

中期報告  
Interim Report  
2020



**GLORY 国瑞**

GUORUI PROPERTIES LIMITED  
國瑞置業有限公司



(於開曼群島以「Glory Land Company Limited (国瑞置业有限公司)」的名稱註冊成立的有限公司，並以「Guorui Properties Limited」的名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability under the name of "Glory Land Company Limited (国瑞置业有限公司)" and carrying on business in Hong Kong as "Guorui Properties Limited")

香港聯合交易所股份代號 Stock Code : 2329

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Zhang Zhangsun (*Chairman*)  
Ms. Ruan Wenjuan  
Ms. Zhang Jin  
Mr. Lin Yaoquan  
Ms. Dong Xueer  
Mr. Li Bin

### Independent Non-Executive Directors

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

## JOINT COMPANY SECRETARIES

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

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Zhangsun  
Ms. Zheng Jin

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## INTERNAL CONTROL COMMITTEE

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

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

## PRINCIPAL BANKERS

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

## LEGAL ADVISORS

### As to Hong Kong Law

Baker & McKenzie  
14th Floor, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## CORPORATE HEAD OFFICE IN HONG KONG

RM2802, 28/F, Harbour Centre  
25 Harbour Road, Wan Chai  
Hong Kong

## CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

East Block, Hademen Plaza  
8-1# Chongwenmenwai Street  
Dongcheng District, Beijing  
PRC

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## LISTING INFORMATION

### Share Listing

The Company's ordinary shares  
The Stock Exchange of Hong Kong Limited  
(the "**Stock Exchange**")  
Stock Code: 02329

### Senior Notes Listing

Stock Exchange  
Stock Code: 05834

## WEBSITE

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

# Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Guorui Properties Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce to the Group’s shareholders (the “**Shareholders**”) the interim results of the Group for the six months ended June 30, 2020, together with comparative figures for the corresponding period in 2019. The Group’s interim results have not been audited but have been reviewed by the Company’s audit committee and the Company’s auditor, Deloitte Touche Tohmatsu (“**DTT**”).

- Achieved contracted sales for the six months ended June 30, 2020 (the “**Reporting Period**”) was RMB7,478.8 million with corresponding gross floor area (“**GFA**”) of approximately 375,746 sq.m.;
- Revenue for the Reporting Period was RMB3,322.4 million, of which the revenue from property development was RMB2,915.4 million;
- Gross profit for the Reporting Period was RMB871.4 million, of which the gross profit from property development was RMB605.0 million;
- Net profit for the Reporting Period was RMB281.0 million;
- Basic earnings per share for the Reporting Period were RMB1.6 cents;
- Land reserves reached a total GFA of 15,028,093 sq.m. and the average cost of land reserves was RMB2,890.0 per sq.m. for the Reporting Period;
- Contracted average selling price (“**ASP**”) for the Reporting Period was RMB19,904.0 per sq.m. The average cost of land reserves accounted for 14.5% of the ASP for the Reporting Period.

# Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended June 30, 2020.

## RESULTS AND REVIEW FOR THE FIRST HALF OF 2020

### Interim Results

During the Reporting Period, the revenue of the Group was RMB3,322.4 million. Revenue from property development was RMB2,915.4 million. For the six months ended June 30, 2020, the Group's gross profit was RMB871.4 million, net profit was RMB281.0 million.

### Market Review

#### ***Better Recovery of Real Estate Than Economy as Demonstrated by Increases in Sales Volume and Prices***

2020 is the final year for China to complete the process of building a moderately well-off society in all aspects, as well as for the "13th Five-Year Plan". The central government insisted on its policies of "houses are built to be inhabited, not for speculation", "city-specific policies" and "keep land prices, housing prices and expectations stable". At the beginning of the new year, the sudden outbreak of novel coronavirus pneumonia had a certain impact on the social economy in the short term. With regard to the real estate industry, the outbreak accelerated the shift from industry differentiation to ecological reconstruction, in addition to disrupting the sales pace of real estate enterprises and putting further financial pressure on them.

Since March 2020, as the central and local policies, including interest rate cuts, policies supporting the demand and supply, and implementation of major plans, have gradually taken effect, the sentiment of buyers to buy properties has improved, with the unleashing of the early pent-up demand in the market. Meanwhile, enterprises have capitalized on a window for sales, enhanced their efforts to launch buildings, and innovated their marketing models, which also improve the sentiment to buy properties, with a slight month-to-month increase in the prices of new houses and second-handed houses. The size of transactions of new houses for the period from May to June has been closed to the average for the corresponding period of the past three years. However, there is a greater difference in market performance between regions, cities and even projects. In the short term, the normalized epidemic prevention and control and the greater pressure of economic development have resulted in more uncertainties in the real estate market. Under the current market situation, major real estate enterprises do not have less enthusiasm to launch buildings, and may accelerate the pace of launching buildings in the second half of the year, while the early pent-up demand has not been totally unleashed, and therefore, the market will continue to recover.

## Property Development

### ***Making Efforts to Overcome Difficulties in Sales with Keeping the Stability as the Main Keynote***

In the first half of 2020, under the macro environment of regulation policies which were not eased and strict capital supervision, the Group is committed to promoting the high-quality corporate development by balancing the three driving forces, namely sales, investment and financing. In February of the year, the Group explored the online marketing model, with the launch of “Fangyun (房雲)”, which initiated its Linked Huichun Plan for 16 Projects (十六盤聯動惠春計劃), thus overcoming the difficulties of real estate enterprises during the pandemic. During the Reporting Period, the contracted sales were approximately RMB7,478.8 million; the contracted GFA sold was 375,746 sq.m.; the average contracted selling price was RMB19,904.0 per sq.m. In terms of contribution by cities, performance in Beijing, Foshan and Suzhou was brilliant, with a month-by-month growth trend. The contracted sales for the first half of 2020 were approximately RMB4,057.8 million, RMB865.5 million and RMB556.5 million respectively, accounting for 54.3%, 11.6% and 7.4% of the Group's total contracted sales respectively. Through the implementation of policies in line with the conditions of cities and the optimization of its product mix, the Group met market demands at different levels, thus increasing its market share.

The real estate industry has entered the silver age, in which the overall supply gap no longer exists. The change of cities and population will lead to market differentiation. Therefore, the industry will certainly enter the housing stock market stage in the future. The Group will carry out delicacy management, be continuously and deeply engaged in markets of the Beijing-Tianjin-Hebei region, the Yangtze River Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, and actively explore investment property and urban renewal projects, so as to enhance the full-cycle competitiveness. In terms of contribution by regions, the Group insisted on deep development in regions, mainly in the Beijing-Tianjin-Hebei, Yangtze River Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, thus maintaining stable sales. Beijing Glory Villa (北京國瑞熙墅), Fengtai Xiaowayao (豐台小瓦窯), Daxing Ruifuyuan (大興瑞福園), Haidian Cuihu (海澱翠湖) Project, Chongming Island Guorui Yingtai (崇明島國瑞瀛台), Suzhou Glory Villa (蘇州國瑞熙墅), Foshan Guohua New Capital (佛山國華新都), Jiangmen Shanhuhai (江門山湖海), Yongqing Eco-town (永清生態城) and Guizhou Tongren Intelligent Eco-town (貴州銅仁智慧生態城), Hainan Wanning Glory City (海南萬寧國瑞城), Shenyang Glory Xiyue (瀋陽國瑞•熙悅) and other projects saw satisfactory sales.

## Investment Properties

### ***Implementing Delicacy Management and Expecting the Prospect of High-quality Properties***

During the Reporting Period, the total rental income of the Group was RMB278.8 million. Rental income is expected to maintain steady growth over the next 2 to 5 years, which is mainly benefited from the Group's 11 investment properties situated at the prime locations of 7 core cities including Beijing and Shenzhen with total planned GFA of approximately 983,960 sq.m. Based on the area under operation, the operating area in Beijing accounted for approximately 53%.

Beijing Glory Shopping Mall, a mature shopping mall with an area of 130,000 sq.m. accessible by subway and located in the core area of Chongwai Business District, Second Ring Road, Beijing, aims to create a gathering place for fine life and culture. Hademen Plaza adjacent to Glory Shopping Mall, located in the most glamorous Chongwen Commercial District in Beijing and just 1 km away from Tian'anmen Square, is included in the “China New Hundred Urban Landmark Architecture” project; Foshan Glory Commercial Center, a Lingnan cultural landmark, highlights a commercial block with characteristics of Lingnan culture. Eight main ancient historical and cultural buildings in Foshan were restored to create the exquisite life experience with Lingnan characteristics of “old-meets-new”.

### Land Reserves

In 2020, due to continued market uncertainty and pressure on the financing of real estate enterprises, investors in the industry tended to be more cautious, and the Group's land investment also slowed down compared with the previous two years. Under the strategy of "quality improvement and pace control", the Group adopted stricter requirements on profit margins and risk control of project investments, and actively slowed down its pace for stability, and moved towards high-quality and steady growth. As at June 30, 2020, the total planned GFA of the land reserves of the Group was 15.03 million sq.m., with the average land cost of approximately RMB2,890.0 per sq.m. The Results of Evaluation and Research on Chinese Listed Real Estate Companies in 2020 published by China Real Estate Association and E-House China R&D Institute show that Guorui Properties ranks among the top 100 companies with its high-quality development again.

Meanwhile, the Group actively undertook primary land development projects as strategic business to obtain potential land reserve. The Group has been undertaking primary land development projects and products developed under urban renewal and the "urban redevelopment" policy in Beijing, Shenzhen and Shantou. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects was 5.8 million sq.m., 51.6% of which was the area in Shenzhen. The Central Committee of the Communist Party of China supported building Shenzhen into a pilot demonstration area of socialism with Chinese characteristics. The Group, originated from Shantou of Guangdong, has established leading advantages in the Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, with land reserves of 9.1 million sq.m.

The urban renewal projects, which features small investment and high profit margin, is an important source for the Group to replenish the land reserve in the Greater Bay Area. In the next few years, the Group's urban redevelopment projects and urban renewal projects will turn into sales and become its new profit growth drivers.

## CAPITAL STRUCTURE

### Actively Changing the Pace and Reducing Debts, Continuously Optimizing the Debt Structure

Through comprehensive utilization of the diversified advantages of domestic and overseas financing channels, the Group has made full use of various financial means to continuously optimize fund management, reduce financing costs, optimize debt structure and effectively control exchange rate risks. At the same time, it will further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.

In March of the year, Guorui Properties repaid the remaining outstanding part of US\$300 million 7% senior note in full, and after the completion of redemption, the notes have been fully cancelled. In June, the Company repaid US\$100 million 10.0% senior note due 2020, and after the completion of redemption, the notes have been fully cancelled. After the redemption of relevant senior notes, the proportion of short-term debts of the Company will further decrease.

During the Reporting Period, the Group's interest-bearing liabilities due within one year decreased by 10.4% as compared to December 31, 2019.

As at June 30, 2020, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,953.9 million, representing an increase of 33.3% as compared to RMB2,216.2 million as at December 31, 2019. During the Reporting Period, the Group's net debt to equity ratio decreased by 3.7 percentage points year-on-year.

## OUTLOOK FOR THE SECOND HALF OF 2020

In the second half of 2020, subject to the pandemic being brought under effective control in China, China's economy may gradually recover. The rapid development of infrastructure construction investment and the year-on-year increase in real estate investment will help improve fixed asset investment, while the room for consumption growth is limited, affected by multiple factors. In general, China's economy is expected to improve quarter by quarter in the second half of the year, but it is necessary to be alert to the risks from various uncertainties, and there is still greater pressure on overall economic growth. The domestic financial environment will remain relatively relaxed, and reasonable and abundant liquidity will bring about a more favorable capital demand, for economic recovery and development. For the real estate market, a stable and relatively relaxed financial environment will be beneficial to the real estate market. The reduction in financing costs of real estate enterprises and the housing purchase costs of residents will facilitate the recovery and development of the market.

The Group believes that China's economy is being restarted after the pandemic, and real estate enterprises are looking for their orientation again. In line with the needs of the times, the Group will be committed to exploring the innovation of habitation business forms, developing a new industry, business form and model for the big health, continuously upgrading intelligent products of Guorui, and reshaping products and lifestyles. Meanwhile, through the integration of real estate, online and offline medical platform, health care, insurance and other major sectors, it will create innovative products and platforms including intelligent community, intelligent new city, online insurance and online medical treatment, so as to build a moat for the comprehensive competitiveness of Guorui.

Grow with Guorui, Enjoy Better Life. Guorui's smart residential products have gradually deployed to Guorui Tongren (国瑞铜仁), Foshan Xiqiao (佛山西樵), Yongqing Glory City, Chongming Guorui Yingtai, and Wanning Glory City projects. Empowering our products with technology would help Guorui to grow into a service provider for better life.

While actively seeking changes and improving and upgrading its product quality, the Group pays attention to reducing leverage and debt, ensuring abundant cash flow, enhancing investment risk management and control, and carefully selecting high-quality projects for investment. In the future, the Group will continue to reduce the quantity of stock, recoup funds and reduce debts on the basis of making reasonable judgments on scale growth and profitability.

Under the complicated market environment, Guorui Properties will continue to improve its efficiency, carry out steady and sustainable development. It will make efforts to create differentiated products in a truthful and practical manner, so as to empower the creation of a better life in cities.

## ACKNOWLEDGEMENT

On behalf of the Board, I take this opportunity to express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. In the past half year, thanks to the guidance from the management of the Company, together with the efforts and contributions from all staff, the Group achieved stable development. In the future, the Company will continue to strive for maximized value and considerable returns for all of its shareholders.

**Zhang Zhongsun**  
*Chairman*

Beijing, the PRC  
August 31, 2020



# Management Discussion and Analysis

## BUSINESS REVIEW

For the six months ended June 30, 2020, the Group's revenue was RMB3,322.4 million. Revenue from property development was RMB2,915.4 million. For the six months ended June 30, 2020, the Group's gross profit was RMB871.4 million, the net profit was RMB281.0 million.

### Contracted Sales

The contracted sales of the Group for the first half of 2020 and the first half of 2019 amounted to approximately RMB7,478.8 million and RMB12,828.3 million, respectively. The total contracted GFA was approximately 375,746 sq.m. and 604,636 sq.m., respectively. Contracted sales of the Group in the first half of 2020, by geographical location, were mainly from Beijing, Foshan and Suzhou, and the contracted sales amounting to approximately RMB4,057.8 million, RMB865.5 million and RMB556.5 million, respectively, representing 54.3%, 11.6% and 7.4% of the Group's total contracted sales, respectively.

The following table sets out the Group's contracted sales by region for the six months ended June 30, 2020 and 2019:

City	For the Six Months Ended June 30,			
	2020		2019	
	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)
Beijing	4,057.8	54.3	6,687.2	52.1
Haikou	102.8	1.4	262.8	2.1
Wanning	120.5	1.6	1.2	0.0
Langfang	91.2	1.2	340.8	2.7
Zhengzhou	45.1	0.6	17.2	0.1
Shenyang	194.4	2.6	422.9	3.3
Foshan	865.5	11.6	708.0	5.5
Shantou	253.0	3.4	214.8	1.7
Suzhou	556.5	7.4	1,413.2	11.0
Chongming Island	69.4	0.9	731.0	5.7
Xi'an	232.6	3.1	142.7	1.1
Guizhou	56.6	0.8	238.3	1.9
Wuxi	45.2	0.6	257.2	2.0
Chongqing	170.7	2.3	354.3	2.8
Shijiazhuang	40.8	0.6	75.2	0.6
Jiangmen	258.2	3.5	277.5	2.2
Tianjin	128.7	1.7	395.1	3.1
Sanya	149.1	2.0	288.9	2.3
Handan	40.7	0.5	–	–
<b>Total</b>	<b>7,478.8</b>	<b>100.0</b>	<b>12,828.3</b>	<b>100.0</b>

## Property Projects

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

As at June 30, 2020, the Group had completed a total GFA of 7,827,786 sq.m. and had land reserves with a total GFA of 15,028,093 sq.m., comprising (a) a total GFA of 1,112,176 sq.m. completed but remaining unsold, (b) a total GFA of 7,011,072 sq.m. under development, and (c) a total planned GFA of 6,904,845 sq.m. held for future development.

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at June 30, 2020, the Group had investment properties with a total GFA of 983,960 sq.m. in Beijing Fugui Garden, Beijing Glory City, Beijing Bei Wu Lou, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen • Nanshan, Haikou Glory City and Foshan Glory Shengping Commercial Center.

## Properties under development and properties held for future development

The following table sets out a summary of information on the Group's projects under development, project phases and properties held for future development as at June 30, 2020:

Project	Project Type	Site Area (sq.m.)	Under Development				Held for Future Development		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA in Respect of Which Land Use Rights Certificates Have Not Been Obtained (sq.m.)		
<b>Beijing</b>									
1	Beijing Glory Villa East	Residential	45,713	167,497	124,177	-	-	-	100
2	Beijing Glory Villa West	Residential	26,335	91,316	77,676	-	-	-	80
3	Daxing Yinghai Project	Residential	63,030	203,071	193,912	108,141	-	-	80
4	Fengtai Xitieying	Residential	65,650	335,456	285,069	114,923	-	-	16
5	Haidian Cuihu (海澱翠湖)	Residential	82,336	271,381	264,854	113,986	-	-	28
6	Fengtai Xiaowayao (豐台小瓦窯)	Residential	27,200	149,196	129,237	93,712	-	-	40.8
<b>Haikou</b>									
1	Hainan Yunlong	Mixed-use	1,084,162	140,640	130,342	4,048	646,972	-	80
<b>Wanning</b>									
1	Wanning Glory City (phases II to III)	Residential	143,560	17,201	17,080	-	207,886	-	80

## Management Discussion and Analysis

Project	Project Type	Site Area (sq.m.)	Under Development				Held for Future Development		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA in Respect of Which Land Use Rights Certificates Have Not Been Obtained (sq.m.)		
<b>Langfang</b>									
1	Yongqing Glory City (Phases I (partial) to II)	Residential	410,569	87,194	-	-	782,877	-	80
2	Yongqing Glory City (Phase IV (partial))	Residential	143,717	-	-	-	423,031	-	100
<b>Zhengzhou</b>									
1	Zhengzhou Glory City (Phases VIII, School)	Mixed-use	11,235	30,535	30,535	-	-	-	80
<b>Shenyang</b>									
1	Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	181,414	420,109	380,447	134,277	73,342	-	80
<b>Foshan</b>									
1	Foshan Guohua New Capital (Phase II)	Residential	16,237	30,531	23,454	-	-	-	44
2	Foshan Glory Shengping Commercial Center	Mixed-use	79,311	310,420	220,237	11,791	-	-	80
3	Foshan Xiqiao	Residential	63,952	265,241	255,965	24,034	-	-	80
4	Canglonghuafu (藏龍華府)	Mixed-use	139,755	411,419	281,162	-	-	-	35
<b>Xi'an</b>									
1	Glory • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	31,998	-	-	80
<b>Shantou</b>									
1	Convention Hotel	Mixed-use	28,439	186,799	136,357	46,708	-	-	100
2	Shantou Glory Hospital	Hospital	100,001	313,597	-	-	38,749	-	100
<b>Shenzhen</b>									
1	Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	-	274,213	-	80
<b>Suzhou</b>									
1	Suzhou Glory Villa	Mixed-use	51,205	168,745	160,909	58,740	-	-	80
<b>Qidong</b>									
1	Chongming Island	Residential	1,211,544	321,438	292,722	280,428	761,358	-	72
2	Butterfly Hotel	Hotel	64,000	53,656	-	-	-	-	100

Project	Project Type	Site Area (sq.m.)	Under Development			Held for Future Development			Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA in Respect of Which Land Use Rights Certificates Have Not Been Obtained (sq.m.)		
<b>Wuxi</b>									
1	Glory Luoshe Xincheng (國瑞洛社新城)	Residential	30,726	90,438	90,381	63,527	-	-	39
<b>Tongren</b>									
1	Guorui Intelligent Eco-town Project (國瑞智慧生態城項目)	Mixed-use	780,430	270,157	176,204	101,043	1,604,098	1,436,370	80
<b>Tianjin</b>									
1	Ruichengjiayuan (瑞城嘉園)	Residential	80,385	162,697	139,413	-	-	-	35
<b>Chongqing</b>									
1	Elegant Villa (書香溪墅)	Residential	48,866	89,359	88,493	-	-	-	51
<b>Jiangmen</b>									
1	Shanhuaizhuangyuan (山湖海莊園)	Mixed-use	373,571	150,868	136,595	47,083	543,988	-	52
<b>Handan</b>									
1	Handan Glory City (邯鄲國瑞城)	Mixed-use	161,736	844,696	713,325	188,797	-	-	35
<b>Enping</b>									
1	Sijiquancheng (四季泉城)	Residential	106,091	92,854	92,854	34,888	250,801	-	68
2	Wenquancheng (溫泉城)	Residential	49,313	-	-	-	98,520	-	68
3	Wenquan Garden (溫泉花園)	Residential	69,626	-	-	-	139,252	-	68
<b>Sanya</b>									
1	Hongtangwan (紅塘灣)	Mixed-use	96,737	183,318	107,435	15,643	-	-	35
<b>Shijiazhuang</b>									
1	Fuguicheng (富貴城)	Mixed-use	431,927	818,502	399,937	210,771	1,059,758	1,059,758	51
<b>Total</b>			<b>6,308,098</b>	<b>7,011,072</b>	<b>5,202,906</b>	<b>1,684,538</b>	<b>6,904,845</b>	<b>2,496,128</b>	
<b>Total Attributable GFA</b>			<b>4,404,576</b>	<b>4,154,591</b>	<b>2,963,092</b>	<b>968,568</b>	<b>5,037,047</b>	<b>1,689,573</b>	

### Investment Properties

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

Project	Types of Properties	Total GFA Held for Investment  (sq.m.)	Leasable GFA  (sq.m.)	Effective Leased GFA  (sq.m.)	Total Rental Income For the Six Months Ended June 30	
					2020 (RMB'000)	2019 (RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	42,911	108,132	127,132
	Offices	8,520	8,520	5,180		
	Car parking spaces	26,324	26,324	21,779		
	Retail outlets	33,032	29,546	15,069		
	Siheyuan	7,219	7,219	4,340		
Eudemonia Palace	Car parking spaces	3,431	3,431	3,431		
Beijing Fugui Garden	Shopping mall	26,146	26,146	20,224	20,207	21,488
	Retail outlets	3,170	3,170	2,594		
Beijing Hademen Center	Commercial Center	15,671	14,703	9,977	108,732	100,050
	Offices	75,171	69,830	64,118		
	Car parking spaces	29,040	23,917	2,478		
Beijing Bei Wu Lou	Offices	10,916	10,916	10,916	8,445	11,627
Shenyang Glory City	Specialized markets	50,841	50,841	16,680	337	3,609
	Retail outlets	58,972	58,972	4,031		
Shantou Glory City	Specialized markets	62,398	62,398	61,735	12,370	13,950
Foshan Glory Shengping Commercial Center	Retail outlets	24,267	24,267	13,785	-	-
	Car parking spaces	10,722	10,722	-		
Foshan Glory Shengping Commercial Center*	Retail outlets	225,531	-	-	-	-
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763	-	-	-	-
Haikou Glory City	Offices	30,007	30,007	28,729	20,594	7,264
Handan Ruicheng Commercial Building*	Commercial	154,915	-	-	-	-
<b>Total</b>		<b>983,960</b>	<b>507,295</b>	<b>327,977</b>	<b>278,817</b>	<b>285,120</b>

\* Projects currently under construction

## Completed Properties

The following table sets out a summary of information on the Group's completed projects and project phases as at June 30, 2020:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use By Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)	
<b>Beijing</b>										
1	Beijing Fugui Garden	Mixed-use	87,075	507,857	47,636	4,537	29,316	421,779	9,125	91
2	Beijing Glory City	Mixed-use	117,473	881,590	62,593	15,560	159,999	640,900	18,099	80
3	Eudemonia Palace	Residential	14,464	33,102	3,431	–	3,431	24,931	1,309	80
4	Beijing Hademen Plaza	Commercial	12,738	140,057	14,817	–	119,882	–	5,358	80
5	Glory Villa West	Residential	46,959	148,491	54,706	45,796	–	75,370	18,415	80
6	Glory Villa East	Residential	48,486	144,526	43,870	27,342	–	83,045	17,611	100
<b>Haikou</b>										
1	Haikuotiankong Glory City	Mixed-use	141,375	811,123	166,188	378	30,007	577,270	37,658	80
2	Haidian Island Glory Garden	Residential	65,643	71,863	14,930	659	–	56,352	581	80
3	Glory Riverview Garden	Residential	36,634	21,658	506	506	–	20,068	1,085	80
4	Haikou West Coast Glory	Residential	34,121	21,971	1,824	1,824	–	18,867	1,281	80
<b>Wanning</b>										
1	Wanning Glory City (Phase I)	Residential	100,780	161,988	9,119	1,767	–	149,295	3,574	80
<b>Langfang</b>										
1	Yongqing Glory City (Phase I (partial), Phases III, V)	Residential	509,049	426,535	44,968	17,106	–	379,310	2,256	80
2	Yongqing Glory City (Phase IV (partial))	Residential	250,031	667,852	144,220	83,884	–	523,632	–	100
<b>Zhengzhou</b>										
1	Zhengzhou Glory City	Mixed-use	472,992	803,762	80,757	4,186	–	678,162	44,844	80
<b>Shenyang</b>										
1	Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	357,189	920,895	77,724	12,436	109,813	718,544	14,814	80

## Management Discussion and Analysis

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use By Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)	
<b>Foshan</b>										
1	Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	104,576	485,514	105,484	101,509	–	316,719	63,312	44
2	Foshan Glory Shengping Commercial Center	Mixed-use	10,920	41,847	376	376	34,989	1,505	4,977	80
3	Canglonghuafu (藏龍華府)	Residential	62,856	335,660	79,641	31,451	–	201,625	54,394	35
<b>Shantou</b>										
1	Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	–	–	62,398	–	–	90
2	Glory Garden (Phase I)	Mixed-use	14,161	33,795	1,988	1,988	–	31,649	158	100
3	Yu Garden	Residential	8,292	25,767	–	–	–	25,767	–	100
4	Star Lake Residence	Residential	3,589	12,132	–	–	–	12,132	–	100
5	Yashi Garden	Residential	9,472	48,054	56	56	–	47,223	775	100
6	Guan Haiju	Residential	25,922	171,450	46,133	11,818	–	124,361	956	100
7	Siji Garden	Residential	42,155	203,549	13,639	13,639	–	147,931	41,979	80
8	Glory Garden (Phase II)	Residential	14,482	78,619	563	563	–	66,690	11,366	80
<b>Suzhou</b>										
1	Glory Villa	Mixed-use	22,991	72,823	13,049	13,049	–	59,587	187	80
<b>Jiangmen</b>										
1	Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	43,652	32,059	9,997	32,049	–	22,062	–	52
<b>Chongqing</b>										
1.	Elegant Villa (書香溪墅)	Residential	157,083	340,786	84,599	84,332	–	256,187	–	51
<b>Tianjin</b>										
1	Ruichengjiayuan (瑞城嘉園)	Residential	57,431	120,063	55,529	55,529	–	55,805	8,729	35
<b>Total</b>			<b>2,923,590</b>	<b>7,827,786</b>	<b>1,178,343</b>	<b>562,340</b>	<b>549,835</b>	<b>5,736,768</b>	<b>362,843</b>	
<b>Total Attributable GFA</b>			<b>2,275,988</b>	<b>6,057,383</b>	<b>869,034</b>	<b>366,274</b>	<b>449,333</b>	<b>4,495,038</b>	<b>243,980</b>	

## Land Reserves

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

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves	Average Land Cost
	Saleable/ Rentable GFA	GFA Under Development	Planned GFA	Total GFA	(%)	(RMB/sq.m.)
	Remaining Unsold (sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)		
Beijing	405,863	1,217,917	–	1,623,779	10.8	16,605.4
Haikou	33,373	140,640	646,972	820,985	5.5	1,353.0
Wanning	1,767	17,201	207,886	226,854	1.5	332.1
Langfang	100,991	87,194	1,205,908	1,394,093	9.3	256.9
Zhengzhou	4,186	30,535	–	34,721	0.2	405.5
Shenyang	122,249	420,109	73,342	615,700	4.1	979.7
Foshan	168,325	1,017,610	–	1,185,935	7.9	3,503.3
Xi'an	–	289,978	–	289,978	1.9	1,551.8
Shantou	90,463	500,396	38,749	629,608	4.2	1,000.1
Shenzhen	–	42,763	274,213	316,976	2.1	2,673.7
Suzhou	13,049	168,745	–	181,794	1.2	17,100.6
Chongming Island	–	375,094	761,358	1,136,452	7.6	1,294.0
Wuxi	–	90,438	–	90,438	0.6	4,865.2
Tongren	–	270,157	1,604,098	1,874,255	12.5	501.2
Chongqing	84,332	89,359	–	173,691	1.2	386.5
Tianjin	55,529	162,697	–	218,226	1.5	2,182.1
Sanya	–	183,318	–	183,318	1.2	5,002.2
Jiangmen	32,049	150,868	543,988	726,905	4.8	524.6
Enping	–	92,854	488,573	581,426	3.9	147.1
Handan	–	844,696	–	844,696	5.6	401.3
Shijiazhuang	–	818,502	1,059,758	1,878,260	12.5	371.7
<b>Total</b>	<b>1,112,176</b>	<b>7,011,072</b>	<b>6,904,845</b>	<b>15,028,093<sup>(1)</sup></b>	<b>100</b>	<b>2,890.0</b>
<b>Total Attributable GFA</b>	<b>815,607</b>	<b>4,154,591</b>	<b>5,037,047</b>	<b>10,007,245</b>		

Note:

- (1) Includes 2,496,128 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land use right grant contract.



## Management Discussion and Analysis

The following table sets out a summary of the Group's land reserves by types of properties for the six months ended June 30, 2020:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Residential	352,069	4,250,365	5,690,630	10,293,062	68.5
Commercial for sale	121,434	879,932	707,598	1,708,964	11.4
Commercial held or intended to be held for investment	549,835	423,209	–	973,044	6.5
Hotel	–	161,888	–	161,888	1.1
Car parking spaces	88,838	706,236	174,759	969,833	6.5
Ancillary	–	275,159	293,109	568,268	3.8
Hospital	–	313,597	38,749	352,346	2.3
Others	–	686	–	686	–
<b>Total</b>	<b>1,112,176</b>	<b>7,011,072</b>	<b>6,904,845</b>	<b>15,028,093<sup>(1)</sup></b>	<b>100</b>
<b>Total Attributable GFA</b>	<b>815,607</b>	<b>4,154,591</b>	<b>5,037,047</b>	<b>10,007,245</b>	

Note:

- (1) Includes 2,496,128 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land use right grant contract.

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

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

### Urban Redevelopment Project in Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qian Street Project, which is located in the west side of Qian Street and less than one kilometer from Tian'anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at June 30, 2020, the transfer of the Land No. 1 of the Qixi Project by agreement has been completed; currently, the demolition and relocation of the Land No. 4 has been completed and the relevant housing authority has confirmed its conclusion; the demolition and relocation of private properties on the Land No. 5 has been completed, and the remaining two enterprises and institutions are pending for demolition and relocation. At present, the remaining private properties, enterprises and institutions of Qixi Project to be demolished and relocated are mainly located on the Land No. 2 and the Land No. 3.

### Urban Redevelopment Project in Shantou

Pursuant to the cooperation agreements with local self-governing organizations and enterprises under the "Urban Redevelopment" policy, the Group undertook the development of land parcels in Shantou, which comprises four development projects with a total planned GFA of approximately 4.3 million sq.m. in the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after completion of the required government procedures under the relevant local regulations. As at June 30, 2020, the Group has completed the development of two projects, another one project was suspended due to policy issues in the first half of 2019 and the remaining project is Zhoucuowen Old Village Sub-district Redevelopment Project which is located at the east of Taishan Road of Northeastern Shantou city. The project has a site area of 933,333 sq.m. and a planned GFA of approximately 2.33 million sq.m. According to the Reply of Shantou Municipal Government Regarding the Redevelopment Plan of "Urban Redevelopment" Project of Zhoucuowen Economic Association (East Sub-district of Old Village), Longhu District, Shantou City (《汕頭市人民政府關於汕頭市龍湖區周厝壩經濟聯合社(舊村莊東片區)「三舊」改造項目改造方案的批覆》) dated March 18, 2019, this sub-district has a site area of 6.67 hectares (66,700 sq.m.) and a total GFA of 145,000 sq.m. Currently, compensations for the demolition and relocation of villagers' former residences are under negotiation and surrounding municipal facilities are yet to be completed. The remaining land parcels under the redevelopment of Zhoucuowen old village are still under discussion. Under the principle of "developing a sub-district only when the conditions permit (條件成熟一片、開發一片)", Shantou Company will report its annual "urban redevelopment" plan and redevelopment scheme when development conditions permit.

### Urban Redevelopment Project in Shenzhen

In the first half of 2014, Shenzhen Dachao Shan Construction Co., Ltd.\* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into an urban renewal cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd.\* (深圳市龍崗區西坑股份合作公司) to carry out the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey for the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.4 million sq.m. had been approved by the meeting of Longgan District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement in respect of the inclusion into the “2018 Longgan District Urban Renewal Plan – the Ninth Plan” (《二零一八龍崗區城市更新計劃第九批計劃》) on December 30, 2018. A further approval has been obtained from relevant governmental authorities on the project at the end of February 2019. The special planning report documents for the first renewal were filed on May 30, 2019. In March 2020, the National Development and Reform Commission approved the construction plan for Metro Line 16 (Dayun-Xikeng Section) (Phase II). Xikeng Station of Metro Line 16 (Phase II) is located within the scope of the first renewal unit. The special plan has been adjusted by the Group in consideration of Xikeng Station and is being submitted to the review authority for review. Meanwhile, in consideration of the demolition work arrangement of the government for the metro, the Group has fully started the demolition negotiation for the first renewal unit. Subsequent thereto, the establishment of other projects will be commenced.

## FINANCIAL REVIEW

### Revenue

For the six months ended June 30, 2020, the Group’s revenue was RMB3,322.4 million, representing a decrease of 12.0% from RMB3,774.9 million for the six months ended June 30, 2019.

Revenue from property development for the six months ended June 30, 2020 was RMB2,915.4 million, representing a decrease of 14.5% as compared to the corresponding period of last year. This decrease was primarily due to the uneven pace of completion and delivery.

### Cost of Sales and Services

For the six months ended June 30, 2020, the Group’s cost of sales and services was RMB2,451.0 million, representing a decrease of 9.2% as compared to the corresponding period of last year, which was primarily due to the uneven delivery of properties.

The Group’s cost of property development decreased by 11.4% from RMB2,607.1 million for the six months ended June 30, 2019 to RMB2,310.4 million for the six months ended June 30 2020.

### Gross Profit

For the six months ended June 30, 2020, the Group’s gross profit was RMB871.4 million, representing a decrease of 18.9% as compared to the corresponding period of last year. Of which, the gross profit of property development was RMB605.0 million, representing a decrease of 24.8% as compared to the corresponding period of last year. The decrease in the Group’s gross profit of property development was primarily due to the decrease in the revenue from properties delivered and carried forward during the Reporting Period as compared to the same period of last year.

### Net Profit Attributable to Owners of the Company

For the six months ended June 30, 2020, the net profit attributable to owners of the Company was RMB71.3 million, representing a decrease of 83.4% from RMB428.6 million for the six months ended June 30, 2019, which was primarily due to the decrease of change in fair value of investment properties for the period as compared to the corresponding period of last year.

### Changes in Fair Value Gains on Investment Properties

The fair value gains on investment properties at the Group's level decreased from RMB531.8 million for the six months ended June 30, 2019 to RMB238.4 million for the six months ended June 30, 2020, which was mainly due to the slowdown of the appreciation of investment properties affected by the novel coronavirus pandemic during the first half of the year.

### Other Gains and Losses

Other losses were RMB18.0 million for the six months ended June 30, 2019, while other losses were RMB43.7 million for the six months ended June 30, 2020, which was primarily due to the foreign exchange losses.

### Other Income

Other income increased from RMB76.1 million for the six months ended June 30, 2019 to RMB111.9 million for the six months ended June 30, 2020, which was mainly due to the recognised return on capital employed with associates and joint ventures.

### Selling Expenses

Selling expenses decreased by 21.8% from RMB164.0 million for the six months ended June 30, 2019 to RMB128.3 million for the six months ended June 30, 2020, which was primarily due to the decreased marketing agency fees caused by the decreased contract sales.

### Administrative Expenses

Administrative expenses decreased by 9.2% from RMB268.7 million for the six months ended June 30, 2019 to RMB243.9 million for the six months ended June 30, 2020, which was primarily due to the tighter administrative budget.

### Finance Costs

Finance costs increased by 9.2% from RMB202.0 million for the six months ended June 30, 2019 to RMB220.5 million for the six months ended June 30, 2020.

### Income Tax Expenses

Income tax expenses decreased by 33.4% from RMB426.6 million for the six months ended June 30, 2019 to RMB284.0 million for the six months ended June 30, 2020, which was mainly due to the decrease in the profit before tax. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2020 were RMB89.6 million and RMB194.4 million, respectively.

### Total Comprehensive Income

As a result of the foregoing reasons, the Group's total comprehensive income decreased from RMB572.8 million for the six months ended June 30, 2019 to RMB281.0 million for the six months ended June 30, 2020, which was primarily due to the decrease of change in fair value of investment properties for the period as compared to the corresponding period of last year.

### LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

#### Cash Position

As at June 30, 2020, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,953.9 million, representing an increase of 33.3% as compared to RMB2,216.2 million as at December 31, 2019.

#### Net Operating Cash Flow

The Group recorded positive net operating cash flow in the amount of RMB2,427.9 million for the six months ended June 30, 2020, while we had recorded positive net operating cash flow of RMB2,438.3 million for the six months ended June 30, 2019. The continuous positive net operating cash flow from operating activities of the Group was primarily due to the acceleration of cash collection of property sales and tightening of land purchase expenditures.

#### Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest-bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was approximately 132% as at June 30, 2020, as compared to 135% as at December 31, 2019.

#### Borrowings

As at June 30, 2020, the Group had outstanding borrowings of RMB27,634.1 million, consisting of bank borrowings of RMB19,129.1 million, other borrowings of RMB3,945.4 million, corporate bonds of RMB588.7 million and senior notes of RMB3,970.9 million.

As at June 30, 2020, the outstanding amount of the Group's other borrowings accounted for 14.3% of the balance of the Group's total outstanding borrowings.

#### Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at June 30, 2020, the assets pledged to secure certain borrowings granted to the Group amounted to RMB39,429.2 million.

#### Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on its customers, but relies on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at June 30, 2020, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB8,801.2 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at June 30, 2020.

### Capital and Other Commitments

As at June 30, 2020, the Group had certain contracted but not-provided-for commitments in connection with expenditure in respect of properties under development for sale. For details, please refer to note 22 to the Report on Review of Condensed Consolidated Financial Statements.

### FOREIGN EXCHANGE RISK

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. As at June 30, 2020, the balance of the Company's senior notes amounted to US\$555 million. As a result of the issuance of such senior notes, the Group would be subject to foreign currency risk arising from the exchange of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting suitable foreign currency hedging policy in the future.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

### SUBSEQUENT EVENT OF MATERIAL ACQUISITION AND SIGNIFICANT INVESTMENTS

On August 31, 2017, Shantou Garden Group Co., Ltd.\* ("**Garden Group**"), a wholly-owned subsidiary of the Company, signed seven agreements to acquire 10% equity interest in seven property companies, namely Guangdong Hongtai Guotong Real Estate Co., Ltd.\*, Guangdong Guosha Real Estate Co., Ltd.\*, Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.\*, Sanya Jingheng Properties Co., Ltd.\*, Handan Guoxia Real Estate Development Co., Ltd.\*, Chongqing Guosha Real Estate Development Co., Ltd.\* and Jiangmen Yinghuiwan Real Estate Co., Ltd.\* (the "**Seven Target Companies**"). On April 27, 2018, the Company signed seven additional capital contribution agreements with such companies and their existing shareholders to, among other things, make further capital contributions in the Seven Target Companies. On November 23, 2018, Beijing Guoxing Wanxun Technology and Trade Consulting Co., Ltd.\*, a wholly-owned subsidiary of the Company, signed a capital contribution agreement to subscribe for 51% equity interest in Shijiazhuang Guosha Real Estate Development Co., Ltd.\* ("**Shijiazhuang Guosha**").

For details, please refer to the announcements of the Company dated August 31, 2017, April 27, 2018, November 23, 2018 and January 28, 2019 and the circular of the Company dated May 10, 2018.

Upon arm's length negotiation, the Company and Garden Group entered into a supplemental agreement with each of the Seven Target Companies and their respective shareholders in relation to the capital injection to the Seven Target Companies to postpone the payment deadline to December 31, 2020. As agreed in the original agreement, the capital injection for Shijiazhuang Guosha shall be paid before December 17, 2020. At present, the Seven Target Companies and Shijiazhuang Guosha have been consolidated into the Group.

### EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2020, the Group had approximately 1,300 employees. For the six months ended June 30, 2020, the Group incurred employee costs of approximately RMB172.6 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medication, maternity, occupational injury and unemployment benefit plans.

### INTERIM DIVIDEND

The Board has decided not to pay any interim dividend to the Shareholders.

### FULL REDEMPTION OF THE OUTSTANDING PORTION OF US\$300,000,000 7% SENIOR NOTES DUE ON MARCH 21, 2020

On March 21, 2020, the Company completed the full redemption of the outstanding portion in cash of the US\$300,000,000 7% senior notes due on March 21, 2020 (the “**March 21, 2020 Notes**”). Further details of the full redemption of the March 21, 2020 Notes disclosed in the announcement of the Company dated March 23, 2020.

### FULL REDEMPTION OF US\$100,000,000 10.0% SENIOR NOTES DUE ON JUNE 7, 2020

In June 2020, the Company fully repaid US\$100,000,000 10.0% senior notes due on June 7, 2020. After the completion of redemption, the notes have been fully cancelled, and there are no outstanding US\$100,000,000 10.0% senior notes due on June 7, 2020.

# Disclosure of Interests

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2020, the interests or short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under relevant 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

### (a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Zhang Zhangsun ("Chairman Zhang") <sup>1</sup>	Interest of a controlled corporation	3,397,713,570	76.45%
Ruan Wenjuan	Interest of spouse	3,397,713,570	76.45%
Lin Yaoquan	Beneficial owner	23,453,000	0.53%
	Interest of spouse	1,173,500	0.03%

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

### (b) Interest in the underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ruan Wenjuan*	Beneficial owner	3,500,000	0.08%
Zhang Jin	Beneficial owner	3,500,000	0.08%
Li Bin	Beneficial owner	2,300,000	0.05%
Dong Xueer	Beneficial owner	1,890,000	0.04%

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



**(c) Interest in shares of associated corporation**

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%
Lin Yaoquan	Beneficial owner	Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd.	10%

**(d) Interest in debentures of the Company**

US\$295,000,000 13.5% senior notes due 2022 (additional notes) (to be consolidated and form a single series with the US\$160,000,000 13.5% senior notes due 2022 issued on February 27, 2019) (“**2022 Senior Notes**”):

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of interest of 2022 Senior Notes as at June 30, 2020
Chairman Zhang <sup>(1)</sup>	Interest of a controlled corporation	15,500,000	3.41% <sup>(2)</sup>
Ruan Wenjuan	Interest of spouse	15,500,000	3.41% <sup>(2)</sup>

Notes:

<sup>(1)</sup> Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the debentures held by Alltogether

<sup>(2)</sup> Proportionate interests is calculated based on the principal amount in aggregate of 2022 Senior Notes.

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

Save as disclosed above, as at June 30, 2020, none of the Directors and chief executives 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' INTERESTS AND SHORT POSITIONS

As at June 30, 2020, the following persons had an interest or short position in shares or underlying shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

### Interest in Shares of the Company

Name of substantial Shareholder	Nature of interest	Number of shares	Approximate percentage of interest in the Company
Chairman Zhang <sup>(1)</sup>	Interest of a controlled corporation	3,397,713,570	76.45%
	Interest of spouse	3,500,000	0.08%
Alltogether	Beneficial owner	3,397,713,570	76.45%

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

# Corporate Governance Practices and Other Information

## CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhongsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of both chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises six executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the six months ended June 30, 2020. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the six months ended June 30, 2020.

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

Save as disclosed in this report, for the six months ended June 30, 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## SHARE AWARD SCHEME

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

Pursuant to the Share Award Scheme, a total of four selected persons namely Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) were awarded a total of 33,617,700 shares. On June 10, 2014, Alltogether transferred a total of 33,617,700 shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the Selected Persons.

No further shares have been awarded under the Share Award Scheme for the six months ended June 30, 2020.

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

## PRE-IPO SHARE OPTION SCHEME

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

The total number of shares which may be issued upon the exercise of all options granted on or before June 16, 2014 to 54 grantees under the Pre-IPO Share Option Scheme is 67,076,800, representing approximately 1.51% of the issued share capital of the Company as at June 30, 2020. Save for the options which have been granted on or before June 16, 2014, no further options has been granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK\$2.38. The share options granted had been vested in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme is 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Further details of the Pre-IPO Share Option Scheme are set out in note 25 to the condensed consolidated financial statements.

### POST-IPO SHARE OPTION SCHEME

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

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

Pursuant to the Post-IPO Share Option Scheme, the Company offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.21% of the issued share capital of the Company) in two tranches, all of which have lapsed as at June 30, 2020. As at June 30, 2020, there were no outstanding options granted under the Post-IPO Share Option Scheme by the Company.

The total number of shares available for issue under the Share Option Scheme is 424,661,712, representing 9.55% of the total number of shares in issue of the Company as at the date of this interim report.

## PUBLIC FLOAT

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

## SUBSEQUENT EVENTS

On August 7, 2020, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement with Shantou Xiayi Business Management Co., Ltd.\* (汕頭市廈滬商業管理有限公司) (“**Xiayi Business Management**”) and Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd.\* (汕頭國瑞建材家居博覽中心有限公司) (the “**Target Company**”), pursuant to which the indirect wholly-owned subsidiary of the Company agreed to sell and Xiayi Business Management agreed to purchase 90% equity interests in the Target Company for a consideration of RMB540,000,000. Upon the completion of the transaction, the Company will no longer hold any equity interest in the Target Company. For details, please refer to the announcement of the Company dated August 7, 2020 in relation to the disposal of 90% equity interests in the Target Company.

Save for disclosed in this report, there is no material post balance sheet event undertaken by the Company or by the Group after June 30, 2020 as at the date of this report.

## AUDIT COMMITTEE

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

The Audit Committee has reviewed with the management, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed internal control and financial reporting matters (including the review of the interim results for the six months ended June 30, 2020) of the Group. The Audit Committee considered that the interim results for the six months ended June 30, 2020 are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

## INTERNAL CONTROL

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

# Report on Review of Condensed Consolidated Financial Statements

**Deloitte.**

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## TO THE BOARD OF DIRECTORS OF GUORUI PROPERTIES LIMITED

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

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Guorui Properties Limited (incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited”) (the “Company”) and its subsidiaries set out on pages 100 to 139, which comprise the condensed consolidated statement of financial position as of June 30, 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

August 31, 2020

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2020

	Notes	Six months ended June 30,	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Revenue</b>	3		
Contract with customers		<b>3,043,548</b>	3,489,792
Leases		<b>278,817</b>	285,120
<b>Total revenue</b>		<b>3,322,365</b>	3,774,912
Cost of sales and services		<b>(2,450,965)</b>	(2,700,246)
Gross profit		<b>871,400</b>	1,074,666
Other gains and losses	5	<b>(43,687)</b>	(17,993)
Other income		<b>111,855</b>	76,110
Change in fair value of investment properties	11	<b>238,363</b>	531,751
Impairment losses under expected credit loss model, net of reversal		<b>(5,178)</b>	–
Distribution and selling expenses		<b>(128,337)</b>	(164,006)
Administrative expenses		<b>(243,894)</b>	(268,730)
Other expenses		<b>(5,666)</b>	(21,977)
Share of losses of associates		<b>(1,247)</b>	(5,364)
Share of losses of joint ventures		<b>(8,088)</b>	(5,992)
Finance costs	6	<b>(220,466)</b>	(201,971)
Profit before tax		<b>565,055</b>	996,494
Income tax expense	7	<b>(284,032)</b>	(426,647)
Profit for the period	8	<b>281,023</b>	569,847



## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2020

	Notes	Six months ended June 30,	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Change in fair value of equity instruments at fair value through other comprehensive income		–	3,893
Income tax relating to items that will not be reclassified to profit or loss		–	(973)
Other comprehensive income for the period, net of tax		–	2,920
Total comprehensive income for the period		<b>281,023</b>	572,767
Profit for the period attributable to:			
Owners of the Company		<b>71,306</b>	428,576
Non-controlling interests		<b>209,717</b>	141,271
		<b>281,023</b>	569,847
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>71,306</b>	431,233
Non-controlling interests		<b>209,717</b>	141,534
		<b>281,023</b>	572,767
<b>EARNINGS PER SHARE</b>	9		
– Basic (RMB cents)		<b>1.6</b>	9.6
– Diluted (RMB cents)		<b>1.6</b>	9.6

# Condensed Consolidated Statement of Financial Position

As at June 30, 2020

	<i>Notes</i>	<b>As at June 30, 2020 RMB'000 (Unaudited)</b>	<b>As at December 31, 2019 RMB'000 (Audited)</b>
<b>Non-current Assets</b>			
Investment properties	11	20,996,000	21,150,000
Property, plant and equipment	12	1,985,294	1,885,865
Right-of-use assets	12	274,205	279,824
Other non-current assets		1,572,511	1,566,745
Interests in joint ventures		25,371	30,089
Interests in associates		7,800	5,000
Equity instruments at fair value through other comprehensive income ("FVTOCI")	13	32,400	32,400
Deposit paid for acquisition of a subsidiary		210,770	169,620
Deferred tax assets		714,418	536,185
Amounts due from related parties	26(b)	2,033,669	–
Restricted bank deposits		475,158	719,615
Value added tax and tax recoverable		1,837,909	1,666,559
		<b>30,165,505</b>	28,041,902
<b>Current Assets</b>			
Inventories		95	61
Deposits paid for land acquisition		388,296	369,301
Properties under development for sale		38,849,863	37,333,243
Properties held for sale		4,820,050	5,361,690
Trade and other receivables, deposits and prepayments	14	2,458,673	2,811,721
Contract assets	15	1,551,003	1,442,134
Contract cost		90,509	76,919
Value added tax and tax recoverable		792,721	791,981
Amounts due from related parties	26(b)	2,835,109	4,440,856
Restricted bank deposits		623,067	959,615
Bank balances and cash		1,855,676	536,926
		<b>54,265,062</b>	54,124,447
Total assets classified as held for sale	16	<b>631,360</b>	–
		<b>54,896,422</b>	54,124,447

## Condensed Consolidated Statement of Financial Position

As at June 30, 2020

	<i>Notes</i>	<b>As at June 30, 2020 RMB'000 (Unaudited)</b>	<b>As at December 31, 2019 RMB'000 (Audited)</b>
<b>Current Liabilities</b>			
Trade and other payables	17	6,360,921	6,439,342
Contract liabilities		19,144,946	17,332,702
Amounts due to related parties	26(c)	5,671,096	5,322,007
Lease liabilities		1,666	1,600
Tax payable		3,125,305	2,948,144
Bank and trust borrowings	18	6,048,341	6,317,710
Corporate bonds	19	88,723	65,787
Senior notes	20	1,139,760	1,734,974
		<b>41,580,758</b>	40,162,266
Liabilities associated with assets classified as held for sale	16	482,180	–
		<b>42,062,938</b>	40,162,266
<b>Net Current Assets</b>		<b>12,833,484</b>	13,962,181
<b>Total Assets less Current Liabilities</b>		<b>42,998,989</b>	42,004,083
<b>Non-current Liabilities</b>			
Rental deposits received	17	118,062	122,063
Lease liabilities		2,175	2,974
Bank and trust borrowings	18	17,026,083	15,748,894
Corporate bonds	19	500,000	500,000
Senior notes	20	2,831,146	3,076,320
Deferred tax liabilities		3,788,997	3,925,302
		<b>24,266,463</b>	23,375,553
<b>Net Assets</b>		<b>18,732,526</b>	18,628,530
<b>Capital and Reserves</b>			
Share capital		3,520	3,520
Reserves		12,462,815	12,541,509
Equity attributable to owners of the Company		<b>12,466,335</b>	12,545,029
Non-controlling interests		<b>6,266,191</b>	6,083,501
<b>Total Equity</b>		<b>18,732,526</b>	18,628,530

# Condensed Consolidated Statement of Changes in Equity

For the six months Ended June 30, 2020

	Attributable to owners of the Company												Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 (note)	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000		
As at January 1, 2020 (Audited)	3,520	8,027	133,379	194,970	5,305	194,725	35,740	1,314,953	10,654,410	12,545,029	6,083,501	18,628,530	
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	71,306	71,306	209,717	281,023	
Dividend declared to shareholders of the Company (note 10)	-	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)	
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(27,027)	(27,027)	
As at June 30, 2020 (Unaudited)	3,520	8,027	133,379	194,970	5,305	194,725	35,740	1,314,953	10,575,716	12,466,335	6,266,191	18,732,526	
As at January 1, 2019 (Audited)	3,520	8,027	133,379	194,970	37,616	194,725	38,898	1,219,374	10,072,099	11,902,608	5,928,219	17,830,827	
Profit for the period	-	-	-	-	-	-	-	-	428,576	428,576	141,271	569,847	
Other comprehensive income for the period	-	-	-	-	2,657	-	-	-	-	2,657	263	2,920	
Total comprehensive income for the period	-	-	-	-	2,657	-	-	-	428,576	431,233	141,534	572,767	
Dividend declared to shareholders of the Company (note 10)	-	-	-	-	-	-	-	-	(220,000)	(220,000)	-	(220,000)	
Lapsed of share options	-	-	-	-	-	-	(3,158)	-	3,158	-	-	-	
As at June 30, 2019 (Unaudited)	3,520	8,027	133,379	194,970	40,273	194,725	35,740	1,219,374	10,283,833	12,113,841	6,069,753	18,183,594	

Note:

Other reserve mainly represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group (as defined in note 1) acquired or disposed of partial interests in existing subsidiaries and deemed capital contributions from non-controlling interests and a related party.

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2020

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,427,917</b>	2,438,321
<b>INVESTING ACTIVITIES</b>		
Placement of restricted bank deposits	(148,221)	(511,219)
Withdrawal of restricted bank deposits	128,767	443,826
Purchase of property, plant and equipment and intangible assets	(98,246)	(85,289)
Proceeds from disposal of property, plant and equipment	88	1,534
Prepaid for acquisition of a subsidiary	(41,150)	–
Deposits received from disposal of a subsidiary	100,000	–
Interest received	29,766	83,437
Payments for construction of investment properties	(134,003)	(119,552)
Repayments from related parties	1,528,771	2,702,953
Advances to related parties	(2,342,156)	(3,325,350)
Investment in a joint venture	–	(25,500)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(976,384)</b>	(835,160)

## Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2020

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
New bank loans raised	6,037,100	8,265,924
New trust loans raised	500,000	1,821
New borrowings from financial institutions loans raised	1,800,500	1,640,793
Repayments of bank loans	(2,358,201)	(5,701,662)
Repayments of trust loans	(4,600,000)	(1,216,260)
Repayments of borrowings from financial loans institutions	(245,411)	(1,525,603)
Repayment of senior notes	(851,347)	(3,477,605)
Repayment of corporate bonds	–	(320)
Proceeds on issue of senior notes	–	3,725,472
Transaction costs paid for issuance of senior notes	–	(169,595)
Payments for acquisition of partial interest in a subsidiary	–	(12,000)
Payments of financing deposits	(6,904)	(9,969)
Withdrawal of financing deposits	256,884	787,700
Repayments of leases liabilities	(903)	(277)
Dividends paid to shareholders of the Company	–	(444,698)
Dividends paid to non-controlling interests of subsidiaries	–	(55,940)
Interest paid	(1,111,790)	(1,299,135)
Repayments to related parties	(3,166,358)	(2,946,576)
Advances from related parties	3,614,363	2,131,592
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(132,067)</b>	<b>(306,338)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,319,466</b>	<b>1,296,823</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>536,926</b>	<b>1,030,143</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>1,856,392</b>	<b>2,326,966</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

## 1. GENERAL INFORMATION OF THE GROUP

Guorui Properties Limited (“**the Company**”) was incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited” as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012. Its parent and ultimate holding company is Altogether Land Company Limited (通和置業有限公司) (“**Altogether Land**”), a company incorporated in the British Virgin Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the PRC.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

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

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group’s proceeds received from properties pre-sale had been affected.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2020 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2019.

### Application of new and amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued) Application of new and amendments to IFRSs (Continued)

In addition, the Group has early applied the Amendments to IFRS 16 “Covid-19-Related Rent Concessions”.

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

#### Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

### 3. REVENUE

#### Disaggregation of revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	For the six months ended June 30, 2020				
	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>					
A point in time	2,915,435	–	–	–	2,915,435
Over time	–	116,418	–	11,695	128,113
Revenue from contracts with customers	2,915,435	116,418	–	11,695	3,043,548
Leases	–	–	278,817	–	278,817
<b>Total revenue</b>	<b>2,915,435</b>	<b>116,418</b>	<b>278,817</b>	<b>11,695</b>	<b>3,322,365</b>



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 3. REVENUE (Continued)

#### Disaggregation of revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Continued)

	For the six months ended June 30, 2019				
	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>					
A point in time	3,411,722	–	–	–	3,411,722
Over time	–	66,477	–	11,593	78,070
Revenue from contracts with customers	3,411,722	66,477	–	11,593	3,489,792
Leases	–	–	285,120	–	285,120
<b>Total revenue</b>	<b>3,411,722</b>	<b>66,477</b>	<b>285,120</b>	<b>11,593</b>	<b>3,774,912</b>

### 4. SEGMENT INFORMATION

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

Property development: This segment develops and sells commercial and residential properties.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments.

Property investment: This segment derives rental income from investment properties.

Property management and related services: This segment derives income from property management and related services.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 4. SEGMENT INFORMATION (Continued)

#### Segment revenue and results

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

	Property development <i>RMB'000</i> (Unaudited)	Primary land construction and development services <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Six months ended June 30, 2020</b>					
Revenue from external customers and segment revenue	2,915,435	116,418	278,817	11,695	3,322,365
Segment profit	358,419	2,218	168,294	3,243	532,174
<b>Six months ended June 30, 2019</b>					
Revenue from external customers and segment revenue	3,411,722	66,477	285,120	11,593	3,774,912
Segment profit	459,450	1,267	204,143	6,951	671,811

The segment profits can be reconciled to the profit before taxation as follows:

	Six months ended June 30,	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Segment profit	532,174	671,811
Other gains and losses	(43,687)	(17,993)
Other income	111,855	76,110
Change in fair value of investment properties	238,363	531,751
Unallocated administrative expenses	(38,183)	(29,881)
Other expenses	(5,666)	(21,977)
Share of losses of associates	(1,247)	(5,364)
Share of losses of joint ventures	(8,088)	(5,992)
Finance costs	(220,466)	(201,971)
Profit before tax	565,055	996,494

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other gains and losses, other income, change in fair value of investment properties, other expenses, share of losses of joint ventures, share of losses of associates, finance costs and unallocated administrative expenses, including auditor's remuneration and directors' emoluments etc.. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 4. SEGMENT INFORMATION (Continued)

#### Other segment information

Amounts included in the measurement of segment profit:

	Property development RMB'000 (Unaudited)	Primary land construction and development service RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Unallocated amount RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Six months ended June 30, 2020</b>						
Depreciation and amortization	(11,012)	-	(2,086)	(5,404)	(19,930)	(38,432)
Depreciation of right-of-use assets	(701)	-	(24)	(13)	(2,964)	(3,702)
Impairment losses under expected credit loss model	(5,178)	-	-	-	-	(5,178)
<b>Six months ended June 30, 2019</b>						
Depreciation and amortization	(11,952)	-	(2,276)	(4,329)	(19,926)	(38,483)
Depreciation of right-of-use assets	(130)	-	(41)	(13)	(2,964)	(3,148)

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

#### Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (excluding financial instruments and deferred tax assets) are located in the PRC based on geographical location of the assets or the associates' and joint venture's operation, as appropriate.

#### Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the six months ended June 30, 2020 and 2019.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Net foreign exchange losses	(32,164)	(17,382)
Losses on disposal of entrusted financial products	(170)	–
Losses on disposal of property, plant and equipment	(51)	(611)
Impairment loss of properties under development for sale	(11,302)	–
	<b>(43,687)</b>	(17,993)

### 6. FINANCE COSTS

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest on bank borrowings	757,920	799,742
Interest on trust borrowings	82,113	125,234
Interest on loans from financial institutions	78,146	70,424
Interest on corporate bonds	22,936	22,158
Interest on senior notes	393,161	278,640
Interest on significant financing component of contract liabilities	595,424	279,412
Interest on lease liabilities	170	41
Total	<b>1,929,870</b>	1,575,651
Less: Amounts capitalized in the cost of qualifying assets	<b>(1,709,404)</b>	(1,373,680)
	<b>220,466</b>	201,971

Interests capitalized arose from borrowings made specifically for the purpose of construction of the qualifying assets, which bore annual interest at rates from 4.75% to 13.65% (six months ended June 30, 2019: 4.75% to 10.80%) and general borrowings pool calculated by applying a capitalization rate of 10.83% (six months ended June 30, 2019: 9.61%) per annum.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax	276,084	235,358
Under provision in prior years	81	608
Land appreciation tax ("LAT")	194,365	164,067
Deferred tax	470,530 (186,498)	400,033 26,614
Income tax expense	284,032	426,647

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

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Directors' remunerations		
– Salaries and other benefits	7,187	7,396
– Retirement benefit contributions	25	103
Other staff costs		
– Salaries and other benefits	162,416	153,480
– Retirement benefit contributions	3,013	12,963
Total staff costs	172,641	173,942
Less: Amounts capitalized to properties under development	(84,083)	(69,576)
	88,558	104,366
Cost of properties sold recognized as expense	2,310,409	2,607,140
Interest income	(67,099)	(71,435)
Depreciation of property, plant and equipment	36,944	37,416
Depreciation of right-of-use assets	3,702	3,148
Amortization of intangible assets (included under other non-current assets)	1,488	1,067
Rental income from investment properties	(278,817)	(285,120)
Less: Direct operating expenses	110,523	80,977
	(168,294)	(204,143)

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 9. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>71,306</b>	428,576

	Six months ended June 30,	
	2020 '000	2019 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>4,444,418</b>	4,444,418
Effect of dilutive potential ordinary shares:		
Share options	–	6,556
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>4,444,418</b>	4,450,974

### 10. DIVIDENDS

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Dividends for ordinary shareholders of the Company recognized as distribution during the reporting period:		
2019 Final – HK3.76 cents (2019: 2018 Final dividend HK5.64 cents) per share	<b>150,000</b>	220,000

During the current interim period, a final dividend of HK3.76 cents per share in respect of the year ended December 31, 2019 (2019: HK5.64 cents per share in respect of the year ended December 31, 2018) was declared to owners of the Company. No dividends were paid during the current interim period. The aggregate amount of the final dividend paid in the 2019 interim period was amounted to HK\$132,914,000. The Directors do not recommend the payment of an interim dividend for the six months ended June 30, 2020 (June 30, 2019: Nil).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 11. INVESTMENT PROPERTIES

	Completed investment properties <i>RMB'000</i>	Investment properties under development <i>RMB'000</i>	Total <i>RMB'000</i>
Fair value			
As at January 1, 2019 (Audited)	16,623,072	2,922,000	19,545,072
Additions	–	403,306	403,306
Transfer from properties held for sale	140,256	–	140,256
Net increase in fair value recognized in profit or loss	792,672	268,694	1,061,366
As at December 31, 2019 (Audited)	17,556,000	3,594,000	21,150,000
Additions	–	179,474	179,474
Transfer from properties held for sale	19,163	–	19,163
Reclassified as asset held for sale	(591,000)	–	(591,000)
Net increase in fair value recognized in profit or loss	31,837	206,526	238,363
As at June 30, 2020 (Unaudited)	17,016,000	3,980,000	20,996,000

The investment properties are all situated in the PRC. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties, as at June 30, 2020 and December 31, 2019 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("**Colliers**"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income approach by undertaking an estimation of future cash flows and taking into account the time value of money. The income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, and other necessary expenses.

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

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value of the Group's investment properties at June 30, 2020 and December 31, 2019 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the periods presented.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended June 30, 2020, additions to property, plant and equipment amounted to RMB171,836,000 (six months ended June 30, 2019: RMB138,087,000), consisted of construction in progress, motor vehicles and electronic equipment and furniture.

During the current interim period, there is no new lease agreement was entered.

### 13. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Unlisted investments: – Equity securities (Note)	32,400	32,400

Note: The above unlisted equity securities represent the Group's equity interest in private entities: (1) 0.15% (2019: 0.15%) equity interest in Bohai Life Ltd. 渤海人壽保險股份有限公司 (“**Bohai Life Limited**”), a private entity established in the PRC which is principally engaged in insurance business, with a carrying amount of RMB27,400,000, and (2) 10% (2019: 10%) equity interest in Yongqing Jiyin Rural Bank Co., Ltd. 永清吉銀村鎮銀行股份有限公司 (“**Yongqing Jiyin Rural Bank**”), a private entity established in the PRC which is principally engaged in banking operation, with a carrying amount of RMB5,000,000.

The Group's investment in unlisted investments were measured at fair value, are grouped into Level 3 of fair value measurement.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Trade receivables		
– Contracts with customers	417,651	532,502
– Lease receivables	242,466	128,176
	<b>660,117</b>	660,678
Less: Allowance for credit losses	<b>(5,503)</b>	(5,503)
Trade receivables	<b>654,614</b>	655,175
Advances to contractors and suppliers	<b>591,559</b>	868,418
Other receivables from independent third parties	<b>17,261</b>	17,261
Other receivables and prepayment (Note)	<b>894,929</b>	1,028,696
Deposits	<b>310,425</b>	247,108
	<b>1,814,174</b>	2,161,483
Less: Allowance for credit losses	<b>(10,115)</b>	(4,937)
Other receivables	<b>1,804,059</b>	2,156,546
Total trade and other receivables	<b>2,458,673</b>	2,811,721

Note: Included in other receivables and prepayment was a balance of RMB240,000,000 (December 31, 2019: RMB151,000,000) which bearing interest at 10% and secured by the land use rights of the third party. Except for the balance of RMB240,000,000, other receivables and prepayment are non-trade nature, unsecured, interest-free and repayable on demand.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an analysis of trade receivables by age, presented based on the date of recognition of revenue:

	<b>As at June 30, 2020 RMB'000 (Unaudited)</b>	<b>As at December 31, 2019 RMB'000 (Audited)</b>
0 to 60 days	<b>137,346</b>	164,361
61 to 180 days	<b>59,798</b>	23,197
181 to 365 days	<b>81,742</b>	222,847
1 to 2 years	<b>336,053</b>	208,914
Over 2 years	<b>45,178</b>	41,359
	<b>660,117</b>	660,678

Trade receivables with an amount of approximately RMB454,673,000 and RMB255,135,000 as at June 30, 2020 and December 31, 2019, respectively, are past due but not impaired. The Group does not hold any collateral over these balances except for the rental deposits.

### 15. CONTRACT ASSETS

	<b>At June 30, 2020 RMB'000 (Unaudited)</b>	<b>At December 31, 2019 RMB'000 (Audited)</b>
Construction and development services	<b>1,509,493</b>	1,389,582
Property sales	<b>41,510</b>	52,552
	<b>1,551,003</b>	1,442,134

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 16. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In May 2020, Shantou Garden Group Co., Ltd. 汕頭花園集團有限公司 (“**Garden Group**”), an indirectly wholly-owned subsidiary of the Company, entered into an agreement (“**Share Transfer Agreement**”) with Shantou Xiayi Business Management Co., Ltd. 汕頭市廈浣商業管理有限公司 (“**Purchaser**”), an independent company. Pursuant to which, Garden Group disposed its entire equity interest in Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd. 汕頭國瑞建材家居博覽中心有限公司 (“**Target Company**”) to the Purchaser for a consideration of RMB279,872,000. Upon completion of the transaction, the Target Company will cease to be a subsidiary of the Company. As at June 30, 2020, the Group received part of the consideration as deposit amounting to approximately RMB100,000,000. The transaction was expected to be completed in September, 2020.

The consideration is expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss was recognized.

Major classes of assets and liabilities of the Target Company at the end of the current interim period are as follows:

	As at June 30, 2020 RMB'000 (Unaudited)
Investment properties	591,000
Property, plant and equipment	35,375
Right-of-use assets	1,917
Trade and other receivables, deposits and prepayments	2,352
Bank balances and cash	716
<b>Assets classified as held for sale</b>	<b>631,360</b>
Bank and trust borrowings	(250,320)
Trade and other payables	(76,793)
Amounts due to related parties	(27,027)
Deferred tax liabilities	(128,040)
<b>Total liabilities associated with assets classified as held for sale</b>	<b>(482,180)</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 17. TRADE AND OTHER PAYABLES

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Trade payables	4,332,633	4,747,785
Deposits received	288,366	316,334
Rental received in advance	80,794	78,184
Accrued payroll	27,785	35,067
Business and other tax payable	451,234	351,073
Other payables and accruals	454,880	203,020
Advance received for local resettlement	661,474	661,474
Accrued penalty	6,368	28,968
Dividends	175,449	139,500
	<b>6,478,983</b>	6,561,405
Analyzed for reporting purposes as:		
Non-current (Note)	118,062	122,063
Current	6,360,921	6,439,342
	<b>6,478,983</b>	6,561,405

Note: Pursuant to the relevant rental agreements, rental deposits of approximately RMB118,062,000 as at June 30, 2020 (December 31, 2019: RMB122,063,000) will be refundable after twelve months from the end of the reporting period and is therefore classified as non-current liability.

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

The following is an analysis of trade payables by age, presented based on the billing date:

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
0 to 60 days	1,947,132	2,245,265
61-365 days	1,085,673	1,090,171
1-2 years	513,776	560,797
Over 2 years	786,052	851,552
	<b>4,332,633</b>	4,747,785

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 18. BANK AND TRUST BORROWINGS

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Bank borrowings, secured	19,129,064	15,738,489
Trust borrowings, secured	460,665	4,400,160
Loans from financial institutions, secured	3,484,695	1,927,955
	<b>23,074,424</b>	22,066,604
Less: Amount due within one year shown under current liabilities	<b>(6,048,341)</b>	(6,317,710)
Amount due after one year	<b>17,026,083</b>	15,748,894

As at June 30, 2020, the borrowings with carrying amount of RMB8,893,595,000 (December 31, 2019: RMB9,594,057,000) carry interest at variable rates quoted by the People's Bank of China, the effective interest rate ranges from 4.75% to 10.00% (December 31, 2019: 4.75% to 10.00%) per annum. The remaining borrowings are arranged at fixed rates, ranging from 4.75% to 13.65% (December 31, 2019: 4.75% to 13.00%) per annum as at June 30, 2020.

### 19. CORPORATE BONDS

#### (a) Corporate bonds issued in 2015 ("2015 Corporate Bonds")

On November 11, 2015, Garden Group has issued its first tranche of domestic corporate bonds to the public in the PRC ("**First Tranche Issue**") with a principal amount of RMB2,000,000,000, bearing interest at the coupon rate of 7.25% per annum, payable annually, and has a term of 5 years. On December 22, 2015, Garden Group has issued the second tranche of domestic corporate bonds to the public in the PRC ("**Second Tranche Issue**") with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 7.47% per annum, payable annually, and has a term of 5 years.

According to the terms and conditions of the 2015 Corporate Bonds, Garden Group has the right to adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before November 10 and December 21, 2018 respectively. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the First Tranche Issue and Second Tranche Issue is approximately 7.61% and 7.64% per annum after the adjustment for transaction costs.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 19. CORPORATE BONDS (Continued)

#### (a) Corporate bonds issued in 2015 (“2015 Corporate Bonds”) (Continued)

In 2018, principal amount of First Tranche Issue and Second Tranche Issue amounting to RMB1,945,650,000 and RMB999,680,000 respectively were redeemed by the bondholders. The maturity dates of the remaining 2015 Corporate Bonds is November 10 and December 21, 2020 respectively.

On June 28, 2019, the remaining Second Tranche Issue amounting to RMB320,000 was redeemed by the Garden Group.

The carrying amount of 2015 Corporate Bonds are amounting to approximately RMB56,848,000 (December 31, 2019: RMB54,901,000) as at June 30, 2020.

#### (b) Corporate bonds issued in 2016 (“2016 Corporate Bonds”)

On September 22, 2016, Garden Group has issued its first tranche of domestic corporate bonds through non-public offering in the PRC (“**First Tranche Non-public Issue**”) with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 5.3% per annum, payable annually, and has a term of 5 years. The 2016 Corporate Bonds are secured by certain investment properties of the Group.

According to the terms and conditions of the 2016 Corporate Bonds, Garden Group has the right to adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before September 21, 2019. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the 2016 Corporate Bonds is approximately 5.47% per annum after the adjustment for transaction costs.

In 2019, Garden Group has adjusted the coupon rate from 5.30% to 8.50% for the fourth and fifth year at the end of the third year. The 2016 Corporate Bonds with principal amounting to RMB500,000,000 was redeemed by Garden Group and sold to Shantou Glory Management Co., Ltd. 汕頭企業管理有限公司 (“**Shantou Glory**”), a wholly owned subsidiary of the Company. The maturity date of the remaining 2016 Corporate Bond is September 22, 2021.

The carrying amounts of 2016 Corporate Bonds are amounting to approximately RMB531,875,000 (December 31, 2019: RMB510,886,000) as at June 30, 2020.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 19. CORPORATE BONDS (Continued)

#### (b) Corporate bonds issued in 2016 (“2016 Corporate Bonds”) (Continued)

For the purpose of presentation in the condensed consolidated statement of financial position, the 2016 Corporate Bonds held by Shantou Glory have been offset. The following is the analysis of the 2016 Corporate Bonds in issues as at the end of the reporting period:

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Carrying amounts	1,063,779	1,021,598
Less: Amount held by Shantou Glory	(531,904)	(510,712)
	531,875	510,886
Less: Amount due within one year shown under current liabilities	(31,875)	(10,886)
Amount due after one year	500,000	500,000

### 20. SENIOR NOTES

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
2017 Senior Notes (Note (a))	–	214,657
2018 Second Tranche Senior Notes (Note (b))	–	699,244
2019 Senior Notes (Note (c))	3,266,004	3,207,466
2019 Private Placement Notes (Note (d))	704,902	689,927
	3,970,906	4,811,294
Less: Amount due within one year shown under current liabilities	(1,139,760)	(1,734,974)
Amount due after one year	2,831,146	3,076,320

Notes:

#### (a) 2017 Senior Notes

On March 21, 2017, the Company issued senior notes with an aggregate nominal value of United States dollars (“US\$”) 300,000,000 (“2017 Senior Notes”) at face value. The 2017 Senior Notes, bearing interest at 7.00% per annum, payable semi-annually from September 21, 2017 matured on March 21, 2020. The effective interest rate is approximately 7.82% per annum after the adjustment for transaction costs. The 2017 Senior Notes were listed on the Stock Exchange.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 20. SENIOR NOTES (Continued)

Notes: (Continued)

**(a) 2017 Senior Notes (Continued)**

According to the terms and conditions of the 2017 Senior Notes, on March 21, 2019, the Company completed redemption of US\$269,810,000 of the 2017 Senior Notes whose holders exercised their redemption options at a redemption price equal to 100% of principal plus accrued interest to such redemption date and US\$30,190,000 of the aggregate principal amount of the 2017 Senior Notes remain outstanding as at June 30, 2019.

On March 21, 2020, the Company completed the full redemption of the 2017 Senior Notes with cash. The aggregate redemption price is equivalent to the principal amount plus accrued interest to the maturity date.

**(b) 2018 Second Tranche Senior Notes**

On June 7, 2018, the Company issued senior notes with an aggregate nominal value of US\$100,000,000 ("**2018 Second Tranche Senior Notes**") at face value. 2018 Second Tranche Senior Notes bearing interest at 10.00% per annum payable semi-annually on December 7 and June 7, matured on June 7, 2020. The effective interest rate is approximately 11.03% per annum after the adjustment for transaction costs. 2018 Second Tranche Senior Notes were listed on the Stock Exchange.

According to the terms and conditions of the 2018 Second Tranche Senior Notes, on May 31, 2020, the Company completed the full redemption of the 2018 Second Tranche Senior Notes with cash. The aggregate redemption price is equivalent to the principal amount plus accrued interest to the maturity date.

**(c) 2019 Senior Notes**

On February 27, 2019, the Company issued senior notes with an aggregate nominal value of US\$160,000,000 ("**2019 Original Notes**") at 97% of the principal amount of the 2019 Original Notes. 2019 Original Notes bearing interest at 13.50% per annum, payable semi-annually in arrears on February 28 and August 28, commencing on August 28, 2019, will mature on February 28, 2022. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2019 Original Notes are listed on the Stock Exchange.

On March 15, 2019, the Company issued senior notes with an aggregate nominal value of US\$295,000,000 ("**2019 Additional Notes**") at 97.0% of the principal amount of the 2019 Additional Notes plus accrued interest from (and including) February 27, 2019 to (but not including) March 15, 2019. The 2019 Additional Notes is to be consolidated and form a single series with the 2019 Original Notes. The principal terms of the 2019 Additional Notes are identical to the terms of the 2019 Original Notes, other than the aggregated principal amount and offer price. The effective interest rate is approximately 15.53% per annum after the adjustment for transaction costs.

The 2019 Original Notes and 2019 Additional Notes (collectively referred to as the "**2019 Senior Notes**") may be redeemed in the following circumstances:

- (1) At any time prior to February 28, 2022, the Company may at its option redeem the 2019 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2019 Senior Notes plus the applicable premium as of, and accrued but unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time and from time to time prior to February 28, 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.5% of the principal amount of the 2019 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2019 Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 20. SENIOR NOTES (Continued)

Notes: (Continued)

**(c) 2019 Senior Notes (Continued)**

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Notes holders and the trustee.

The directors of the Company ("**Directors**") consider that the fair value of the above early redemption options was insignificant on June 30, 2020 and December 31, 2019.

The fair value of 2019 Senior Notes as at June 30, 2020 is approximately RMB3,029,996,000 (December 31, 2019: RMB3,020,763,000) based on quoted market price and classified as level 1 of fair value hierarchy.

**(d) 2019 Private Placement Notes**

On April 9, 2019, the Company issued the notes with an aggregate nominal value of US\$100,000,000 ("**2019 Private Placement Notes**"). 2019 Private Placement Notes bearing interest at 15.00% per annum, is payable quarterly in advance on January 9, April 9, July 9 and October 9 in each year, commencing on April 9, 2019.

2019 Private Placement Notes may be redeemed in the following circumstances:

- (1) Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on January 9, 2021.
- (2) Redemption at the option of holder of 2019 Private Placement Notes ("**Holders**"): The issuer shall, at the option of the Holders of any 2019 Private Placement Notes redeem all but not some of such Holder's 2019 Private Placement Notes on April 9, 2020 at 100% of the principal amount of such 2019 Private Placement Notes.

No holders had exercised their redemption options on April 9, 2020.

The Directors consider that the carrying amounts of 2019 Private Placement Notes recorded at amortized cost in the condensed consolidated financial statements approximate their fair values as at June 30, 2020.

### 21. PLEDGE OF ASSETS

The following assets were pledged to secure certain borrowings facilities granted to the Group:

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Investment properties	19,329,400	18,606,400
Property, plant and equipment	752,126	784,730
Right-of-use assets	217,615	274,650
Properties under development for sale	18,399,203	16,470,513
Properties held for sale	730,858	748,090
Restricted bank deposits	27	250,006
	<b>39,429,229</b>	37,134,389

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 21. PLEDGE OF ASSETS (Continued)

The equity interest of the following companies were pledged to secure certain borrowings facilities granted to the Group:

	As at June 30, 2020 %	As at December 31, 2019 %
	(Unaudited)	(Audited)
Foshan Glory Southern Real Estate Development Co., Ltd 佛山市國瑞南方地產開發有限公司 (“ <b>Foshan Glory Southern</b> ”)	80	80
Glory Xingye (Beijing) Investment Co., Ltd 國瑞興業(北京)投資有限公司 (“ <b>Glory Investment</b> ”)	100	100
Beijing Wenhushengda Real Estate Development Co., Ltd 北京文華盛達房地產開發有限公司 (“ <b>Beijing Wenhushengda</b> ”)	80	80
Foshan Guohua Properties Co., Ltd. 佛山市國華置業有限公司 (“ <b>Foshan Guohua</b> ”)	44	44
Shantou Glory Real Estate Development Co., Ltd. 汕頭市國瑞房地產開發有限公司 (“ <b>Shantou Glory</b> ”)	–	80
Shantou Guorui Hospital Co., Ltd. 汕頭市國瑞醫院有限公司 (“ <b>Guorui Hospital</b> ”)	100	100
Suzhou Glory Real Estate Co., Ltd. 蘇州國瑞地產有限公司 (“ <b>Suzhou Glory</b> ”)	80	–
Beijing Deheng Real Estate Development Co., Ltd. 北京國瑞德恒房地產開發有限公司 (“ <b>Beijing Deheng</b> ”)	80	80
Shenzhen Glory Technology Investment Co., Ltd. 深圳國瑞科技投資有限公司 (“ <b>Shenzhen Glory Technology</b> ”) (Former name: Shenzhen Wanji Pharmaceutical Co., Ltd 曾用名：深圳萬基藥業有限公司 (“ <b>Shenzhen Wanji</b> ”))	80	80
Hainan Junhe Industrial Co., Ltd. 海南駿和實業有限公司 (“ <b>Hainan Junhe</b> ”)	80	80
Glory Xingye (Beijing) Industrial Co., Ltd. 國瑞興業(北京)實業股份有限公司 (“ <b>Glory Industrial</b> ”)	91	91
Guangdong Hongtaiguotong Real Estate Co., Ltd. 廣東宏泰國通地產有限公司 (“ <b>Guangdong Hongtai</b> ”)	35	35
Langfang Guoxing Real Estate Development Co., Ltd 廊坊國興房地產開發有限公司 (“ <b>Langfang Guoxing</b> ”)	100	100
Guangdong Guosha Real Estate Co., Ltd. 廣東國慶地產有限公司 (“ <b>Guangdong Guosha</b> ”)	51	51
Beijing Glory Xingye Real Estate Co., Ltd. 北京國瑞興業地產股份有限公司 (“ <b>Original Beijing Glory</b> ”)	80	80
Guoyang Holdings Co., Ltd. 國洋股份有限公司 (“ <b>Guoyang Holdings</b> ”)	100	100
Guochi Holdings Co., Ltd. 國馳控股有限公司 (“ <b>Guochi Holdings</b> ”)	100	100
Shaanxi Huawei Shida Industrial Co., Ltd 陝西華威世達實業有限公司 (“ <b>Shanxi Hauwei</b> ”)	80	80

Except as disclosed above, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd. 海南國瑞投資開發有限公司 (“**Hainan Glory Investment**”) to Hai Kou New City Construction & Development Co., Ltd. 海口新城區開發建設有限公司 (“**Hai Kou New City**”) in order to secure the performance obligation as at June 30, 2020 and December 31, 2019. The pledge shall be released within 10 days after the completion of the construction contract.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 22. COMMITMENTS

As at June 30, 2020 and December 31, 2019, the Group had the following commitments:

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Contracted but not provided for		
– Expenditure in respect of investment properties under development	215,580	218,438
– Construction of properties for own use	1,139,708	613,264
– Expenditure in respect of equity investment	418,230	459,380
	<b>1,773,518</b>	1,291,082

In addition to the above capital commitments, the Group has contracted expenditure in respect of properties under development for sale of RMB7,963,416,000 as at June 30, 2020 (December 31, 2019: RMB6,843,636,000), which have not been provided for in the condensed consolidated financial statements.

### 23. CONTINGENT LIABILITIES

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers (Note)	8,747,144	8,405,698
– corporate property buyers	54,050	54,640
	<b>8,801,194</b>	8,460,338

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 23. CONTINGENT LIABILITIES (Continued)

Note:

The Group has pledged certain restricted bank deposits and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties and under development properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low and a large portion of consideration from property sales contract has been received and recognized as contract liabilities.

Pursuant to the construction contract signed between Hainan Glory Real Estate Development Co., Ltd. 海南國瑞房地產開發有限公司 ("**Hainan Glory**") and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory Investment to Hai Kou New City, the details of the pledge are disclosed in note 21.

As at June 30, 2020, Garden Group has provided guarantee to a bank for a banking facility granted to the Beijing Ruida Properties Co., Ltd. 北京銳達置業有限公司 ("**Ruida Zhiye**"), of which the bank borrowing guaranteed by the Group was amounting to RMB747,249,000 (December 31, 2019: RMB799,785,000). Ruida Zhiye had pledged the land use rights to secure such banking facility.

As at June 30, 2020, Handan Guoxia Real Estate Development Co., Ltd. 邯鄲市國夏房地產開發有限公司 ("**Handan Guoxia**") and Shijiazhuang Guoxia Real Estate Development Co. Ltd. 石家莊國慶房地產開發有限公司 ("**Shijiazhuang Guoxia**") have provided guarantee for a bank borrowing granted to the Shijiazhuang Guolong Properties Development Co., Ltd 石家莊國龍房地產開發有限公司 ("**Shijiazhuang Guolong**"), a company controlled by Mr. Zhang Zhangqiao, of which the bank borrowing guaranteed by the Group was amounting to RMB100,000,000 (December 31, 2019: RMB100,000,000). Shijiazhuang Yixing Real Estate Development Co., Ltd (石家莊義興房地產開發有限公司), a company controlled by Mr. Zhangqiao had pledged the land use rights to secure such banking facility.

As at June 30, 2020, Guangdong Hongtai has provided guarantee for a bank borrowing granted to the Foshan Shunde Zanglong Education Management Co., Ltd, a third party, of which the bank borrowing guaranteed by the Group was amounting to RMB9,900,000 (December 31, 2019: RMB9,900,000).

### 24. LIQUIDITY RISK MANAGEMENT

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings and its available credit facilities. The Directors closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's operations might need to be curtailed.

### 24. LIQUIDITY RISK MANAGEMENT (Continued)

The management performed cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements from time to time to ensure the Group has sufficient cash to meet its operational needs and settle liabilities when they fall due. The management takes into account the following considerations in projecting their cash flow forecasts: (a) estimated cash inflows from property sales; (b) further loans under provisional approvals of certain banks; and (c) senior loan notes for issue up to the amount of US\$230 million (equivalent to approximately RMB1,617 million), the endorsement of which from the National Development and Reform Commission (國家發展和改革委員會) (that valid for the period till January 31, 2021) has been obtained. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty particularly over the level of demand for the Group's properties for sale and the availability of bank finances for the foreseeable future. Any delay or unavailability of any of the above measure or sources of finance would impact the Group's liquidity position. The management will closely monitor the liquidity position and set out alternative measures which include adjusting the construction progress as appropriate, reducing the Group's spending on land investments, accelerating sales with more flexible pricing and obtaining other external financing through security market.

### 25. SHARE-BASED PAYMENTS

#### Share Option Scheme

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

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014. No additional performance target or condition applies to the outstanding options granted under the Pre-Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. All share options will be expired after 7 years since the grant date.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 25. SHARE-BASED PAYMENTS (Continued)

#### Share Option Scheme (Continued)

The vesting periods of the Pre-IPO Share Options are as follows:

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

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

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

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

	Outstanding as at January 1, 2020	Exercised during the the year	Lapsed during the year (Note)	Transferred	Outstanding as at June 30, 2020
Pre-IPO Share Option					
– Directors	11,190,000	–	–	–	11,190,000
– Other employees	37,516,137	–	–	–	37,516,137
	48,706,137	–	–	–	48,706,137
Exercisable at the end of the period					48,706,137
Weighted average exercise price (HKD)	1.428	–	–	–	1.428

	Outstanding as at January 1, 2019	Exercised during the the year	Lapsed during the year (Note)	Transferred	Outstanding as at June 30, 2019
Pre-IPO Share Option					
– Directors	10,500,000	–	–	690,000	11,190,000
– Other employees	42,592,804	–	(4,386,667)	(690,000)	37,516,137
	53,092,804	–	(4,386,667)	–	48,706,137
Exercisable at the end of the period					48,706,137
Weighted average exercise price (HKD)	1.428	–	–	–	1.428

Note: Certain share options granted under Pre-IPO Share Option were lapsed during the six months ended June 30, 2019 because of the resignation of the employees.

## 26. RELATED PARTY BALANCES AND TRANSACTIONS

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

Name of related party	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Company
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Executive Director and daughter of Mr. Zhang Zhangsun
Mr. Zhang Zhangqiao	Younger brother of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd.* ("Glory Commercial Management") 北京國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin
Jinming Wujin Material Co., Ltd.* ("Jinming Wujin") 汕頭市金明五金材料有限公司	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* ("Foshan Yinhe") 佛山市銀和瑞興商業管理有限公司	Controlled by Ms. Zhang Jin
Shenyang Glory Xingda Management Co., Ltd.* ("Shenyang Xingda") 沈陽國瑞興達企業管理有限公司	Controlled by Ms. Zhang Jin
Longhu Huamu Market Co., Ltd.* ("Longhu Huamu") 汕頭市龍湖花木市場有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Beijing Glory Property Services Co., Ltd.* ("Glory Services") 北京國瑞物業服務有限公司	Controlled by Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial Development Co., Ltd.* ("Shenzhen Glory Industrial") 深圳國瑞興業發展有限公司	Controlled by Mr. Zhang Zhangsun



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 26. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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

Name of related party	Relationship
Ruida Zhiye	Associate
Beijing Maorui Zhiye Co.,Ltd.* ("Maorui Zhiye") 北京茂瑞置業有限公司	Joint venture
Beijing Ruimao Real Estate Co.,Ltd.* ("Ruumao Real Estate") 北京瑞茂房地產開發有限公司	Joint venture
Shantou Chenghai Garden Hotel Co.,Ltd.* ("Shantou Chenghai") 汕頭市澄海花園酒店有限公司	Controlled by Mr. Zhang Zhangsun
Xian Ruihe Xingda Commercial Management Co., Ltd.* ("Xian Ruihe") 西安瑞和興達商業管理有限公司	Controlled by Ms. Zhang Jin
Wuxi Glory Real Estate Development Co., Ltd.* ("Wuxi Glory") 無錫國瑞房地產開發有限公司	Associate
Guangdong Guosha Investment Holding Group Co., Ltd ("Guangdong Guosha Investment") 廣東國廈投資控股集團有限公司	Controlled by Mr. Zhang Zhangqiao
Shijiazhuang Guolong	Controlled by Mr. Zhang Zhangqiao
Shenzhen Guokesheng Robot Technology Co., Ltd.* ("Shenzhen Guokesheng Robot") 深圳國科盛機器人科技有限公司	Controlled by Ms. Zhang Jin
Hainan Glory Commercial Management Co.,Ltd.* ("Hainan Glory Commercial Management") 海南國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin

## 26. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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

Name of related party	Relationship
Shantou Garden Property Services Co., Ltd.* ("Shantou Garden Services") 汕頭市花園物業管理有限公司	Controlled by Ms. Zhang Jin
Tangshan Guosha Real Estate Development Co., Ltd.* ("Tangshan Guosha Real Estate") 唐山國廈房地產開發有限公司	Controlled by Mr. Zhang Zhangqiao
Tianjin Zhongrui Xingye Real Estate Development Co., Ltd.* ("Tianjin Zhongrui Xingye") 天津中瑞興業房地產開發有限公司	Controlled by Mr. Zhang Zhangqiao
Shenzhen Deep Sea Entertainment Management Co., Ltd.* ("Shenzhen Deep Sea") 深圳深海謎底娛樂管理有限公司	Controlled by Mr. Zhang Zhangsun
Shantou Chenghai Glory Howard Johnson Guorui Hotel Co., Ltd.* ("Shantou Chenghai Glory") 汕頭市澄海國瑞豪生大酒店有限公司	Controlled by Ms. Zhang Youxi
Shenzhen Guorui Medical Industry Development Co., Ltd.* ("Shenzhen Guorui Medical") 深圳國瑞醫療產業發展有限公司	Controlled by Ms. Zhang Jin
Shenzhen Aiguoyi Children's Paradise Management Co., Ltd.* ("Shenzhen Aiguoyi") 深圳愛國懿兒童樂園管理有限公司	Controlled by Mr. Zhang Zhangsun
Shenzhen Guoyu Network Technology Co., Ltd.* ("Shenzhen Guoyu") 深圳國裕網絡科技有限公司	Controlled by Ms. Zhang Jin
Shenzhen Diyun Real Estate Consulting Co., Ltd.* ("Shenzhen Diyun") 深圳地雲地產諮詢有限公司	Controlled by Mr. Zhang Zhangsun

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 26. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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

Name of related party	Relationship
Beijing Guoyin Investment Fund Management Co., Ltd.* ("Guoyin Fund Investment Management") 北京國銀投資基金管理有限公司	Controlled by Ms. Zhang Jin
Tung Wo International Investment Limited ("Tung Wo International")	Controlled by Mr. Zhang Zhangsun
Beijing Yinhe Guorui Commercial Investment Co., Ltd.* ("Beijing Yinhe") 北京銀和國瑞商業投資有限公司	Controlled by Ms. Zhang Jin
Beijing Dayuan Tongrui Investment Center (limited partnership)* ("Beijing Dayuan Tongrui") 北京達源通瑞投資中心(有限合夥)	Controlled by Ms. Zhang Youxi
Beijing Huirui Capital Investment Co., Ltd.* ("Beijing Huirui") 北京匯瑞資本投資有限公司	Controlled by Ms. Zhang Youxi
Chongqing Longxia Real Estate Development Co., Ltd.* ("Chongqing Longxia") 重慶龍廈房地產開發有限公司	Controlled by Mr. Zhang Zhangqiao
Beijing Guoxing Real Estate Co., Ltd.* ("Beijing Guoxing") 北京國興地產有限公司	Controlled by Mr. Zhang Zhangqiao
Chongqing Ruiao Real Estate Co., Ltd.* ("Chongqing Ruiao") 重慶瑞奧置業有限公司	Controlled by Mr. Zhang Zhangqiao
Hebei Guoxia Real Estate Development Co., Ltd.* ("Hebei Guoxia") 河北國廈房地產開發有限公司	Controlled by Mr. Zhang Zhangqiao

\* The English name of the companies established in the PRC are for reference only and have not been registered.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 26. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (b) As at June 30, 2020 and December 31, 2019, the Group has prepayments to or amounts receivable from the following related parties and the details are set out below:

Name of related party	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
<b>Trade nature</b> (Note (i)):		
Foshan Yinhe	22,764	22,432
Beijing Huirui	7,204	7,204
Beijing Dayuan Tongrui	4,000	2,150
Guoyin Fund Investment Management	–	228
	<b>33,968</b>	32,014
<b>Non-trade nature</b> (Note (ii)):		
Guangdong Guosha Investment	2,583,062	2,817,490
Ruida Zhiye	1,255,651	1,301,157
Maorui Zhiye	739,331	135,095
Longhu Huamu	4,000	4,000
Wuxi Glory	75,262	76,521
Tianjin Zhongrui Xingye	72,475	–
Glory Services	38,524	20,171
Tangshan Guosha Real Estate	26,100	–
Glory Commercial Management	14,775	14,573
Shenzhen Glory Industrial	9,110	9,110
Jinming Wujin	6,648	5,689
Shenzhen Guorui Medical	5,526	–
Ruimao Real Estate	4,592	16,580
Xian Ruihe	4,426	3,011
Shenzhen guokesheng robot	3,998	–
Shenzhen Aiguoyi	2,983	–
Shenzhen Guoyu	2,655	–
Foshan Yinhe	2,467	17,001
Hainan Glory Commercial Management	1,264	1,264
Shenyang Xingda	1,160	1,160
Alltogether Land	542	5,811
Shenzhen Diyun	37	–
Tung Wo International	22	2
Mr. Zhang Zhangsun	–	7
	<b>4,854,610</b>	4,428,642
Total	<b>4,888,578</b>	4,460,656
Allowance for credit losses	<b>(19,800)</b>	(19,800)
Total	<b>4,868,778</b>	4,440,856
Analyzed for reporting purposes as:		
Non-current	2,033,669	–
Current	2,835,109	4,440,856
	<b>4,868,778</b>	4,440,856

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 26. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (b) As at June 30, 2020 and December 31, 2019, the Group has prepayments to or amounts receivable from the following related parties and the details are set out below: (Continued)

Notes:

- (i) Balances of trade nature are unsecured, interest free, and aged within one year.
- (ii) Balances of non-trade nature are unsecured and repayable on demand. Included in the balances were RMB1,954,147,000 (2019: RMB1,232,085,000) bearing interest ranging from 4.35% to 9.30% (2019: 4.35% to 9.30%).

- (c) As at June 30, 2020 and December 31, 2019, the Group has amounts due to the following related parties and the details are set out below:

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
<b>Trade nature</b> (Note (i)):		
Glory Commercial Management	57,685	32,212
Glory Services	20,717	11,252
Shenyang Xingda	605	674
	<b>79,007</b>	44,138
<b>Non-trade nature</b> (Note (ii)):		
Longhu Huamu	2,842,493	1,427,788
Guangdong Guosha Investment	1,563,258	2,713,155
Alltogether Land (Note (iii))	874,185	717,242
Ruimao Real Estate	303,453	419,147
Shenzhen Glory Industrial	7,800	–
Shantou Chenghai	234	–
Glory Services	214	189
Shenzhen Deep Sea	200	–
Beijing Yinhe	148	148
Shantou Chenghai Glory	100	–
Mr. Zhang Zhangsun	4	–
Tung Wo International	–	200
	<b>5,592,089</b>	5,277,869
<b>Total</b>	<b>5,671,096</b>	5,322,007

Notes:

- (i) Balances of trade nature are unsecured, interest free, and aged within one year.
- (ii) Balances of non-trade nature are unsecured, interest free, and repayable on demand.
- (iii) The amount represented dividend payable and advance received.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 26. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (d) During the six months ended June 30, 2020 and 2019, the Group entered into the following transactions with its related parties:

Name of related party	Nature of transaction	Six months ended June 30,	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Glory Commercial Management	Property management services fee	11,815	9,706
Glory Services	Property management services fee	10,912	3,533

- (e) Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB16,104,704,000 (December 31, 2019: RMB13,129,073,000).

Mr. Zhang Zhangqiao and his spouse have provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Mr. Zhangqiao and his spouse amounting to RMB1,651,732,000 (December 31, 2019: RMB1,117,524,000).

Chongqing Longxia has provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Chongqing Longxia amounting to RMB739,132,000 (December 31, 2019: RMB494,924,000).

Guangdong Guoxia Investment has provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Guangdong Guoxia Investment amounting to RMB815,000,000 (December 31, 2019: RMB465,000,000).

Beijing Guoxing has provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Beijing Guoxing amounting to RMB470,132,000 (December 31, 2019: RMB494,924,000).

Chongqing Ruiao has provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Chongqing Ruiao amounting to RMB80,000,000 (December 31, 2019: RMB80,000,000).

Hebei Guoxia has provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Hebei Guoxia amounting to RMB350,000,000 (December 31, 2019: nil).

Tianjin Zhongrui Xingye has provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2020, the Group has borrowings guaranteed by Tianjin Zhongrui Xingye amounting to RMB350,000,000 (December 31, 2019: nil).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2020

### 26. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (f) Handan Guoxia and Shijiazhuang Guoxia has provided guarantee for a bank borrowing granted to the Shijiazhuang Guolong, a company controlled by Mr. Zhang Zhangqiao, of which the bank borrowing guaranteed by the Group was amounting to RMB100,000,000 (December 31, 2019: RMB100,000,000).

Garden Group has provided guarantee to a bank for a banking facility granted to the Ruida Zhiye, of which the bank borrowing guaranteed by the Group was amounting to RMB747,249,000 (December 31, 2019: RMB799,785,000).

- (g) Key management personnel emoluments

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

	Six months ended June 30	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Short-term employee benefits	12,283	13,399
Retirement benefit contributions	55	303
	<b>12,338</b>	13,702



**GLORY 国瑞**

GUORUI PROPERTIES LIMITED

國瑞置業有限公司