid development, the Group will make flexible adjustments according to various local market situations and achieve high quality and all-rounded development for continuous increase of profitability in order to maximise the value for its shareholders.

The following table sets out the breakdown of the Group's contracted sales, contracted total gross floor area ("GFA") and contracted average selling price ("ASP") by projects for the six months ended 30 June 2020 and 2019:

Project	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Contracted sales* RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1 Anhui Jiayuan Paris Metropolis 安徽佳源巴黎都市	859	45,500	18,879	–	–	–
2 Yangzhou Jiayuan Yurun Guifu 揚州佳源雨潤桂府	765	41,722	18,336	–	–	–
3 Anhui Jiayuan Xinggangcheng 安徽佳源星港城	664	84,176	7,888	–	–	–
4 Yangzhou Jiayuan Yurun Huafu 揚州佳源雨潤華府	628	39,774	15,789	290	20,701	14,010
5 Jiayuan International Skyland 佳源國際天域	594	22,771	26,086	–	–	–
6 Yangzhou Jiayuan Jiulong Bay 揚州佳源玖龍灣	532	32,700	16,269	–	–	–
7 Taizhou Venice Metropolis 泰州威尼斯城	1,025	75,100	13,648	2,730	210,916	12,941
8 Urumqi Jiayuan Metropolis 烏魯木齊佳源都市	458	39,020	11,738	–	–	–
9 Anhui Minhe Project Dwellings 安徽民和民居	448	58,700	7,632	–	–	–
10 Nanjing Zijin Mansion 南京紫金華府	412	9,888	41,667	389	9,275	41,907
11 Yangzhou Centurial Honour Mansion 揚州世紀天城榮御府	396	30,934	12,801	202	17,294	11,682
12 Anhui Jiayuan He County Central City 安徽佳源和縣中央城	390	49,500	7,879	–	–	–
13 Anhui Lu'an Jiayuan Hua Fu 安徽六安佳源華府	366	64,700	5,657	–	–	–
14 Anhui Chengnan Xuefu 安徽城南學府	363	43,319	8,380	–	–	–
15 Suqian Paris Metropolis 宿遷巴黎都市	356	40,200	8,856	1,524	172,652	8,827
16 Anhui Mengcheng Biguiyuan 安徽蒙城碧桂園	346	47,800	7,238	–	–	–
17 Others	3,069	352,423	8,708	3,588	256,360	13,997
Total	11,671	1,078,227	10,824	8,723	687,198	12,693

* The contracted sales displayed in this section are achieved by the Group and its associates and joint ventures.

Investment Properties

The Group retains the ownership of certain commercial properties developed by it to generate recurring income. As at 30 June 2020, the Group had investment properties with a total GFA of approximately 2 million sq.m.. Certain portions of these investment properties are located in the integrated commercial complexes developed by the Group, in which the Group will retain control over the central management of the shopping arcades in order to enable the Group to select tenants and determine industry composition.

The following table sets out a summary of the Group's investment properties as at 30 June 2020:

Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income For the six months ended 30 June	
			2020 (RMB million) (unaudited)	2019 (RMB million) (unaudited)
Yangzhou				
1. Park Number One 公園一號	721	721	0.1	0.1
2. Jiayuan Centurial Garden 世紀花園	8,653	8,653	0.7	0.5
3. Centurial Honour Mansion 世紀天城榮御府 ⁽¹⁾	4,537	–	–	–
4. Jiayuan Centurial City 佳源世紀天城	99,991	99,991	5.7	6.2
5. Jiayuan Yurun Guifu 佳源雨潤桂府 ⁽¹⁾	1,588	–	–	–
6. Jiayuan Jiulong Bay 佳源玖龍灣 ⁽¹⁾	24,928	–	–	–
Taizhou				
7. Jiayuan Central Plaza 佳源中心廣場	47,567	45,888	2.3	0.6
8. Venice Metropolis 威尼斯城	101,232	62,221	43.5	–
9. Jiayuan New World 新天地	26,862	26,862	4.8	1.7
10. Qiangxi Garden 羌溪花苑	2,550	2,550	0.3	0.3
11. Jiayuan Mingfu 佳源名府	14,275	14,275	0.7	1.3
12. Oriental Bright City 東方不夜城	34,419	34,419	1.8	2.9
13. Quexiandao Number One 鵲仙島一號	10,428	10,192	1.1	1.2
14. Guxi Jiayuan Central Plaza 古溪佳源中心廣場	37,296	29,842	–	–
Suqian				
15. Rome Metropolis 羅馬都市	43,886	37,534	1.9	1.6
Changzhou				
16. Jiayuan Central Plaza 佳源中心廣場	49,777	49,777	2.6	2.3

Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income For the six months ended 30 June	
			2020 (RMB million) (unaudited)	2019 (RMB million) (unaudited)
Nanjing				
17. Zijin Mansion 紫金華府	55,124	30,575	8.5	–
18. Jiayuan International Skyland 佳源國際天域 ⁽¹⁾	20,000	–	–	–
Shanghai				
19. Jiayuan Dream Square 夢想廣場 ⁽¹⁾	21,260	21,260	16.1	19.0
20. Fengcheng Mingdu 奉城名都	13,621	13,621	6.0	6.4
21. Huijing Huating 匯景華庭	7,844	7,844	5.8	–
Anhui				
22. Hefei Paris Metropolis 合肥巴黎都市 ⁽¹⁾	216,729	67,896	9.1	1.8
23. He County Central City 和縣中央城 ⁽¹⁾	29,886	–	–	–
24. Guoyang Jiayuan Xinggangcheng 渦陽佳源星港城 ⁽¹⁾	31,130	–	–	–
Cambodia				
25. Cambodia, Phnom Penh 柬埔寨金邊 ⁽²⁾	1,308,092	–	–	–
Others				
	–	–	–	4.1
Total	2,212,396	564,121	111.0	50.0

Note 1: Part of the project is currently under construction.

Note 2: The project is proposed for development.

Land Reserves

The following table sets out a summary of the Group's land reserves by projects as at 30 June 2020:

Project	Location	Status	Expected Completion		Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
			Date					
Yangtze River Delta Region								
1	Jiayuan Centurial City 佳源世紀天城	Yangzhou City, Jiangsu Province	Under development	2022 Q1	Mixed-use	214,260	316,883	100%
2	Centurial Honour Mansion 世紀天城榮御府	Yangzhou City, Jiangsu Province	Under development	2021 Q1	Mixed-use	167,826	472,809	100%
3	Jiayuan Westmount Villa 佳源西峰玖墅	Yangzhou City, Jiangsu Province	Under development	2020 Q4	Residential	143,822	91,548	70%
4	Jiayuan Centurial Villa 佳源世紀豪園	Yangzhou City, Jiangsu Province	Completed	–	Residential	391,088	1,803	100%
5	Jiayuan Centurial Garden 佳源世紀花園	Yangzhou City, Jiangsu Province	Completed	–	Residential	234,671	8,653	100%
6	Park Number One 公園一號	Yangzhou City, Jiangsu Province	Completed	–	Residential	75,591	721	100%
7	Jiayuan Centurial Scenery Park 佳源世紀景園	Yangzhou City, Jiangsu Province	Completed	–	Residential	60,972	915	100%
8	Jiayuan Yurun Guifu 佳源雨潤桂府	Yangzhou City, Jiangsu Province	Under development	2020 Q3	Residential	119,973	23,076	100%
9	Jiayuan Yurun Huafu 佳源雨潤華府	Yangzhou City, Jiangsu Province	Under development	2020 Q4	Residential	91,722	74,995	100%
10	Jiayuan Jiulong Bay 佳源玖龍灣	Yangzhou City, Jiangsu Province	Under development	2021 Q4	Mixed-use	49,676	165,170	100%
11	Shiji Chenzhang 世紀宸章	Yangzhou City, Jiangsu Province	Proposed for development	2022 Q2	Residential	66,397	144,054	100%
12	Xicheng Yinxiang 西城印象	Yangzhou City, Jiangsu Province	Proposed for development	2023 Q4	Mixed-use	106,709	255,713	100%
13	Zijin Mansion 紫金華府	Nanjing City, Jiangsu Province	Completed	–	Residential	339,008	82,169	100%
14	Jiayuan International Skyland 佳源國際天域	Nanjing City, Jiangsu Province	Under development	2022 Q3	Residential	58,609	678,977	51%
15	Youyou Huafu 優優華府	Taizhou City, Jiangsu Province	Under development	2022 Q4	Residential	56,910	117,322	100%
16	Venice Metropolis 威尼斯城	Taizhou City, Jiangsu Province	Under development	2022 Q3	Residential	660,576	764,854	100%
17	Taixing Jiayuan Central Plaza 泰興佳源中心廣場	Taizhou City, Jiangsu Province	Completed	–	Mixed-use	81,887	56,697	100%

Project	Location	Status	Expected Completion		Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
			Date					
18	Jiayuan Mingfu 佳源名府	Taizhou City, Jiangsu Province	Completed	-	Mixed-use	42,054	11,475	100%
19	Jiayuan New World 新天地	Taizhou City, Jiangsu Province	Completed	-	Mixed-use	190,802	338,606	100%
20	Qiangxi Garden 羌溪花苑	Taizhou City, Jiangsu Province	Completed	-	Residential	69,486	5,846	100%
21	Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Taizhou City, Jiangsu Province	Completed	-	Mixed-use	83,048	142,825	100%
22	Oriental Bright City 東方不夜城	Taizhou City, Jiangsu Province	Completed	-	Residential	77,021	34,419	100%
23	Oriental Paris City 東方巴黎城	Taizhou City, Jiangsu Province	Completed	-	Residential	231,702	29,918	100%
24	Quexiandao Number One 鵲仙島一號	Taizhou City, Jiangsu Province	Completed	-	Residential	68,330	13,127	100%
25	Jiayuan Central Plaza 佳源中心廣場	Taizhou City, Jiangsu Province	Under development	2022 Q4	Mixed-use	15,702	15,702	100%
26	Jiayuan Metropolis 佳源都市	Suzhou City, Jiangsu Province	Under development	2020 Q4	Residential	52,988	127,969	100%
27	Jiangwan Lanting 江灣瀾庭	Changshu City, Jiangsu Province	Proposed for development	2023 Q2	Residential	69,993	238,914	80%
28	Jiayuan Park Number One 佳源一號院	Suqian City, Jiangsu Province	Under development	2023 Q2	Residential	91,822	129,361	100%
29	Elite International Garden 名人國際花園	Suqian City, Jiangsu Province	Completed	-	Residential	53,970	389	90%
30	Park Number One 公園一號	Suqian City, Jiangsu Province	Completed	-	Residential	126,183	25,786	90%
31	Paris Metropolis 巴黎都市	Suqian City, Jiangsu Province	Under development	2021 Q3	Residential	220,520	478,761	90%
32	Rome Metropolis 羅馬都市	Suqian City, Jiangsu Province	Under development	2020 Q4	Residential	302,505	233,260	100%
33	The Bund Number One 外灘一號	Suqian City, Jiangsu Province	Under development	2021 Q2	Residential	83,991	158,985	100%
34	Jiayuan Central Plaza 佳源中心廣場	Changzhou City, Jiangsu Province	Completed	-	Mixed-use	58,601	51,160	100%

Project	Location	Status	Expected Completion		Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
			Date					
35	Junchen Fu 君宸府	Changzhou City, Jiangsu Province	Under development	2020 Q4	Residential	26,768	77,075	51%
36	Yuefu 悅府	Changzhou City, Jiangsu Province	Under development	2020 Q3	Residential	17,996	47,692	100%
37	Jiayuan Metropolis 佳源都市	Nantong City, Jiangsu Province	Under development	2021 Q2	Residential	198,434	265,694	100%
38	Jiayuan Paris Metropolis 佳源巴黎都市	Zhenjiang City, Jiangsu Province	Under development	2020 Q4	Residential	119,607	89,105	100%
39	Fengcheng Mingdu 奉城名都	Shanghai City	Completed	–	Mixed-use	8,442	14,232	90%
40	Huijing Huating 匯景華庭	Shanghai City	Completed	–	Mixed-use	5,162	7,844	90%
41	Jiayuan Dream Square 佳源夢想廣場	Shanghai City	Under development	2020 Q4	Mixed-use	31,528	84,833	90%
42	Shanghai Wanggu Project 上海網谷項目	Shanghai City	Under development	2022 Q4	Mixed-use	37,218	91,329	50%
43	Yancheng Jiayuan Square 鹽城佳源廣場	Yancheng City, Jiangsu Province	Under development	2022 Q4	Mixed-use	130,827	480,701	65%
44	Bengbu Oriental Metropolis 蚌埠東方都市	Bengbu City, Anhui Province	Under development	2021 Q2	Mixed-use	210,248	341,255	82%
45	Fengtai Jiayuan Metropolis 鳳台佳源都市	Huainan City, Anhui Province	Under development	2020 Q4	Mixed-use	75,920	100,914	100%
46	He County Central City 和縣中央城	Ma'anshan City, Anhui Province	Under development	2023 Q1	Mixed-use	322,462	402,802	79%
47	Lu'an Jiayuan Huafu 六安佳源華府	Lu'an City, Anhui Province	Under development	2022 Q3	Mixed-use	136,533	391,658	70%
48	Luijiang Oriental Metropolis 廬江東方都市	Hefei City, Anhui Province	Under development	2020 Q4	Mixed-use	180,704	111,695	42%
49	Guoyang Jiayuan Xingangcheng 渦陽佳源星港城	Bozhou City, Anhui Province	Under development	2021 Q4	Mixed-use	189,200	425,633	91%
50	Youyou Chengnan 優優城南	Bozhou City, Anhui Province	Under development	2024 Q2	Residential	82,918	208,136	100%
51	Lixin Jiayuan Metropolis 利辛佳源都市	Bozhou City, Anhui Province	Under development	2020 Q3	Mixed-use	66,800	48,023	60%
52	Hefei Paris Metropolis 合肥巴黎都市	Hefei City, Anhui Province	Under development	2020 Q3	Mixed-use	416,995	944,607	100%
53	Mengcheng Biguiyuan 蒙城碧桂園	Bozhou City, Anhui Province	Under development	2020 Q4	Mixed-use	120,100	173,800	30%

Project	Location	Status	Expected Completion		Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
			Date					
54	Mingbang Xuefu 名邦學府	Bozhou City, Anhui Province	Under development	2020 Q4	Mixed-use	184,221	103,972	51%
55	Minhe Project Dwellings 民和民居	Bozhou City, Anhui Province	Under development	2022 Q4	Mixed-use	77,463	223,697	67%
56	Chengnan Xuefu 城南學府	Hefei City, Anhui Province	Under development	2021 Q4	Mixed-use	104,014	263,748	100%
57	Bailin Chuntian 柏林春天	Lu'an City, Anhui Province	Completed	–	Mixed-use	48,500	17,269	55%
58	Dongfang Huating 東方華庭	Hefei City, Anhui Province	Completed	–	Mixed-use	120,408	3,425	99%
59	Jiayuan Xin'an Yinxiang 佳源新安印象	Hefei City, Anhui Province	Under development	2022 Q2	Mixed-use	27,853	66,265	100%
60	Yuelu Chunxiao 閱廬春曉	Hefei City, Anhui Province	Under development	2023 Q1	Mixed-use	72,868	142,189	51%
Guangdong – Hong Kong – Macao Greater Bay Area								
61	One Vista 匯賢一號	Hong Kong	Completed	–	Mixed-use	1,793	25,409	70%
62	Success Centre 成功中心	Hong Kong	Under development	2020 Q3	Mixed-use	1,394	22,205	70%
63	T-plus 菁雋	Hong Kong	Completed	–	Residential	2,202	2,110	70%
64	Ocean Hill 悅峯	Macao	Proposed for development	2022 Q4	Residential	5,597	60,969	100%
65	Shenzhen Dingxi 深圳鼎曦	Shenzhen City, Guangdong Province	Proposed for development	2022 Q2	Mixed-use	4,940	41,140	100%
66	Shenzhen Songling 深圳松齡	Shenzhen City, Guangdong Province	Proposed for development	2022 Q2	Mixed-use	4,281	38,100	100%
67	Panshan Yuehai 畔山悅海	Huizhou City, Guangdong Province	Under development	2022 Q3	Mixed-use	44,020	172,590	50%
68	Huizhou International Mansion 惠州國際公寓	Huizhou City, Guangdong Province	Under development	2022 Q3	Mixed-use	6,166	46,749	50%
69	Huizhou Lanwan Peninsula 惠州藍灣半島	Huizhou City, Guangdong Province	Under development	2021 Q4	Mixed-use	35,413	129,305	50%
70	Wenqiang Project 文強項目	Huizhou City, Guangdong Province	Proposed for development	2022 Q4	Mixed-use	23,407	63,199	50%
71	Lianda Project 聯大項目	Huizhou City, Guangdong Province	Proposed for development	2023 Q4	Mixed-use	26,597	71,812	50%

Project	Location	Status	Expected	Project Type	Site Area	Total	Ownership	
			Completion					Date
					(sq.m.)	(sq.m.)	%	
72	Jinyi Project 金逸項目	Huizhou City, Guangdong Province	Proposed for development	2022 Q3	Mixed-use	38,550	78,064	50%
73	Yantian Panshan 鹽田畔山	Shenzhen City, Guangdong Province	Under development	2022 Q4	Mixed-use	31,077	61,572	50%
74	Zhujiang Plaza 珠江廣場	Shenzhen City, Guangdong Province	Completed	–	Commercial	52,430	169,732	50%
75	Jiayuan Didu Hot Spring Resort 佳源帝都溫泉山莊	Enping City, Guangdong Province	Under development	2021 Q1	Residential	593,637	1,180,000	90%
Other key provincial cities								
76	Heng Feng Jia Yuan 恒豐佳源	Guiyang City, Guizhou Province	Proposed for development	2023 Q1	Residential	120,000	856,375	61%
77	Jiayuan Yinxiangli 佳源印象里	Guiyang City, Guizhou Province	Proposed for development	2024 Q3	Mixed-use	59,930	242,256	100%
78	Russian Cultural Complex 俄羅斯文化綜合體	Dongfang City, Hainan Province	Under development	2020 Q4	Mixed-use	223,304	85,910	36%
Along the "Belt and Road" initiative								
79	Cambodia, Phnom Penh 柬埔寨金邊	Phnom Penh, Cambodia	Proposed for development	2023 Q1	Residential	1,308,092	1,308,092	50%
80	Jiayuan Metropolis 佳源都市	Urumqi City, Xinjiang	Proposed for development	2023 Q1	Residential	74,000	295,087	90%
81	Xinjiang Silk Road Cultural City 新疆絲路文化城	Urumqi City, Xinjiang	Proposed for development	2023 Q2	Mixed-use	720,404	1,867,311	60%
Total						11,148,838	17,238,442	

FINANCIAL REVIEW

Operating Results

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) property investment and (iii) property management service. For the six months ended 30 June 2020, revenue of the Group amounted to approximately RMB8,559 million, representing an increase of approximately 27% from approximately RMB6,730 million in the corresponding period in 2019. Profit for the period attributable to the owners of the Company for the six months ended 30 June 2020 was approximately RMB1,462 million, representing an increase of approximately 6% from approximately RMB1,384 million as compared to the corresponding period in 2019.

Property Development

The Group's revenue from property development included the sale of residential and commercial properties. The Group recognises revenue from the sale of properties when the buyer obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and where the collection of the consideration is probable. Revenue derived from property development increased by approximately 26% to approximately RMB8,183 million for the six months ended 30 June 2020 from approximately RMB6,490 million for the six months ended 30 June 2019. The increase was mainly due to delivery of properties pre-sold in Yangtze River Delta upon their completion in the first half of 2020.

Property Investment

The Group's property investment mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and car parks). Revenue generated from property investment increased by approximately 122% to approximately RMB111 million for the six months ended 30 June 2020 from approximately RMB50 million for the six months ended 30 June 2019. The increase was primarily due to properties completed in the second half of 2019 generating rental income from leasing contracts.

Property Management

On 21 January 2019, the Group completed the acquisition of the entire equity interest in Chuangyuan Holdings Limited (together with its subsidiaries, the "Chuangyuan Group"), which is engaged in the property management business in the PRC.

The Group's revenue from property management primarily includes (i) post-delivery property management services such as security, repair and maintenance, cleaning and garden landscape maintenance provided to property owners, residents and tenants of residential communities and commercial properties; and (ii) pre-delivery property management services including on-site security, cleaning, greening and gardening as well as customer service and other ancillary services provided to property developers prior to the establishment of an owners' committee.

Revenue generated from property management increased by approximately 39% to approximately RMB265 million for the six months ended 30 June 2020 from approximately RMB190 million for the six months ended 30 June 2019. The increase was in line with the Group's delivery of completed properties in 2019.

On 26 June 2020, Jiayuan Services Holdings Limited ("Jiayuan Services"), a subsidiary of the Company, submitted a listing application form (Form A1) to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to apply for the listing of, and permission to deal in, the Jiayuan Services Shares on the Main Board (the "Main Board") of the Stock Exchange. Jiayuan Services and its subsidiaries are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 27% to approximately RMB3,203 million for the six months ended 30 June 2020 from approximately RMB2,526 million in the corresponding period in 2019. The Group's gross profit margin for the six months ended 30 June 2020 and 2019 was maintained at approximately 37%.

Other Income

The Group had other income of approximately RMB173 million for the six months ended 30 June 2020 as compared with approximately RMB136 million for the six months ended 30 June 2019, representing an increase of approximately RMB37 million or 27%. The increase was mainly due to increase in interest income on financial assets at fair value through profit or loss and interest income from bank deposits.

Other Gains and Losses

The Group's other losses increased to approximately RMB154 million for the six months ended 30 June 2020 from approximately RMB17 million for the six months ended 30 June 2019. The increase in other losses was mainly due to fair value losses on financial assets at fair value through profit or loss of approximately RMB22 million and fair value loss of approximately RMB135 million on derivative financial instruments.

Selling and Marketing Costs

The Group's selling and marketing costs increased to approximately RMB155 million for the six months ended 30 June 2020 from approximately RMB108 million for the six months ended 30 June 2019. The increase by approximately 43% was mainly attributable to an increase in sales commission paid to property agents.

Administrative Expenses

The Group's administrative expenses increased by approximately 12% to approximately RMB197 million for the six months ended 30 June 2020 from approximately RMB176 million for the six months ended 30 June 2019, which was mainly attributable to the increase of staff salaries and allowances resulting from the expansion of operation scale of the Group.

Finance Costs

The Group's finance costs after interest capitalisation increased to approximately RMB154 million for the six months ended 30 June 2020 from approximately RMB76 million for the six months ended 30 June 2019. The increase in finance cost of approximately 102% was attributable to the increase of senior notes issued in the second half of 2019.

Income Tax Expense

The Group's income tax expense increased to approximately RMB1,133 million for the six months ended 30 June 2020 from approximately RMB1,045 million for the six months ended 30 June 2019. The Group's income tax expense included payments and provisions made for Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") less deferred taxation during the period. The increase was in line with the increase in the Group's taxable profit for the six months ended 30 June 2020.

Profit and Total Comprehensive Income Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased by approximately 5% to approximately RMB1,460 million for the six months ended 30 June 2020 from approximately RMB1,386 million for the six months ended 30 June 2019 which was in line with the expansion of the Group's operation during the first half of 2020.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2020, the Group had an aggregate of pledged/restricted bank deposits and bank balances and cash of approximately RMB9,127 million (as at 31 December 2019: approximately RMB8,154 million), representing an increase of approximately 12% as compared to that as at 31 December 2019. As at 30 June 2020, restricted/pledged bank deposits of approximately RMB1,238 million (as at 31 December 2019: approximately RMB2,123 million) were restricted for use in specific property development projects or pledged to secure bank borrowings raised by the Group.

Bank and Other Borrowings

As at 30 June 2020, the Group had bank and other borrowings of approximately RMB12,363 million (as at 31 December 2019: approximately RMB12,130 million). Amongst the borrowings, approximately RMB3,050 million (as at 31 December 2019: approximately RMB4,668 million) will be repayable within one year and approximately RMB9,313 million (as at 31 December 2019: approximately RMB7,462 million) will be repayable after one year.

Net Gearing Ratio

The net gearing ratio of the Group was 78% as at 30 June 2020. The net gearing ratio was measured by net debt (bank and other borrowings and senior notes net of bank balances and cash and restricted/pledged bank deposits) over total equity.

Exchange Rate Risk

Other than the foreign currency denominated bank deposits, deposits paid for a life insurance policy, borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. The directors of the Company (the "Directors") expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group. The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

The Group mainly operates its business in the PRC.

Commitments

As at 30 June 2020, the Group had committed payment for construction and land development expenditures in the amount of approximately RMB10,783 million (as at 31 December 2019: approximately RMB9,676 million).

Guarantees

As at 30 June 2020, the Group had provided guarantees amounting to approximately RMB14,621 million (as at 31 December 2019: approximately RMB13,290 million) in respect of mortgage bank loans granted to purchasers of the Group's properties. Such guarantees will be released by banks upon the purchasers obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and at relevant reporting dates and accordingly, the Directors consider that the possibility of default by the purchasers of the Group's properties is remote, accordingly, no provision for the guarantee contracts was recognised in the financial statements for the six months ended 30 June 2020.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2020.

Significant Investment

Save as those disclosed under the section headed "Management Discussion and Analysis" and notes 15 and 17 to the Consolidated Financial Statements, the Group did not have any significant investment during the period ended 30 June 2020.

Events after the End of the Reporting Period

On 23 July 2020, the Group despatched certificates for scrip shares and cheques of cash dividend in an aggregate amount of HKD433,868,000 (approximately RMB388,962,000). The final dividend in respect of the year ended 31 December 2019 of HK11 cents (approximately RMB9.9 cents) per ordinary share was approved at the Company's Annual General Meeting on 10 June 2020. The final dividend has been paid in cash of HKD86,711,000 (approximately RMB78,274,000) and in form of scrip shares of HKD347,157,000 (approximately RMB313,377,000).

Future Plans for Material Investments

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. These investments will be funded by internal resources and external borrowings. The Group does not have any future plans for material investments as at the date of this report.

Employees, Remuneration Policies and Share Option Scheme

As at 30 June 2020, the Group had approximately 6,163 employees (as at 30 June 2019: 6,082 employees). For the six months ended 30 June 2020, the Group incurred employee costs of approximately RMB283 million (six months ended 30 June 2019: approximately RMB239 million). Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Company adopted a share option scheme on 12 February 2016 as incentive for eligible employees, details of which are set out in the section headed "Share Option Scheme" on page 21 of this interim report.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The board of Directors (the “Board”) believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of its shareholders and to enhance its corporate value and accountability. The Board is committed to achieving high corporate governance standards.

During the six months ended 30 June 2020, the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as the basis of the Company’s corporate governance practices.

The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company (the “Code of Conduct”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code and the Code of Conduct throughout the six months ended 30 June 2020.

No incident of non-compliance with the Code of Conduct by the Group’s employees was noted by the Company during the six months ended 30 June 2020. In case when the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its Directors and employees in advance.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

There are no changes in information of Directors required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim financial information for the six months ended 30 June 2020 is unaudited, but has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by the Company’s independent auditor, PricewaterhouseCoopers, whose report on review of interim financial information is included in this interim report. Also, the audit committee of the Company has reviewed this interim report of the Group for the six months ended 30 June 2020.

The comparative information for the condensed consolidated statement of financial position is based on the audited consolidated financial statements of the Group as at 31 December 2019. The comparative information for the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows, and related explanatory notes, for the six months ended 30 June 2019 has been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

NON-COMPETE UNDERTAKINGS

Each of the controlling shareholders of the Company has confirmed to the Company of his/its compliance with the non-compete undertakings provided to the Company under the Deed of Non-Competition (as defined in the prospectus of the Company dated 26 February 2016 (the "Prospectus")). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling shareholders during the period commencing from the Deed of Non-Competition and up to the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As disclosed in the section headed "Relationship with the Controlling Shareholders" in the Prospectus, Mr. Shum Tin Ching is the ultimate owner of a group of real estate development companies (other than members of the Group) (the "Private Group"). Mr. Shum Tin Ching entered into the Deed of Non-Competition to provide certain non-compete undertakings in favour of the Company. Since 8 March 2016 (the "Listing Date"), the date on which the Company completed the initial public offering with its shares listed on the Main Board of the Stock Exchange, and up to the date of this report, the Directors were not aware of any competing business between the Private Group and the Group.

Save as disclosed above, none of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules since the Listing Date and up to the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No other Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its controlling shareholders, or any of its subsidiaries or fellow subsidiaries was a party at any time during the six months ended 30 June 2020.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto subject to the Hong Kong Companies Ordinance. Such provision was in force during the six months ended 30 June 2020 and remained in force as of the date of this report. The Company has also arranged appropriate directors' and officers' liability insurance for the directors and officers of the Group.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 12 February 2016 (the "Share Option Scheme"). The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, offer to grant an option to subscribe for ordinary shares with a par value of HKD0.01 each (the "Shares") of the Company subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as they may think fit, to the following persons (the "Eligible Participants"): (a) any full-time or part-time employees, executives or officers of the Company; (b) any director (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Directors, will contribute or have contributed to the Group.

A consideration of HKD1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 180,000,000 Shares, being 10% of the shares in issue as at the Listing Date. No share options had been granted by the Company under the Share Option Scheme up to the date of this report. Therefore, the number of Shares available for issue is 180,000,000 Shares, being approximately 4.44% of the Shares in issue as at the date of this report.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The subscription price per Share under the Share Option Scheme shall be a price determined by the Directors, but shall not be lower than the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years from the Listing Date. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

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

As at 30 June 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (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 to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of shares or securities held ⁽¹⁾	Percentage of interest in the Company ⁽⁵⁾
Mr. Shum Tin Ching	Interest of a controlled corporation	2,667,095,044 ⁽²⁾ shares (L)	67.62%
	Beneficial owner	64,715,680 ⁽³⁾ shares (L)	1.64%
	Interest of a controlled corporation	500,000,000 ^{(2),(4)} shares (S)	12.68%

Notes:

- (1) The letters "L" and "S" denote the Director's long position and short position in the shares of the Company respectively.
- (2) The disclosed interest represents an interest in the Company held by Mingyuan Group Investment Limited ("Mingyuan Investment"), which is wholly-owned by Mr. Shum Tin Ching. Therefore, Mr. Shum Tin Ching is deemed to be interested in Mingyuan Investment's interest in the Company by virtue of the SFO.
- (3) These shares are wholly owned by Mr. Shum Tin Ching as a beneficial owner.
- (4) On 31 December 2019, Mingyuan Investment entered into a release agreement with CCB International Overseas Limited, pursuant to which, CCB International Overseas Limited agreed to discharge and release 600,000,000 shares out of 2,712,244,324 shares held by Mingyuan Investment in favour of CCB International Overseas Limited as one of the collaterals for a secured note issued by a company wholly owned by Mr. Shum Tin Ching to CCB International Overseas Limited on 29 June 2017. On the same day, Mingyuan Investment entered into a share mortgage agreement with CCB International Overseas Limited, pursuant to which, Mingyuan Investment agreed to pledge 500,000,000 shares out of 2,712,244,324 shares held by it in favour of CCB International Overseas Limited as one of the collaterals for a loan issued to the Company.
- (5) As at 30 June 2020, the total number of issued shares of the Company was 3,944,252,161.

(b) Interest in shares of Mingyuan Investment

Name of Director	Nature of interest	Number of shares or securities held ⁽¹⁾	Percentage of shareholding
Mr. Shum Tin Ching	Beneficial owner	150,000 shares (L)	100%

Note:

(1) The letter "L" denotes the Director's long position in the share of Mingyuan Investment.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware as of 30 June 2020, the following persons (other than the Directors or chief executive of the Company) had the following interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of shares or securities held ⁽¹⁾	Percentage of interest in the Company ⁽⁸⁾
Ms. Wang Xinmei ⁽²⁾	Interest of spouse	2,731,810,724 shares (L)	69.26%
	Interest of spouse	500,000,000 ⁽⁴⁾ shares (S)	12.68%
Mingyuan Investment ⁽³⁾	Beneficial owner	2,667,095,044 shares (L)	67.62%
	Beneficial owner	500,000,000 ⁽⁴⁾ shares (S)	12.68%
CCB International Overseas Limited ^{(5),(7)}	Person having a security interest in shares	500,000,000 ⁽⁴⁾ shares (L)	12.68%
Design Time Limited ⁽⁶⁾	Beneficial owner	26,228,771 shares (L)	0.66%

Other Information

Name of Substantial Shareholder	Nature of interest	Number of shares or securities held ⁽¹⁾	Percentage of interest in the Company ⁽⁸⁾
CCBI Investments Limited ⁽⁶⁾	Interest of a controlled corporation	26,228,771 shares (L)	0.66%
CCB International (Holdings) Limited ^{(5),(6),(7)}	Person having a security interest in shares	500,000,000 ⁽⁴⁾ shares (L)	12.68%
	Interest of a controlled corporation	26,228,771 shares (L)	0.66%
CCB Financial Holdings Limited ^{(5),(6),(7)}	Person having a security interest in shares	500,000,000 ⁽⁴⁾ shares (L)	12.68%
	Interest of a controlled corporation	26,228,771 shares (L)	0.66%
CCB International Group Holdings Limited ^{(5),(6),(7)}	Person having a security interest in shares	500,000,000 ⁽⁴⁾ shares (L)	12.68%
	Interest of a controlled corporation	26,228,771 shares (L)	0.66%
China Construction Bank Corporation ^{(5),(6),(7)}	Person having a security interest in shares	500,000,000 ⁽⁴⁾ shares (L)	12.68%
	Interest of a controlled corporation	26,228,771 shares (L)	0.66%
Central Huijin Investment Ltd. ^{(5),(6),(7)}	Person having a security interest in shares	500,000,000 ⁽⁴⁾ shares (L)	12.68%
	Interest of a controlled corporation	26,228,771 shares (L)	0.66%

Notes:

- (1) The letters "L" and "S" denote a person's/an entity's long position and short position in the shares of the Company respectively.
- (2) Ms. Wang Xinmei, the spouse of Mr. Shum Tin Ching, is deemed to be interested in Mr. Shum Tin Ching's interest in the Company.
- (3) These shares are held by Mingyuan Investment, which is wholly-owned by Mr. Shum Tin Ching.
- (4) On 31 December 2019, Mingyuan Investment entered into a release agreement with CCB International Overseas Limited, pursuant to which, CCB International Overseas Limited agreed to discharge and release 600,000,000 shares out of 2,712,244,324 shares held by Mingyuan Investment in favour of CCB International Overseas Limited as one of the collaterals for a secured note issued by a company wholly owned by Mr. Shum Tin Ching to CCB International Overseas Limited on 29 June 2017. On the same day, Mingyuan Investment entered into a share mortgage agreement with CCB International Overseas Limited, pursuant to which, Mingyuan Investment agreed to pledge 500,000,000 shares out of 2,712,244,324 shares held by it in favour of CCB International Overseas Limited as one of the collaterals for a loan issued to the Company.
- (5) Based on the public records, these security interest in shares are held by CCB International Overseas Limited, which is a wholly-owned subsidiary of CCB International (Holdings) Limited.

- (6) Design Time Limited is a wholly-owned subsidiary of CCBI Investments Limited, which is a wholly-owned subsidiary of CCB International (Holdings) Limited.
- (7) CCB International (Holdings) Limited is a wholly-owned subsidiary of CCB Financial Holdings Limited, which is in turn a wholly-owned subsidiary of CCB International Group Holdings Limited. CCB International Group Holdings Limited is a wholly-owned subsidiary of China Construction Bank Corporation, which is owned as to 57.11% by Central Huijin Investment Ltd..
- (8) As at 30 June 2020, the total number of issued shares of the Company was 3,944,252,161.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any person who had an interest or short position in the shares and the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF JIAYUAN INTERNATIONAL GROUP LIMITED

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 64, which comprises the condensed consolidated statement of financial position of Jiayuan International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information 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 Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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 Hong Kong 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 interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

OTHER MATTER

The comparative information for the condensed consolidated statement of financial position is based on the audited consolidated financial statements of the Group as at 31 December 2019. The comparative information for the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows, and related explanatory notes, for the six months ended 30 June 2019 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12 August 2020

CONDENSED CONSOLIDATED INCOME STATEMENT

	NOTE	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Revenue	6	8,559,230	6,730,468
Cost of sales		(5,356,309)	(4,204,656)
Gross profit		3,202,921	2,525,812
Other income	8	172,950	136,079
Other gains and losses	9	(153,682)	(17,271)
Net impairment (losses)/reversal on financial assets		(1,102)	33,862
Fair value change on investment properties	15	(126,609)	170,804
Selling and marketing costs		(155,271)	(108,263)
Administrative expenses		(197,130)	(175,646)
Other expenses		(1,814)	(2,174)
Finance costs	10	(153,852)	(76,203)
Share of results of investments accounted for using the equity method	17	135,633	(23,966)
Profit before taxation		2,722,044	2,463,034
Income tax expenses	11	(1,132,600)	(1,045,416)
Profit for the period		1,589,444	1,417,618
Profit for the period attributable to:			
– Owners of the Company		1,461,801	1,383,867
– Non-controlling interests		127,643	33,751
		1,589,444	1,417,618
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic and diluted	14	37.06	35.13

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Profit for the period	1,589,444	1,417,618
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
– Exchange differences arising on translation of foreign operations	(1,571)	2,464
Total comprehensive income for the period	1,587,873	1,420,082
Total comprehensive income for the period attributable to:		
– Owners of the Company	1,460,230	1,386,331
– Non-controlling interests	127,643	33,751
	1,587,873	1,420,082

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current assets			
Investment properties	15	7,739,887	7,841,906
Property and equipment	16	122,611	132,880
Intangible assets		38,759	31,328
Right-of-use assets		12,054	10,694
Investments accounted for using the equity method	17	2,142,342	985,051
Financial assets at fair value through profit or loss	18	873,037	668,204
Deposits paid for acquisitions		1,151,728	1,167,684
Deferred tax assets		716,016	597,494
Trade and other receivables	20	88,781	124,934
		12,885,215	11,560,175
Current assets			
Inventories of properties	19	36,107,572	34,112,077
Trade and other receivables	20	7,398,634	7,177,335
Financial assets at fair value through profit or loss	18	147,461	168,775
Prepaid income tax		480,218	563,705
Restricted/pledged bank deposits	21	1,237,792	2,123,101
Cash and cash equivalents	21	7,889,020	6,030,412
		53,260,697	50,175,405
Total assets		66,145,912	61,735,580
Current liabilities			
Trade and other payables	22	7,163,151	6,395,483
Pre-sale deposits received	23	18,645,241	19,940,467
Lease liabilities		5,480	3,597
Current income tax liabilities		5,572,148	4,628,119
Bank and other borrowings	24	3,049,663	4,667,930
Derivative financial instruments	25	272,068	–
Senior notes	25	4,922,107	314,084
		39,629,858	35,949,680
Net current assets		13,630,839	14,225,725
Total assets less current liabilities		26,516,054	25,785,900

Condensed Consolidated Statement of Financial Position

	NOTE	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings	24	9,313,677	7,462,249
Derivative financial instruments	25	157,183	238,387
Lease liabilities		6,000	7,317
Pre-sale deposits received	23	531,293	500,510
Deferred tax liabilities		750,307	779,587
Senior notes	25	2,285,025	4,960,692
		13,043,485	13,948,742
Equity attributable to owners of the Company			
Share capital	26	33,870	33,870
Reserves		11,130,937	9,825,610
		11,164,807	9,859,480
Non-controlling interests		2,307,762	1,977,678
Total equity		13,472,569	11,837,158
Total equity and non-current liabilities		26,516,054	25,785,900

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the company					
	NOTE	Share capital RMB'000	Reserves RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019		21,083	9,045,432	9,066,515	1,470,165	10,536,680
Total comprehensive income for the period		–	1,386,331	1,386,331	33,751	1,420,082
Dividends	13	–	(247,441)	(247,441)	–	(247,441)
Dividend paid by entities under common control before acquisition		–	(751,766)	(751,766)	(42,259)	(794,025)
Issue of shares for acquisitions of entities under common control		434	(434)	–	–	–
Acquisition of entities under common control	1.2(b)	–	(304,650)	(304,650)	–	(304,650)
Acquisition of a subsidiary		–	–	–	101,561	101,561
At 30 June 2019 (unaudited and restated)		21,517	9,127,472	9,148,989	1,563,218	10,712,207
At 1 January 2020 (audited)		33,870	9,825,610	9,859,480	1,977,678	11,837,158
Total comprehensive income for the period		–	1,460,230	1,460,230	127,643	1,587,873
Dividends	13	–	(388,962)	(388,962)	–	(388,962)
Capital injection from non-controlling interests	30	–	263,064	263,064	236,936	500,000
Acquisitions of non-controlling interests	30	–	(29,005)	(29,005)	(30,995)	(60,000)
Dividends to non-controlling interests		–	–	–	(3,500)	(3,500)
At 30 June 2020 (unaudited)		33,870	11,130,937	11,164,807	2,307,762	13,472,569

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Cash flows from operating activities		
Cash generated from operations	416,594	3,637,921
Income tax paid	(252,886)	(408,821)
Net cash generated from operating activities	163,708	3,229,100
Cash flows from investing activities		
Deposits paid for trust financing arrangements	–	(73,267)
Refund from deposits paid for trust financing arrangements	58,300	190,531
Additions of property and equipment	(4,168)	(24,441)
Proceeds from disposal of property and equipment	977	146
Additions of investment properties	(43,448)	(20,486)
Advances to related companies	(78,979)	(2,070,115)
Advances to non-controlling interests	(241,479)	(163,866)
Repayment from related companies	886,285	3,025,618
Repayment from non-controlling interests	11,507	–
Interest received	238,425	98,915
Refund from deposits paid for acquisitions	–	473,716
Payment for deposits paid for acquisitions	(216,567)	–
Net cash flow on acquisition of a subsidiary	–	216,669
Capital injection to investments accounted for using the equity method	(882,796)	(248,200)
Additions of intangible assets	(35)	–
Placement of restricted/pledged bank deposits	–	(1,459,258)
Withdrawal of restricted/pledged bank deposits	885,309	1,747,177
Payments for financial assets at fair value through profit or loss	(145,817)	–
Net cash generated from investing activities	467,514	1,693,139

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Cash flows from financing activities		
Proceeds from borrowings	2,406,457	3,546,713
Repayment of borrowings	(2,159,116)	(3,148,973)
Principal elements of lease payments	(4,007)	(725)
Interest paid	(1,116,206)	(525,908)
Proceeds from issuance of senior notes	1,847,927	366,289
Repayment of senior notes	–	(3,088,682)
Advances from related parties	30,000	763,745
Repayment to related parties	(240,547)	(623,943)
Advances from non-controlling interests	2,480	7,055
Repayment to non-controlling interests	(25,119)	(44,442)
Acquisitions of non-controlling interests	(60,000)	–
Dividends paid to non-controlling interests	(3,500)	–
Dividend paid by entities under common control before acquisition	–	(794,025)
Capital contribution from non-controlling interests	500,000	–
Net cash generated from/(used in) financing activities	1,178,369	(3,542,896)
Net increase in cash and cash equivalents	1,809,591	1,379,343
Cash and cash equivalents at beginning of the period	6,030,412	4,599,715
Exchange gains/(losses) on cash and cash equivalents	49,017	(1,102)
Cash and cash equivalents at end of the period	7,889,020	5,977,956

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION

Jiayuan International Group Limited (the “Company”) was incorporated on 5 May 2015 and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. In March 2016, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”). Its immediate holding company is Mingyuan Group Investment Limited, a company incorporated in the British Virgin Islands (“BVI”) with limited liability. Its ultimate holding company is Galaxy Emperor Limited, a company incorporated in the BVI with limited liability. Its ultimate controlling party is Mr. Shum Tin Ching (the “Ultimate Shareholder”).

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in the property development, property investment and provision of property management services.

The interim financial information for the six months ended 30 June 2020 (“Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated, and was approved for issue by the Board of Directors of the Company on 12 August 2020.

1.1 Basis of preparation

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’. This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2019 (“2019 Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

1.2 Merger accounting for business combination involving entities under common control

- (a) On 21 January 2019, the Company completed the acquisition of the entire issued share capital of Chuangyuan Holdings Limited (“Chuangyuan”), a company incorporated in the BVI, from the Ultimate Shareholder (the “Chuangyuan Acquisition”) in consideration of 50,180,189 new issued ordinary shares of the Company to the Ultimate Shareholder. The principal activities of Chuangyuan and its subsidiaries (“Chuangyuan Group”) are provision of property management services in the People’s Republic of China (the “PRC”).

1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION – CONTINUED

1.2 Merger accounting for business combination involving entities under common control – continued

- (b) On 26 April 2019, the Company entered into a sale and purchase agreement with the Ultimate Shareholder whereby the Company conditionally agreed to acquire 100% equity interest of Huiyuan Investment Holdings Limited (“Huiyuan”), a company incorporated in the BVI, in consideration of 1,377,959,475 new issued ordinary shares of the Company to the Ultimate Shareholder (“Huiyuan Acquisition”). The principal activities of Huiyuan and its subsidiaries (“Huiyuan Group”) are property development and property investment in the PRC. As a condition of Huiyuan Acquisition, Huiyuan Group acquired 82.48% equity interest of Bengbu Mingyuan Real Estate Development Co., Ltd. and 42% equity interest of Lujiang Jiayuan Real Estate Development Co., Ltd. from Zhejiang Jiayuan Real Estate Group Co., Ltd. which is controlled by the Ultimate Shareholder, in an aggregated consideration of RMB304,650,000 in April and May 2019. The consideration of RMB304,650,000 was settled by the balance of other receivables due from the entities controlled by the Ultimate Shareholder in August 2019. On 8 August 2019, Huiyuan Acquisition was completed.

The Company has applied merger accounting to the above acquisitions, being business combinations involving entities under common control, under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA. The Group and the acquired groups are regarded as continuing entities.

- (c) The Chuangyuan Acquisition has been accounted for in preparing the interim financial information for the six months ended 30 June 2019. As a result of the completion of Huiyuan Acquisition on 8 August 2019, the comparative information for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2019 have been restated to include the operating results of the Huiyuan Group as if the Huiyuan Acquisition had been completed since the date the respective business came under the common control of the Company.

1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION – CONTINUED

1.2 Merger accounting for business combination involving entities under common control – continued

The effect of restatements on the condensed consolidated income statement for the six months ended 30 June 2019 by line items is as follows:

	Unaudited and originally stated RMB'000	Huiyuan Group RMB'000	Elimination of intercompany balances and transactions RMB'000	Restated RMB'000
Revenue	5,303,985	1,430,226	(3,743)	6,730,468
Cost of sales	(3,463,539)	(741,117)	–	(4,204,656)
Gross profit	1,840,446	689,109	(3,743)	2,525,812
Other income	134,500	1,579	–	136,079
Other gains and losses	(39,006)	21,735	–	(17,271)
Net impairment reversal on financial assets	33,862	–	–	33,862
Fair value change on investment properties	156,599	14,205	–	170,804
Selling and marketing costs	(74,992)	(33,271)	–	(108,263)
Administrative expenses	(134,924)	(44,465)	3,743	(175,646)
Other expenses	(1,988)	(186)	–	(2,174)
Finance costs	(39,119)	(37,084)	–	(76,203)
Share of results of investments accounted for using the equity method	(872)	(23,094)	–	(23,966)
Profit before taxation	1,874,506	588,528	–	2,463,034
Income tax expense	(700,906)	(344,510)	–	(1,045,416)
Profit for the period	1,173,600	244,018	–	1,417,618
Profit for the period attributable to:				
– Owners of the Company	1,125,642	258,225	–	1,383,867
– Non-controlling interests	47,958	(14,207)	–	33,751
	1,173,600	244,018	–	1,417,618

1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION – CONTINUED

1.2 Merger accounting for business combination involving entities under common control – continued

The effect of restatements on the condensed consolidated statement of comprehensive income for the six months ended 30 June 2019 by line items is as follows:

	Unaudited and originally stated RMB'000	Huiyuan Group RMB'000	Elimination of intercompany balances and transactions RMB'000	Restated RMB'000
Profit for the period	1,173,600	244,018	–	1,417,618
Other comprehensive income				
Items that maybe reclassified to profit or loss:				
– Exchange differences arising on translation of foreign operations	2,464	–	–	2,464
Total comprehensive income for the period	<u>1,176,064</u>	<u>244,018</u>	<u>–</u>	<u>1,420,082</u>
Total comprehensive income for the period attributable to:				
– Owners of the Company	1,128,106	258,225	–	1,386,331
– Non-controlling interests	47,958	(14,207)	–	33,751
	<u>1,176,064</u>	<u>244,018</u>	<u>–</u>	<u>1,420,082</u>

1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION – CONTINUED

1.2 Merger accounting for business combination involving entities under common control – continued

The financial effect of the restatements to the Group's equity on 30 June 2019 is summarised below:

	Unaudited and originally stated RMB'000	Huiyuan Group RMB'000	Elimination of intercompany balances and transactions RMB'000	Restated RMB'000
Share capital	21,512	283,255	(283,250)	21,517
Reserves	8,650,211	176,011	301,250	9,127,472
Total	8,671,723	459,266	18,000	9,148,989
Non-controlling interests	1,311,757	251,461	–	1,563,218
Total equity	9,983,480	710,727	18,000	10,712,207

The effect of the restatement on the Group's earnings per share for the six months ended 30 June 2019 is as follows:

	RMB cents
Unaudited and originally restated	43.95
Adjustments arising from business combination under common control	(8.82)
Restated	35.13

1.3 Significant matters in the current reporting period

Since the Novel Coronavirus ("COVID-19") outbreak in early 2020, a series of precautionary and control measures have been implemented in the PRC. The directors of the Company have given careful consideration and re-assessment its impact on the liquidity risk, valuation of inventories and investment properties, the lifetime expected credit loss of trade and other receivables and operating performance of the Group. The directors are of the opinion that, there was no material adverse effects on its consolidated financial statements for the six months ended 30 June 2020 as a result of the COVID-19 outbreak.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the 2019 Financial Statements, except for a change of accounting policies explained in Note 2.3 below. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

- 2.1** A number of new or amended standards including amendments to HKFRS 16, amendments to HKFRS 3, amendments to HKAS 1 and HKAS 8, Conceptual framework for financial reporting 2018 and amendments to HKAS 39, HKFRS 7 and HKFRS 9 became applicable for the current reporting period. The Directors consider that application of these new standards, amendments and interpretation to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in this Interim Financial Information.
- 2.2** New standards and amendments to existing standards which have been issued but not yet effective and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
HKAS 16 (Amendment)	Property, plant and equipment – proceeds before intended use	1 January 2022
HKAS 37 (Amendment)	Onerous contracts – cost of fulfilling a contract	1 January 2022
HKFRS 3 (Amendment)	Reference to the conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022
HKFRS 17	Insurance contract	January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

2.3 Changes in accounting policies

In the 2019 Financial Statements, individual reserve items were presented separately in the consolidated statement of changes in equity. In preparing the interim financial information for the six months ended 30 June 2020, the Group, for easy reading and reducing voluminous details, combined all reserve items into one single item to simplify the presentation of the condensed consolidated statement of changes in equity. Comparative information for the condensed consolidated statement of changes in equity for the six months ended 30 June 2019 has been retrospectively restated to conform to the current period presentation. This change in accounting policies has no impact on the results and cashflow of the Group.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2019 Financial Statements.

4 SIGNIFICANT CHANGES IN PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Save for those disclosed in Note 17, there was no significant change in principal subsidiaries, joint ventures and associates of the Group during the six months ended 30 June 2020.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2019 Financial Statements.

There have been no significant changes in the risk factors and management policies since the year ended 31 December 2019.

5.2 Liquidity risk

The directors of the Company closely monitor the cash flows of the Group and, upon maturity, would renew the bank borrowings and issue new senior notes, where necessary, to enable the Group to carry on its operations in the foreseeable future. In this regard, the directors of the Company consider that the Group's liquidity risk is significantly reduced.

5 FINANCIAL RISK MANAGEMENT – CONTINUED

5.2 Liquidity risk – continued

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans which are repayable on demand are included in the earliest time band. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2020					
Trade and other payables ^(*)	3,583,832	–	–	3,583,832	3,583,832
Lease liabilities	6,073	3,512	2,881	12,466	11,480
Bank and other borrowings					
– Fixed rate	3,413,108	6,663,163	256,802	10,333,073	9,090,222
– Variable rate	221,890	912,561	2,449,638	3,584,089	3,273,118
Senior notes	5,961,922	2,476,396	–	8,438,318	7,207,132
	13,186,825	10,055,632	2,709,321	25,951,778	23,165,784
Financial guarantee					
– Mortgage guarantees	14,621,371	–	–	14,621,371	–
At 31 December 2019					
Trade and other payables ^(*)	3,944,611	–	–	3,944,611	3,944,611
Lease liabilities	5,501	3,631	4,280	13,412	10,914
Bank and other borrowings					
– Fixed rate	5,454,375	5,068,098	457,908	10,980,381	9,380,127
– Variable rate	428,744	309,980	2,440,073	3,178,797	2,750,052
Senior notes	805,328	670,805	5,743,048	7,219,181	5,274,776
	10,638,559	6,052,514	8,645,309	25,336,382	21,360,480
Financial guarantee					
– Mortgage guarantees	13,289,638	–	–	13,289,638	–

* Excluding advances, business and other tax payables, accrued charges, deposits and other payables.

5 FINANCIAL RISK MANAGEMENT – CONTINUED

5.3 Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The difference levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets at fair value through profit or loss:	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)	Fair value hierarchy
Debt instruments in Hong Kong	259,485	107,827	Level 3
Debt instruments in overseas	598,756	545,511	Level 3
Deposits paid for life insurance policies	14,796	14,866	Level 3
Listed equity investments in Hong Kong	147,461	168,775	Level 1
Total	1,020,498	836,979	
Financial liabilities – Put options of senior notes recognised as derivative financial instruments	380,621	202,910	Level 2
Put options of senior notes recognised as derivative financial instruments	48,630	35,477	Level 3
Total	429,251	238,387	

There were no transfers between Level 1, 2 and 3 during the six months ended 30 June 2020 and year ended 31 December 2019.

There were no changes in valuation techniques and key inputs during the six months ended 30 June 2020 and year ended 31 December 2019.

6 REVENUE

Revenue is stated net of sales related tax and is analysed as follows:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Types of goods and services		
Sales of properties	8,183,123	6,490,208
Property management services	264,820	190,065
Property rental	111,287	50,195
Total	8,559,230	6,730,468
Revenue is recognised:		
Contracts with customers:		
– At a point in time	8,187,672	6,490,208
– Over time	260,271	190,065
Other source: rental income	8,447,943	6,680,273
	111,287	50,195
	8,559,230	6,730,468

Sales of properties by geographical markets

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Mainland China	8,118,493	6,490,208
Hong Kong	64,630	–
Total	8,183,123	6,490,208

There was no individual customer contributing over 10% of the total revenue for the six months ended 30 June 2020 and 2019.

7 SEGMENT INFORMATION

The Group is principally engaged in property development, revenue of which accounted for over 90% of total turnover.

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

The Group has only one reportable segment – Property development. The other segments are individually and collectively insignificant for segment reporting purpose. As such, no segment information is presented.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in the PRC and more than 90% of the carrying values of the Group's non-current assets excluding financial instruments and deferred tax assets are situated in the PRC.

8 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000 (Unaudited)	RMB'000 (Unaudited and restated)
Interest income on loans receivable	63,311	68,067
Interest income on financial assets at fair value through profit or loss	43,569	37,030
Interest income on bank deposits	36,648	20,387
Government grant	2,272	486
Compensation income	17,187	1,152
Others	9,963	8,957
	172,950	136,079

9 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	RMB'000 (Unaudited)	RMB'000 (Unaudited and restated)
Fair value change on financial assets at fair value through profit or loss	(21,605)	(57,252)
Fair value change on derivative financial instruments	(135,450)	(36,481)
Losses on disposals of financial assets at fair value through profit or loss	–	(3,953)
Foreign exchange (losses)/gains, net	(3,170)	58,676
Others	6,543	21,739
	(153,682)	(17,271)

10 FINANCE COSTS

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Interest expenses:		
– Bank and other borrowings	639,504	465,853
– Senior notes	527,404	263,516
– Lease liabilities	391	178
	1,167,299	729,547
Less: amounts capitalised on qualifying assets	(1,013,447)	(653,344)
	153,852	76,203

Finance costs have been capitalised for investment properties under construction and properties under development at an average rate of 7.71% (six months ended 30 June 2019: 6.41%) for the six months ended 30 June 2020.

11 INCOME TAX EXPENSES

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Current income tax		
– Corporate income tax	772,034	595,579
– Land appreciation tax	508,368	402,699
	1,280,402	998,278
Deferred income tax	(147,802)	47,138
	1,132,600	1,045,416

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during both periods.

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.

11 INCOME TAX EXPENSES – CONTINUED

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

All gains arising from the sale or transfer of real estate in the PRC are subject to land appreciation tax at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and certain expenses for the development of the land. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

12 PROFIT FOR THE PERIOD

Profit for the period is after charging:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Cost of properties held for sale recognised as expenses	5,153,488	4,204,656
Depreciation charge of property and equipment	7,816	8,110
Depreciation charge of right-of-use assets	2,822	794
Employee benefit expense (including directors' emoluments)	282,998	238,569

13 DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

The final dividend in respect of the year ended 31 December 2018 of HKD11 cents (equivalent to RMB9.9 cents) per ordinary share, in an aggregate amount of HKD281,727,000, approximately RMB247,441,000, approved at the Annual General Meeting on 13 June 2019, has been paid in cash of HKD263,981,000, approximately RMB232,438,000, and in form of scrip dividend alternative of HKD17,746,000, approximately RMB15,616,000, in July 2019.

The final dividend in respect of the year ended 31 December 2019 of HKD11 cents (equivalent to RMB9.9 cents) per ordinary share, in an aggregate amount of HKD433,868,000, approximately RMB388,962,000, approved at the Annual General Meeting on 10 June 2020, has been paid in cash of HKD86,711,000, approximately RMB78,274,000, and in form of scrip dividend alternative of HKD347,157,000, approximately RMB313,377,000, in July 2020.

14 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by weighted average number of ordinary share in issue during the period.

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
Profit for the period attributable to owners of the Company (RMB'000)	1,461,801	1,383,867
Weighted average number of ordinary shares for in issue (in thousands)	3,944,252	3,939,111
Basic earnings per share (RMB cents)	37.06	35.13

(b) Diluted earnings per share

For the six months ended 30 June 2020 and 2019, diluted earnings per share equal basic earnings per share as there were no dilutive potential shares in both periods.

15 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Fair value			
At 1 January 2019 (restated)	4,662,833	2,908,885	7,571,718
Additions	–	20,486	20,486
Exchange differences	–	410	410
Transfer upon completion	2,477,372	(2,477,372)	–
Fair value change	158,857	11,947	170,804
At 30 June 2019 (unaudited and restated)	7,299,062	464,356	7,763,418
At 1 January 2020 (audited)	7,647,680	194,226	7,841,906
Additions	–	43,448	43,448
Transfer to inventories of properties	(18,858)	–	(18,858)
Fair value change	(151,465)	24,856	(126,609)
At 30 June 2020 (unaudited)	7,477,357	262,530	7,739,887

At 30 June 2020 and 31 December 2019, the Group had only level 3 investment properties.

16 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2020, there were RMB4,168,000 additions on property and equipment of the Group (six months ended 30 June 2019: RMB24,441,000). In addition, the Group has disposed of property and equipment with net book value of RMB969,000 during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB130,000).

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Interests in joint ventures (a)	2,091,025	931,896
Interests in associates (b)	51,317	53,155
	2,142,342	985,051

(a) Interests in joint ventures

	30 June 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited and restated)
At 1 January	931,896	–
Additions	1,021,658	536,253
Share of results	137,471	(21,034)
At 30 June	2,091,025	515,219

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

(a) Interests in joint ventures – continued

The entities listed below have share registered capital/share capital, which are held directly by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion voting rights held. The joint ventures are unlisted companies and there are no quoted market prices available for its equity interests.

Name of entity	Place of incorporation	Proportion of ownership interest held		Principal activity
		30 June 2020	31 December 2019	
Nanjing Kangxing Science and Technology Industrial Park Operation Management Co., Ltd 南京康星科技產業園營運有限公司	PRC	51%	51%	Property development
Dongfangsuoqi Investment Development Group Co., Ltd 東方索契投資發展集團有限公司	PRC	36%	36%	Property development
Chongqing Jiabao Property Management Co., Ltd 重慶佳寶物業管理有限公司	PRC	51%	51%	Property management
Lujiang Biyuan Real Estate Development Co., Ltd 廬江碧源房地產開發有限公司	PRC	50%	50%	Property development
Yancheng Xingzhou Jiayuan Real Estate Development Co., Ltd 鹽城星洲佳源房地產開發有限公司 ("Yancheng Xingzhou") (i)	PRC	65%	65%	Property development
Gang Yuan (Cambodia) Development Co., Ltd	Cambodia	50%	50%	Property development
Meijia (Pingtan) Cultural Tourism Development Co., Ltd 美佳(平潭)文化旅遊發展有限公司	PRC	30%	30%	Cultural Tourism Development
Zhejiang Xingjia Property Service Co., Ltd 浙江星佳物業服務有限公司	PRC	51%	51%	Property management
Xinjiang Jiayuan Ronghua Real Estate Development Co., Ltd 新疆佳源榮華房地產開發有限公司 ("Xinjiang Ronghua") (ii)	PRC	60%	–	Property development
Shenzhen Rongjia Shanju Industrial Development Co., Ltd 深圳市融佳善居實業發展有限公司 ("Rongjia Shanju") (iii)	PRC	50%	–	Investment holding
Anhui Liuzhuang Real Estate Co., Ltd 安徽劉莊置業有限責任公司 ("Anhui Liuzhuang") (iv)	PRC	51%	–	Property development

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

(a) Interests in joint ventures – continued

According to the Articles of these entities, all significant and relevant matters of these entities require unanimous consent among the shareholders. Therefore these entities are accounted for as joint ventures of the Group.

- (i) During the six months ended 30 June 2020, additional paid-in capital of RMB193,266,000 was injected by the Group to Yancheng Xingzhou, a company established in November 2019 by the Group jointly with a third party.
- (ii) In January 2020, the Group established Xinjiang Ronghua, jointly with a third party. The Group injected RMB189,530,000, owning 60% of equity interests in the company.
- (iii) In June 2020, the Group established Rongjia Shanju, jointly with a third party. The Group injected RMB500,000,000, owning 50% of equity interests in the company.
- (iv) During the six months ended 30 June 2020, the Group acquired 51% equity interests of Anhui Liuzhuang for RMB132,326,000 with a bargain purchase gain of RMB6,535,000 arisen from the acquisition.

(b) Interests in associates

	30 June 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited and restated)
At 1 January	53,155	31,691
Share of results	(1,838)	(2,932)
At 30 June	51,317	28,759

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Debt instruments in Hong Kong	259,485	107,827
Debt instruments in overseas	598,756	545,511
Deposits paid for a life insurance policy	14,796	14,866
Listed equity investment in Hong Kong	147,461	168,775
	1,020,498	836,979
Less: Non-current portion	(873,037)	(668,204)
	147,461	168,775

19 INVENTORIES OF PROPERTIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
At cost:		
Properties under development	26,028,952	23,648,474
Properties held for sale	10,077,924	10,462,723
Others	696	880
	36,107,572	34,112,077

The operating cycle of the Group's property development projects generally ranges from one to two years.

As at 30 June 2020 and 31 December 2019, the Group's inventories of properties are situated in the PRC, Hong Kong and Macao.

19 INVENTORIES OF PROPERTIES – CONTINUED

Amounts of properties under development comprise:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
– Construction costs including depreciation and staff cost capitalised	8,508,802	7,839,524
– Land use rights	15,363,337	14,059,202
– Borrowing costs capitalised	2,156,813	1,749,748
	26,028,952	23,648,474

As at 30 June 2020, properties under development amounting to RMB8,844,282,000 (31 December 2019: RMB8,446,822,000) were expected to be completed beyond one year.

The capitalisation rate used to capitalise interest on general borrowings for the six months ended 30 June 2020 was 7.71% (six months ended 30 June 2019: 6.41%) per annum.

20 TRADE AND OTHER RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables (a)	464,896	321,910
Other receivables (b)	5,757,238	5,957,013
Prepayments (c)	1,341,158	1,098,000
	7,563,292	7,376,923
Less: loss allowance	(75,877)	(74,654)
	7,487,415	7,302,269
Less: Non-current portion of other receivables (b)	(88,781)	(124,934)
Current portion of trade and other receivables	7,398,634	7,177,335

20 TRADE AND OTHER RECEIVABLES – CONTINUED**(a) Details of trade receivables are as follows:**

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	464,896	321,910
Less: allowance for impairment	(23,783)	(9,401)
Trade receivables – net	441,113	312,509

Trade receivables mainly arise from properties rental and provisions of properties management services. Customers are generally granted credit terms of nil to 1 month. The ageing analysis of trade receivables based on property delivery date or invoice date is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0-60 days	241,053	187,875
61-180 days	111,064	83,805
181-365 days	76,500	19,008
Over 1 year	36,279	31,222
	464,896	321,910

As at 30 June 2020 and 31 December 2019, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses. As at 30 June 2020, a provision of RMB23,783,000 (31 December 2019: RMB9,401,000) was made against the gross amounts of trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

20 TRADE AND OTHER RECEIVABLES – CONTINUED**(b) Details of other receivables are as follows:**

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Advances to related parties	1,715,685	2,225,715
Advances to non-controlling interest	1,039,598	809,626
Deposits paid for acquisitions of land use rights	612,962	420,000
Projects related deposits	826,913	911,030
Deposits for trust financing arrangements	124,572	146,719
Other deposits	542,846	453,642
Advance to staff	30,057	55,112
Loans receivable	556,196	587,929
Interest receivable	51,768	190,234
Other receivables	256,641	157,006
	5,757,238	5,957,013
Less: allowance for impairment	(52,094)	(65,253)
	5,705,144	5,891,760
Less: Non-current portion of deposits for trust financing arrangements	(88,781)	(124,934)
Current portion of other receivables – net	5,616,363	5,766,826

The above other receivables are unsecured and non-interest bearing, except for the loans receivables which are interest bearing at rates ranging from 12% to 23% (2019: 12% to 23%) per annum.

(c) Prepayments mainly represented prepayments for construction cost, and business and other taxes.

21 RESTRICTED/PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Cash at banks and on hand	9,126,812	8,153,513
Less: Restricted/pledged bank deposits		
– Pledged bank deposits for mortgage guarantees (a)	(220,281)	(259,083)
– Restricted bank deposits (b)	(1,017,511)	(1,864,018)
	(1,237,792)	(2,123,101)
Cash and cash equivalents	7,889,020	6,030,412

- (a) These deposits were pledged to the banks, to secure the mortgage guarantees provided to customers, and will be released upon obtaining building ownership certificates by buyers.
- (b) Restricted bank deposits represented deposits placed in bank accounts in accordance with the applicable government regulations. These bank balances can only be applied in designated property development projects, and they carry prevailing interest at the rate of 0.38% (31 December 2019: 0.38%) per annum as at 30 June 2020.
- (c) Cash at banks and deposits held at call carry prevailing market interest rates ranging from 0.01% to 3.65% (31 December 2019: 0.01% to 3.65%) per annum as at 30 June 2020.

As at 30 June 2020, the cash at banks are denominated in below currencies:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
RMB	6,852,004	6,128,425
HKD	285,619	258,457
USD	1,988,047	1,765,541
Others	1,142	1,090
	9,126,812	8,153,513

The conversion and the remittance of RMB out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC governments.

22 TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables (a)	3,354,636	3,639,200
Advances from non-controlling interests	707,246	729,885
Business and other taxes payable	624,594	514,091
Other deposits received (b)	515,264	375,913
Deposits related to sales of properties	205,086	268,363
Advances from related parties	779,282	234,960
Receipts on behalf of property residents	134,196	210,411
Accrued charges	132,385	101,160
Consideration payable for acquisition of subsidiaries	95,000	95,000
Other consideration payables	226,500	226,500
Dividend payable (Note 13)	388,962	–
	7,163,151	6,395,483

- (a) Trade payables comprise construction costs and other project-related expenses which are due for payment based on project progress measured by the Group. The average credit period of trade payables is 30 days.

The following is an ageing analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0-60 days	1,838,907	2,152,245
61-180 days	741,410	751,103
181-365 days	278,882	298,295
Over 1 year	495,437	437,557
	3,354,636	3,639,200

- (b) Amounts mainly represented various deposits received from contractors in relation to tendering and execution of construction contracts.

23 PRE-SALE DEPOSITS RECEIVED

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contract liabilities related to sales of properties	17,560,686	18,780,511
Contract liabilities related to property management services	80,653	73,018
Value-added tax payable	1,535,195	1,587,448
	19,176,534	20,440,977
Less: non-current portion	(531,293)	(500,510)
Current portion	18,645,241	19,940,467

24 BANK AND OTHER BORROWINGS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bank loans		
– secured	3,982,975	3,612,555
– secured and guaranteed	795,257	447,500
– unsecured	428	500
	4,778,660	4,060,555
Trust loans		
– secured	2,383,124	1,292,305
– secured and guaranteed	4,830,370	5,723,300
– unsecured	–	687,624
	7,213,494	7,703,229
Other loans		
– secured	–	66,395
– secured and guaranteed	371,186	300,000
	371,186	366,395
Total bank and other borrowings	12,363,340	12,130,179
Less: Amounts due within one year or on demand shown under current liabilities	(3,049,663)	(4,667,930)
Amounts shown under non-current liabilities	9,313,677	7,462,249

24 BANK AND OTHER BORROWINGS – CONTINUED

Fixed-rate borrowings amounting to RMB9,090,222,000 (31 December 2019: RMB9,380,127,000) carry interest at rates ranging from 1.55% to 14.00% (31 December 2019: 1.55% to 14.00%) per annum at 30 June 2020. The remaining borrowings amounting to RMB3,273,118,000 (31 December 2019: RMB2,750,052,000) are arranged at variable rates with effective interest rates ranging from 4.00% to 6.51% (31 December 2019: 4.00% to 6.51%) per annum at 30 June 2020.

The range of effective interest rates at the end of each reporting period is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bank loans	1.55% to 9.00%	1.55% to 9.50%
Trust loans	9.00% to 14.00%	7.10% to 14.00%
Other loans	7.10% to 8.10%	12.00% to 12.80%

25 SENIOR NOTES

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Issued in 2018 and due October 2020		124,435	122,533
Issued in 2019 and due May 2022		1,710,096	1,639,014
Issued in 2019 and due March 2022	(a)	2,281,481	1,848,218
Issued in 2019 and due February 2023	(b)	2,285,025	1,665,011
Issued in 2020 and due June 2021	(c)	806,095	–
		7,207,132	5,274,776
Less: amounts due within one year shown under current liabilities		(4,922,107)	(314,084)
Included in non-current liabilities		2,285,025	4,960,692

25 SENIOR NOTES – CONTINUED

The movement of senior notes for the period is set out below:

	30 June 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited)
At 1 January	5,274,776	7,212,509
Derivatives financial instruments recognised	(51,434)	(160,696)
Proceeds from issue of new senior notes	1,847,927	366,289
Repayment of senior notes	–	(3,088,682)
Exchange difference	85,161	(51,282)
Interest expenses (Note 10)	527,404	263,516
Interest paid during the year	(476,702)	(381,996)
At 30 June	7,207,132	4,159,658

Notes:

- (a) In July 2019, the Company issued senior notes (the “March 2022 Senior Notes I”) with a principal amount of USD225,000,000 (equivalent to approximately RMB1,545,233,000), bearing interest at a fixed interest rate of 13.75% per annum will mature in March 2022. A portion of the March 2022 Senior Notes I was used to exchange for a total of USD174,671,000 in principal amount of the senior notes due October 2020.

In November 2019, the Company issued senior notes (the “March 2022 Senior Notes II”) with a principal amount of USD30,000,000 (equivalent to approximately RMB210,813,000), which were consolidated with and formed a single series with the March 2022 Senior Notes I.

In February 2020, the Company issued senior notes (the “March 2022 Senior Notes III”) with a principal amount of USD67,500,000 (equivalent to approximately RMB472,891,500), which were consolidated with and formed a single series with the March 2022 Senior Notes I.

- (b) In October 2019, the Company issued senior notes (the “February 2023 Senior Notes I”) with a principal amount of USD200,000,000 (equivalent to approximately RMB1,413,800,000), bearing interest at a fixed interest rate of 13.75% per annum will mature in February 2023.

In November 2019, the Company issued senior notes (the “February 2023 Senior Notes II”) with a principal amount of USD37,500,000 (equivalent to approximately RMB263,336,000), which were consolidated with and formed a single series with the February 2023 Senior Notes I.

In January 2020, the Company issued senior notes (the “February 2023 Senior Notes III”) with a principal amount of USD30,000,000 (equivalent to approximately RMB209,599,000), which were consolidated with and formed a single series with the February 2023 Senior Notes I.

In February 2020, the Company issued senior notes (the “February 2023 Senior Notes IV”) with a principal amount of USD60,000,000 (equivalent to approximately RMB420,348,000), which were consolidated with and formed a single series with the February 2023 Senior Notes I.

- (c) In June 2020, the Company issued senior notes (the “June 2021 Senior Notes I”) with a principal amount of USD120,000,000 (equivalent to approximately RMB849,012,000), bearing interest at a fixed interest rate of 11.75% per annum will mature in June 2021.

25 SENIOR NOTES – CONTINUED

Notes: – continued

(d) The Company is required to make an offer to repurchase the outstanding senior notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, upon the occurrence of change of control triggering event or delisting event. In the opinion of Directors, the fair value of the above early redemption options was insignificant on initial recognition.

(e) Certain senior notes contain a liability component and early redemption options:

The holders of these senior notes have the right, at their options, to require the Company to repurchase for all or any portion of the principal on designated repurchase dates, as set out in respective offering circulars at purchase prices ranging from 100% to 102.795% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

As at 30 June 2020, the fair value of these put options have been recognised as derivative financial instruments in the Interim Financial Information at the amount of RMB429,251,000 (2019: RMB238,387,000).

(f) The fair values of the senior notes as at 30 June 2020 were approximately RMB6,858,311,505 (2019: RMB4,962,892,000). The fair value is calculated using the market prices of the senior notes on the date of condensed consolidated statement of financial position.

26 SHARE CAPITAL

	Number of shares HKD'000	Nominal value RMB'000	Nominal value RMB'000
Ordinary shares of HKD0.01 each			
Authorised			
At 1 January 2019, 1 January 2020 and 30 June 2020	10,000,000,000	100,000	
Issued and fully paid			
At 1 January 2019	2,510,971,802	25,110	21,083
Issue of shares for acquisition of Chuangyuan Group (Note 1.2(a))	50,180,189	502	434
At 30 June 2019 (unaudited)	2,561,151,991	25,612	21,517
At 1 January 2020 and 30 June 2020	3,944,252,161	39,443	33,870

27 PLEDGE OF ASSETS

In addition to the pledge of shares of certain subsidiaries to secure bank loans of USD70,000,000, the following assets were pledged to secure mortgage guarantees provided to customers and certain banking and other facilities granted to the Group at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Properties under development	10,888,976	9,841,317
Properties held for sale	476,980	606,049
Investment properties	3,467,100	2,478,600
Pledged bank deposits	220,281	259,083
Property and equipment	71,495	72,312
Financial assets at fair value through profit or loss	14,796	14,866
	15,139,628	13,272,227

28 COMMITMENTS

Commitments for expenditures

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
– In respects of projects classified as inventories of properties	10,782,793	9,676,191

29 GUARANTEES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Mortgage guarantees	14,621,371	13,289,638

The Group provided guarantees in respect of mortgage bank loans granted to purchasers of the Group's properties. Guarantees are given to banks with respect of loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the purchasers obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and at relevant reporting dates and accordingly, the directors of the Company consider that the possibility of default by the purchasers of the Group's properties is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and as at 30 June 2020 and 31 December 2019.

30 TRANSACTION WITH NON-CONTROLLING INTERESTS

The aggregate effects of transactions with non-controlling interests on the equity attributable to owners of the Company are as follows:

	RMB'000
Changes in equity attributable to owners of the Company arising from:	
– Deemed disposals of interests in subsidiaries without loss of control (a)	263,064
– Acquisitions of interests in subsidiaries (b)	(29,005)
	<u>234,059</u>

- (a) During the six months ended 30 June 2020, a third party injected RMB500,000,000 as capital to a subsidiary of the Group to obtain 30% equity interests in the subsidiary. The Group recognised an increase in reserve of RMB263,064,000 and increase in non-controlling interest of RMB236,936,000.
- (b) During the six months ended 30 June 2020, the Group acquired additional equity interests in a subsidiary from the non-controlling interests for a total cash consideration of RMB60,000,000. The Group recognised a decrease in reserve of RMB29,005,000 and decrease in non-controlling interest of RMB30,995,000.

31 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is ultimately controlled by Mr. Shum Tin Ching, the Ultimate Shareholder.

(a) Related party transactions

Apart from those related party transactions disclosed above in the Interim Financial Information, the following transactions were carried out with related parties.

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited and restated)
(i) Entities controlled by the Ultimate Shareholder and the close family members of the Ultimate Shareholder		
Procurement of intelligent system equipment	20,028	5,299
Procurement of architectural design fee	6,977	12,906
Provision of property management services	19,885	24,334
Procurement of electrical appliances	6,257	13,939
Provision of financial guarantees to the Group	7,457,585	3,246,466
(ii) Joint ventures		
Provision of property management services	2,030	577

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

31 RELATED PARTY TRANSACTIONS AND BALANCES – CONTINUED**(b) Related party balances**

At the end of the reporting period, the Group has the following significant balances with related parties:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
(i) Ultimate Shareholders, entities controlled by Ultimate Shareholder and the close family members		
Trading nature and included in:		
– Trade receivables	28,304	22,195
– Other receivables	3,633	2,472
– Prepayment	3,228	1,218
– Trade payables	33,199	72,572
– Other payables	1,000	228
– Pre-sale deposits	–	968
Non-trading nature and included in:		
– Other payables	492,379	142,580
– Other receivables	300,000	–
(ii) Joint ventures		
Trading nature and included in:		
– Trade receivables	770	1,020
– Other receivables	1,052	1,045
– Trade payables	–	2,792
Non-trading nature and included in:		
– Other receivables	1,415,685	2,222,991
– Other payables	286,903	–
(iii) Associates		
Non-trading nature and included in:		
– Other payables	–	92,380

The above balances due from/to related parties are mainly interest free, unsecured and to be settled according to the contract terms except for an amount of RMB400,030,000 (2019: RMB400,000,000) due from a joint venture bearing interest at a rate of 8.5% per annum.

32 EVENTS AFTER THE REPORTING PERIOD

Save for the payment of final dividend in respect of the year ended 31 December 2019 disclosed in Note 13, there were no significant events took place after 30 June 2020.