

港龍中國地產集團有限公司

Ganglong China Property Group Limited

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

INTERIM REPORT

中期報告
2020





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lui Wing Wai (*Chairman*)
Mr. Lui Jin Ling
Mr. Lui Chi Chung Jimmy

Non-executive Director

Mr. Lui Wing Mau
Mr. Lui Wing Nam

Independent Non-executive Directors

Mr. Wan Ho Yin
Mr. Guo Shaomu
Ms. Tang Lo Nar

AUDIT COMMITTEE

Mr. Wan Ho Yin (*Chairman*)
Mr. Lui Wing Nam
Mr. Guo Shaomu
Ms. Tang Lo Nar

REMUNERATION COMMITTEE

Mr. Guo Shaomu (*Chairman*)
Mr. Wan Ho Yin
Ms. Tang Lo Nar

NOMINATION COMMITTEE

Mr. Lui Wing Wai (*Chairman*)
Mr. Wan Ho Yin
Mr. Guo Shaomu
Ms. Tang Lo Nar

AUTHORISED REPRESENTATIVES

Mr. Lui Jin Ling
Mr. Lam Yu Tin Eugene

COMPANY SECRETARY

Mr. Lam Yu Tin Eugene

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street, P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HEADQUARTERS IN THE PRC

6/F Alibaba Shanghai Center
No. 1-4, Lane 1398
Shenchang Road
Minhang District
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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1003-1004, 10/F
Shanghai Industrial Investment Building
48-62 Hennessy Road
Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street, P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

CORPORATE INFORMATION

PRINCIPAL BANKS

Bank of China, Hong Kong
China Zheshang Bank, Changzhou Branch
China Construction Bank, Changshu Branch
Bank of China, Lianyungang, Xinpu Sub-branch
Bank of China, Hangzhou, Yuhang Sub-branch

LEGAL ADVISERS

As to Hong Kong law:

CFN Lawyers in association with Broad & Bright

As to Cayman Islands law:

Harney Westwood & Riegels

COMPLIANCE ADVISOR

WAG Worldsec Corporate Finance Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LISTING INFORMATION

Share Listing

The Company's ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 6968) on 15 July 2020

COMPANY'S WEBSITE

www.glchina.group

STOCK CODE

6968

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

Review of the first half of 2020

Ganglong China Property Group Limited (“**Ganglong China Property**” or the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is an established property developer in the Yangtze River Delta Region. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 6968.HK) by way of the Global Offering on 15 July 2020 (the “**Listing**”). This marked an important milestone in the development of the Company.

Headquartered in Shanghai, the Group has become an active real estate developer in the Yangtze River Delta region, one of the most prosperous and dynamic regions in China. The Group primarily focused in Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Nantong, Huzhou, Taizhou, Yancheng, etc., and has achieved strategic geographic coverage in those regions. Adhering to our core value of “striving for innovation, building with integrity”, the Group believes that we have developed splendid reputation in our market for constant innovation, excellent quality of our various products and credibility. For the six months ended 30 June 2020, the amount of contracted sales of the Group was approximately RMB7,811 million, representing a year-on-year increase of 132%.

At the beginning of 2020, the real estate market was also severely affected by the impact of COVID-19. With the gradual effectiveness of the central and local policies, such as repeated decrease in interest rate, policy support at both ends of the supply as well as the implementation of major plans, home buyers regained confidence, resulting in active investment in the market arising from the pre-accumulated market demand, and thus the market gradually recovered. At the same time, the Group seized the opportunities of the sales window period, stepped up the promotion efforts, and innovated the marketing model. Thanks to the efforts by all of our employees, the amount of contracted sales in the second quarter of 2020 was RMB5,490 million, representing an increase of 137% as compared with the first quarter of 2020.

Future Outlook for the second half of 2020

In terms of macro-economy in the second half of the year, the real estate market will also benefit from the stable financial environment. The reduction of financing costs of real estate enterprises and the reduction of costs of home ownership are conducive to the recovery and development of the market. In terms of policy, the regulation and control of the real estate market will adhere to the position of “housing without speculation”. Although there is pressure of adjustment to the scale of the national real estate market, there is still room for the suppressed demand during the short-term epidemic, the demand for investment value preservation driven by the improvement of the credit environment, and the demand for improvement driven by the epidemic. The Group will seize the opportunities of the sales window, implement the strategy of “high turnover”, and maintain enthusiasm for construction. In the face of the uncertainty of the epidemic and economic development, based on the national Health 2030 policy, the current situation of real estate products and services, and the trend of demand for home in the post-epidemic era, we will focus on collections of sales proceeds and reach our sales targets, and, at the same time, increase our effort on exploration of gaining foothold in cities with potential and product innovation, so as to better enhance the quality of our products, as well as to achieve sustainable and stable quality growth.

The real estate market in the Yangtze River Delta is a region which recovers quickly during the epidemic period. In the second half of 2020, with the backing of the Yangtze River Delta cities that we have deeply rooted for many years, the Group will continue to actively expand in Anhui, South China, Midwest China and other regional hotspots, to achieve national layout. We will make full use of the listing on the Stock Exchange as a platform to achieve diversified financing channels and promote the business development of our Group to reward all of our Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties. For the six months ended 30 June 2020, the Group recorded a total revenue of approximately RMB1,713 million, representing a period-on-period increase of approximately 190%.

Contracted sales

For the six months ended 30 June 2020, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB7,811 million, representing a period-on-period increase of 132%, and contracted gross floor area (“GFA”) sold of approximately 655,000 sq.m., representing a period-on-period increase of 130%. The average selling price (“ASP”) of our contracted sales for the six months ended 30 June 2020 was approximately RMB11,918 per sq.m., representing a period-on-period increase of approximately 1%.

As of 30 June 2020, the Group had contract liabilities of approximately RMB13,993 million, as compared to approximately RMB8,416 million as of 31 December 2019, representing an increase of approximately 66%.

As of 30 June 2020, the Group had unfulfilled contracts related to sales of properties of approximately RMB17,218 million, as compared to approximately RMB11,619 million as of 31 December 2019, representing an increase of approximately 48%.

Sales of properties

For the six months ended 30 June 2020, the revenue from sales of properties increased by approximately 190% period-on-period to approximately RMB1,713 million. For the six months ended 30 June 2020, the Group recognised total GFA of approximately 152,309 sq.m., representing an increase of approximately 134% as compared to the corresponding period in 2019. The ASP of the properties recognised as property sales was approximately RMB11,247 per sq.m., representing an increase of approximately 24% period-on-period.

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

	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>	Recognised revenue <i>RMB'000</i> (unaudited)
<i>Residential, retail and commercial</i>			
Changzhou	91,550	13,037	1,193,559
Changshu	52,349	9,402	492,209
Lianyungang	1,455	9,476	13,788
Yancheng	179	12,911	2,311
<i>Car parks and garage/storage</i>			
	6,776	1,656	11,222
Total	152,309	11,247	1,713,089

MANAGEMENT DISCUSSION AND ANALYSIS

Land reserves

The Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's presence in those markets.

The following table sets out the GFA breakdown of the total land reserve attributable to our Group by province as of 30 June 2020:

Property projects developed by provinces⁽²⁾	Total land reserve attributable to the Group⁽¹⁾ (in sq.m.)	Percentage of total land bank (%)
Jiangsu	3,680,736	68%
Zhejiang	1,126,107	21%
Henan	192,223	4%
Anhui	184,793	3%
Guizhou	141,653	3%
Shanghai	78,095	1%
Total	5,403,607	100%

Notes:

- (1) Total land reserve equals to the sum of (i) The total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development.
- (2) For projects developed by our wholly-owned and non-wholly owned subsidiaries, 100% of total GFA will be accounted for the respective project as such projects are managed by our Group, and such wholly-owned and non-wholly-owned subsidiaries are consolidated in the financial statements of our Group. For projects held by our joint ventures or our associated companies, GFA are adjusted by our equity interest attributable to the Group in the respective project.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2020, the Group (together with its joint ventures and associates) acquired five new parcels of quality land in Haimen, Yixing, Wuhu and Changzhou, providing a total saleable GFA of new land reserves of 847,812 sq.m., at an average land cost of approximately RMB3,225 per sq.m..

Particulars of the land parcels are set out in the following table:

Name of Project	City	The Group's Equity Interest	Total GFA (sq.m.)	Total Consideration (RMB'000)	Average land cost (RMB/sq.m.)
Nature Image (泊翠瀾境)	Haimen	26%	95,580	635,082	6,645
Ganglong Lakeside Mansion (港龍•湖光瓏樾)	Yixing	100%	188,878	672,000	3,558
Shi Dai Tian Jiao (時代天驕)	Wuhu	100%	93,353	120,000	1,285
Hu Shan Ying (湖山映)	Wuhu	30%	304,801	510,000	1,673
Yan Shan Ying (燕山映)	Changzhou	35%	165,200	797,330	4,826
Total			847,812	2,734,412	3,225

FINANCIAL REVIEW

Overall performance

During the six months ended 30 June 2020, total revenue of the Group was approximately RMB1,713 million, representing a period-on-period increase of approximately 190%. Gross profit was approximately RMB656 million, representing a period-on-period increase of approximately 159%. Net profit of the Group increased by 361% period-on-period to approximately RMB321 million for the six months ended 30 June 2020. Profit attributable to owners of the Company increased by approximately 402% period-on-period to approximately RMB472 million for the six months ended 30 June 2020.

Revenue

For the six months ended 30 June 2020, the Group recorded a total revenue of approximately RMB1,713 million, representing a period-on-period increase of approximately 190%. The increase was primarily attributable to the significant growth in recognised sales of properties, driven by an increase in the Group's property projects delivered during the period.

Cost of sales

The cost of sales of the Group represents the costs incurred directly for sale of properties, which comprised construction costs, land costs and capitalised interest.

For the six months ended 30 June 2020, the cost of sales of the Group was approximately RMB1,057 million, representing a period-on-period increase of approximately 214%.

Gross profit

For the six months ended 30 June 2020, the gross profit of the Group was approximately RMB656 million, representing a significant period-on-period increase of approximately 159%. The changes in gross profit margin was primarily affected by the selling prices, the construction costs and land costs of our properties for which control of such was transferred. The relatively high gross profit margin was contributed by relatively low land costs of properties delivered during the periods, as they were developed on lands acquired in earlier years prior to the price hike of average land costs in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

The Group had other income of approximately RMB11 million for the six months ended 30 June 2020, as compared to approximately RMB33 million for the six months ended 30 June 2019. Other income primarily consisted of interest income from associates, joint ventures and other third parties, management and consulting service income and rental income. The management and consulting services mainly comprise of the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to the Group's joint ventures and associates in relation to the property development projects.

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 215% period-on-period from approximately RMB51 million for the six months ended 30 June 2019 to approximately RMB161 million for the six months ended 30 June 2020. The increase was primarily attributable to the increase in marketing and advertising costs and staff costs, driven by the rapid growth in the Group's contracted sales and the number of sales staff during the period.

Administrative expenses

The Group's administrative expenses increased by approximately 150% period-on-period from approximately RMB71 million for the six months ended 30 June 2019 to approximately RMB178 million for the six months ended 30 June 2020. The significant increase in our general and administrative expenses was primarily due to (i) an increase in employee benefit expenses for our administrative staff as a result of the increase in monthly average headcount of administrative staff to cope with the expansion of our operations; and (ii) the listing expenses recognised during the six months ended 30 June 2020 and 2019, respectively.

Finance costs – net

Net finance costs of the Group increased by approximately 127% period-on-period from approximately RMB16 million for the six months ended 30 June 2019 to approximately RMB35 million for the six months ended 30 June 2020. The increase was primarily attributable to the increase in interest-bearing debts for the purposes of land acquisition and properties development business.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of results of joint ventures and associates increased significantly from a loss of approximately RMB5 million for the six months ended 30 June 2019 to a profit of approximately RMB212 million for the six months ended 30 June 2020. The increase was primarily attributable to the increase in revenue from sales of properties of the joint ventures and associates as more projects were completed and delivered during the period by the joint ventures and associates of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

Our income tax expenses increased by 121% from RMB83 million for the six months ended 30 June 2019 to RMB184 million for the six months ended 30 June 2020, primarily due to increase in profit before income tax. Our effective tax rates, excluding the share of results of joint ventures and associates, were 63% and 53% for six months ended 30 June 2020 and 2019, respectively.

Profit and total comprehensive income for the period

As a result of the foregoing reasons, the Group's profit and total comprehensive income significantly increased by approximately 361% from approximately RMB70 million for the six months ended 30 June 2019 to approximately RMB321 million for the six months ended 30 June 2020. The profit attributable to owners of the Company increased by 402% from approximately RMB94 million for the six months ended 30 June 2019 to approximately RMB472 million for the six months ended 30 June 2020.

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for future development.

During the six months ended 30 June 2020, the Group had financed its working capital, capital expenditure and other capital requirements primarily through (i) cash generated from operations including proceeds from the pre-sale and sales of our properties and (ii) bank loans, trust financing and non-controlling interests and other financings.

As of 30 June 2020, the Group had a total cash (including restricted cash, pledged time deposits and cash and cash equivalents) of approximately RMB5,400 million as compared to approximately RMB2,513 million as of 31 December 2019. The increase was primarily due to the increase in proceeds from sales of properties. Substantially all of the Group's cash and cash equivalents are denominated in RMB.

During the six months ended 30 June 2020, the aggregate new borrowings from bank and other trust financing arrangement obtained by the Group amounted to approximately RMB5,403 million and repayment of borrowings from bank and trust financing arrangement was approximately RMB1,320 million. As of 30 June 2020, the Group's total bank and other borrowings amounted to approximately RMB6,936 million, representing an increase of approximately 143% compared to approximately RMB2,853 million as of 31 December 2019. Amongst the bank and other borrowings, approximately RMB2,052 million (as at 31 December 2019: approximately RMB1,144 million) will be repayable within one year and approximately RMB4,884 million (as at 31 December 2019: approximately RMB1,709 million) will be repayable after one year.

MANAGEMENT DISCUSSION AND ANALYSIS

Key financial ratios

As of 30 June 2020, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 69%, an increase of 48 percentage points as compared with 21% as of 31 December 2019. The increase was primarily attributable to the increase in total borrowings balance as of 30 June 2019 to finance the Group's operation. The outbreaks of COVID-19 had caused a delay of the pre-sale, expected completion date and delivery of certain of our property projects during the period under review. The Group will continue to manage working capital efficiently through working capital management policies and continue to utilise the Group's available financial resources including proceeds from sales and pre-sales of property project's and draw down of banking facilities and other borrowings and optimised the payment schedule to contractors through negotiation based on the latest construction progress.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had increased from approximately 1.10 times as of 31 December 2019 to approximately 1.23 times as of 30 June 2020. The improvement of current ratio was mainly due to the decrease in the proportion of short-term borrowings over total borrowings from bank and other trust financing arrangements from approximately 40% as at 31 December 2019 to approximately 30% as at 30 June 2020.

Foreign exchange risk

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

Interest rate risk

The Group's interest rate risk arises from its borrowings. As most of the Group's borrowings are denominated in RMB, the interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 30 June 2020, certain of the Group's bank and other borrowings were secured by its pledged time deposit, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of RMB10,439,919,000 (December 31, 2019: RMB6,554,801,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Commitments

As of 30 June 2020, the Group had commitments that are contracted but not provided as follows:

	30 June 2020 <i>(RMB'000)</i> (unaudited)	31 December 2019 <i>(RMB'000)</i> (audited)
Contracted but not provided for	13,014,043	13,457,571

Financial guarantees and contingent liabilities

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

	30 June 2020 <i>(RMB'000)</i> (unaudited)	31 December 2019 <i>(RMB'000)</i> (audited)
Guarantee in respect of mortgage facilities for certain purchasers	5,495,357	3,294,002
Guarantee provided for the borrowings of joint ventures and associates	226,012	905,447
Total	5,721,369	4,199,449

During the six months ended 30 June 2020, the Group had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, the Group are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by the Group to the bank. The Directors consider that the likelihood of default of payments by the purchasers is minimal and the Group's credit risk is significantly mitigated.

The Group also provided guarantee for borrowings of the Group's joint ventures and associates from time to time. The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and our guarantee was provided in addition to the pledges. The Directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantee measured at fair value is immaterial and no liabilities was recognised.

As of 30 June 2020, the Group had no other material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the period ended 30 June 2020, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Future plans for material investments

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

Significant subsequent events

- (1) In connection with the Listing on 15 July 2020, the Company issued 400,000,000 new Shares at a price of HK\$3.93 per Share for a total cash consideration of HK\$1,572 million, before deducting underwriting fees, commissions and related expenses.
- (2) On 31 July 2020, the over-allotment option was partially exercised and the Company issued 30,618,000 additional Shares at HK\$3.93 per Share on 5 August 2020.

Employee and remuneration policy

As of 30 June 2020, the Group had a total of 1,421 employees (31 December 2019: 1,012 employees). The employee benefit expenses for the six months ended 30 June 2020 amounted to approximately RMB132 million (for the six months ended 30 June 2019: RMB56 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds.

Summary of property development

The Group's land bank represents the sum of (i) total GFA available for sale or lease for completed properties which also includes completed GFA that have been pre-sold but not yet delivered, (ii) total planned GFA for properties under development, and (iii) total estimated GFA for properties held for future development. The total land bank attributable to the Group represents the total land bank of projects developed by the Group's subsidiaries and the land bank of projects developed by the Group's joint ventures and associates attributable to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the GFA breakdown of the total land reserve attributable to the Group by geographical location as of 30 June 2020:

Property projects developed by the Group's subsidiaries ⁽²⁾		Number of projects	Completed GFA available for sale/leasable GFA (in sq.m.)	GFA under development (in sq.m.)	Planned GFA of future development (in sq.m.)	Total land reserve attributable to the Group ⁽¹⁾ (in sq.m.)	% of total land reserve attributable to the group
Anhui	Wuhu	1	-	93,353	-	93,353	2%
Jiangsu	Changshu	3	88	211,646	-	211,734	4%
	Changzhou	7	54,503	415,247	-	469,750	9%
	Hai'an	2	-	362,667	-	362,667	7%
	Haimen	1	-	29,382	66,198	95,580	2%
	Huai'an	1	-	603,635	-	603,635	10%
	Lianyungang	1	12,201	-	-	12,201	0%
	Nanjing	1	-	48,864	-	48,864	1%
	Nantong	2	-	204,550	-	204,550	4%
	Taixing	1	-	172,925	-	172,925	3%
	Taizhou	1	-	190,214	-	190,214	4%
	Yancheng	5	1,936	390,489	111,174	503,599	9%
	Yixing	1	-	188,878	-	188,878	3%
Henan	Luoyang	1	-	192,223	-	192,223	4%
Shanghai	Shanghai	1	-	78,095	-	78,095	1%
Zhejiang	Hangzhou	1	-	81,117	-	81,117	2%
	Huzhou	2	-	497,953	-	497,953	9%
	Shaoxing	2	-	405,392	-	405,392	8%
Guizhou	Panzhou	1	-	141,653	-	141,653	3%
Sub-total		35	68,728	4,308,283	177,372	4,554,383	85%

MANAGEMENT DISCUSSION AND ANALYSIS

Property projects developed by the Group's joint ventures ⁽²⁾		Number of projects	Completed GFA available for sale/leasable GFA (in sq.m.)	GFA under development (in sq.m.)	Planned GFA of future development (in sq.m.)	Total land reserve attributable to the Group ⁽¹⁾ (in sq.m.)	% of total land reserve attributable to the Group
Anhui	Wuhu	1	–	91,440	–	91,440	2%
Jiangsu	Changshu	2	–	155,357	–	155,357	3%
	Changzhou	2	3,858	–	57,820	61,678	1%
	Nantong	3	8,181	15,808	–	23,989	0%
	Taixing	1	42,879	32,207	–	75,086	1%
	Yixing	1	14,939	26,099	–	41,038	1%
Zhejiang	Huzhou	3	3,817	137,827	–	141,644	3%
Sub-total		13	73,674	458,738	57,820	590,232	11%
Property projects held by the Group's associated companies ⁽²⁾		Number of projects	Completed GFA available for sale/leasable GFA (in sq.m.)	GFA under development (in sq.m.)	Planned GFA of future development (in sq.m.)	Total land reserve attributable to our Group ⁽¹⁾ (in sq.m.)	% of total land reserve attributable to our Group
Jiangsu	Changshu	1	–	24,926	–	24,926	0%
	Changzhou	2	–	129,663	–	129,663	2%
	Jiangyin	1	–	67,685	–	67,685	1%
	Lianyungang	1	–	28,823	–	28,823	1%
	Rugao	1	6,006	–	–	6,006	0%
	Yancheng	2	1,889	–	–	1,889	0%
Sub-total		8	7,895	251,097	–	258,992	4%
Total		56	150,297	5,018,118	235,192	5,403,607	100%

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a summary of our property projects and project phases developed, including projects and project phases held for future developments as of 30 June 2020.

Number	Projects	Site Area (in sq.m.)	Actual/Estimated Completion Date	Total land reserve attributable to the Group ⁽¹⁾ (in sq.m.)
Property projects developed by the Group's subsidiaries				
Anhui				
<i>Wuhu</i>				
1	Shi Dai Tian Jiao (時代天驕)	33,928	July 2022	93,353
Jiangsu				
<i>Changshu</i>				
2	Tang Yue Ming Zhu (棠悅名築)	62,585	August 2022	190,399
3	Xiang Lan Hua Ting (香瀾華庭)	12,151	October 2020	21,247
4	Xiang Yu Hua Ting (香語華庭)	60,221	April 2020	88
<i>Changzhou</i>				
5	Ganglong Bauhinia Residence (港龍紫荊城)	43,510	November 2014	8,508
6	Ganglong Hua Ting (港龍華庭)	23,900	January 2011	3,037
7	Ganglong Shang Ceng (港龍尚層)	8,090	June 2011	5,392
8	Long Chen Ming Zhu (龍宸銘著)	67,402	April 2023	191,646
9	Long Yue Fu (龍悅府)	27,590	March 2021	66,347
10	The Hong Kong Masterpiece (新港城)	132,460	July 2020	108,553
11	Ziyu Mansion (紫御府)	24,312	November 2020	86,265
<i>Hai'an</i>				
12	Hanlin Capital (翰林首府)	57,633	November 2021	202,975
13	Taoyuan Li (桃源里)	49,314	August 2022	159,692
<i>Haimen</i>				
14	Nature Image (泊翠瀾境)	47,078	June 2022	95,580
<i>Huai'an</i>				
15	Sunac Plaza (融創廣場)	188,564	June 2024	603,635
<i>Lianyungang</i>				
16	Jing Shan Xiu Shui (景山秀水)	53,063	October 2019	12,201
<i>Nanjing</i>				
17	River of Mansion (時光泊月園)	28,188	November 2021	48,864
<i>Nantong</i>				
18	Chen Yuan (晨園)	38,237	June 2021	125,991
19	Xi Yue (熙悅)	24,537	August 2021	78,559

MANAGEMENT DISCUSSION AND ANALYSIS

Number	Projects	Site Area (in sq.m.)	Actual/Estimated Completion Date	Total land reserve attributable to the Group ⁽¹⁾ (in sq.m.)
<i>Taixing</i>				
20	Unique Summer Mansion (桃源府)	66,804	November 2021	172,925
<i>Taizhou</i>				
21	Hanlin Fu Huayuan (翰林府花園)	53,700	June 2022	190,214
<i>Yancheng</i>				
22	Chun Xi Ji (春溪集)	44,485	August 2024	144,563
23	Ganglong Capital (港龍首府)	64,193	December 2020	154,140
24	Guan Tang Fu (觀棠府)	69,049	March 2022	202,961
25	Hua Qiao Cheng (華僑城)	94,423	January 2017	434
26	Hua Qiao Xin Cheng (華僑新城)	42,170	November 2019	1,502
<i>Yixing</i>				
27	Ganglong Lakeside Mansion (港龍•湖光 龍樾)	66,626	January 2023	188,878
Henan				
<i>Luoyang</i>				
28	Mansion Grand (雍河尚院)	95,168	February 2023	192,223
Shanghai				
29	Shan Shui Shi Jian (山水拾間)	85,590	June 2021	78,095
Zhejiang				
<i>Hangzhou</i>				
30	Qiu Shi Chen Yue (秋實宸悅)	28,344	January 2021	81,117
<i>Huzhou</i>				
31	Jiangnan Taoyuan (江南桃源)	73,237	July 2021	163,228
32	Zha Xi Taoyuan (霽溪桃源)	176,013	April 2022	334,726
<i>Shaoxing</i>				
33	Ganglong-Bo Yue Fu (港龍•鉞樾府)	80,568	June 2021	129,511
34	Jun Wang Mei Ting (君望美庭)	92,923	May 2023	275,881
Guizhou				
<i>Panzhou</i>				
35	Ganglong – Park Mansion (港龍•東湖桃 源)	116,101	May 2022	141,653
Sub-total				4,554,383

MANAGEMENT DISCUSSION AND ANALYSIS

Number	Projects	Site Area (in sq.m.)	Actual/Estimated Completion Date	Total land reserve attributable to the Group ⁽¹⁾ (in sq.m.)
Property held by the joint ventures of the Group⁽²⁾				
Anhui				
<i>Wuhu</i>				
36	Hu Shan Ying (湖山映)	132,596	June 2023	91,440
Jiangsu				
<i>Changshu</i>				
37	Shine Time (璀璨瀾庭)	56,936	September 2021	90,435
38	The Asia Mansion (紫譽華庭)	65,378	June 2021	64,922
<i>Changzhou</i>				
39	Yan Shan Ying (燕山映)	61,021	May 2023	57,820
40	Elegant Mansion (觀棠花園)	31,156	June 2020	3,858
<i>Nantong</i>				
41	Metropolis (新都會)	109,890	September 2020	15,808
42	Starry Bay (麗景灣)	55,868	September 2019	105
43	Yunyue Heshan (雲樾河山)	66,710	June 2020	8,076
<i>Taixing</i>				
44	Majestic Mansion (御園)	125,306	December 2020	75,086
<i>Yixing</i>				
45	Lakeside Mansion (湖悅天境)	62,563	March 2021	41,038
Zhejiang				
<i>Huzhou</i>				
46	Eastern Mansion (太湖天萃)	57,734	September 2020	82,797
47	Fontainebleau (楓丹壹號)	62,812	October 2020	55,030
48	Taihu Mansion (太湖天地)	83,612	December 2019	3,817
Sub-total				590,232

MANAGEMENT DISCUSSION AND ANALYSIS

Number	Projects	Site Area (in sq.m.)	Actual/Estimated Completion Date	Total land reserve attributable to the Group ⁽¹⁾ (in sq.m.)
Property held by the associated companies of the Group⁽²⁾				
Jiangsu				
<i>Changshu</i>				
49	Brown Stone Life (褐石源築)	53,530	December 2020	24,926
<i>Changzhou</i>				
50	Peony Sanjiang Park (牡丹三江公園)	135,330	September 2021	81,602
51	Tianning Rong Yue Fu (天寧融悅府)	53,936	August 2021	48,060
<i>Jiangyin</i>				
52	Leiden Town (萊頓小鎮)	203,609	March 2022	67,685
<i>Lianyungang</i>				
53	Feng Huang Yuan Zhu (鳳凰源著)	56,593	September 2021	28,823
<i>Rugao</i>				
54	Imperial Garden (頤和樾園)	43,601	March 2020	6,006
<i>Yancheng</i>				
55	Jun Yue Fu (堉悅府)	99,553	July 2019	1,869
56	Long Ting Hua Fu (瓏庭華府)	40,364	November 2019	21
Sub-total				258,992
Grand Total				5,403,607

- (1) Total land reserve equals to the sum of (i) The total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development and (iii) total GFA for properties held for future development.
- (2) For projects developed by the Group's wholly-owned and non-wholly-owned subsidiaries, 100% of total GFA will be accounted for the respective project as such projects are managed by the Group, and such wholly-owned and non-wholly-owned subsidiaries are consolidated in the financial statements of the Group. For projects held by the joint ventures or the associated companies, total GFA will be adjusted by the equity interest attributable to the Group in the respective project.

SUPPLEMENTARY INFORMATION

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 8 October 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's ordinary shares (the "**Shares**") were listed on the Stock Exchange on 15 July 2020 (the "**Listing Date**").

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its Shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**"), as its own code to govern its corporate governance practices since the Listing.

As the Company was listed on 15 July 2020, the Company was not required to comply with the CG Code during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS

Since the Listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

As the Company was listed on 15 July 2020, the Directors and the Group's senior management were not required to comply with the Model Code during the period.

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

The Company's shares were listed on the Stock Exchange on 15 July 2020. Save for that the Company had issued new Shares in connection with the Listing as disclosed in this interim report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company since the Listing and up to the date of this interim report.

SUPPLEMENTARY INFORMATION

REVIEW OF FINANCIAL INFORMATION

Audit committee

The audit committee of the Company, comprising Mr. Wan Ho Yin, Mr. Lui Wing Nam, Mr. Guo Shaomu and Ms. Tang Lo Nar, has discussed with the management and reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2020.

In addition, the Company's external auditor, PricewaterhouseCoopers, has performed an independent review of the Group's interim financial information for the six months ended 30 June 2020 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

There was no change in the Board and the information of Directors since the date of the prospectus of the Company dated 29 June 2020 which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

The Shares were not listed on the Stock Exchange as at 30 June 2020. Accordingly, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 of the laws of the Hong Kong Special Administrative Region and Section 352 of the SFO were not applicable to the Company as at 30 June 2020. As at the date of this interim report, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Interests in Shares of the Company

Director/Chief Executive	Capacity/Nature of Interest	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
Mr. Lui Wing Wai ^{Note 2}	Interest in controlled corporation	504,000,000 (L)	30.91%
Mr. Lui Chi Chung Jimmy ^{Note 3}	Interest in controlled corporation	396,000,000 (L)	24.29%
Mr. Lui Wing Nam ^{Note 3}	Interest in controlled corporation	396,000,000 (L)	24.29%
Mr. Lui Jin Ling ^{Note 4}	Interest in controlled corporation	300,000,000 (L)	18.40%
Mr. Lui Wing Mau ^{Note 4}	Interest in controlled corporation	300,000,000 (L)	18.40%

SUPPLEMENTARY INFORMATION

Notes:

- (1) As at the date of this interim report, the Company issued 1,630,618,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) These 504,000,000 Shares are held by Huaxing Development Co., Ltd. ("**Huaxing**"), a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Wing Wai and Mr. Lui Man Wai respectively. Mr. Lui Wing Wai is deemed to be interested in all the Shares held by Huaxing for the purpose of SFO.
- (3) These 396,000,000 Shares are held by Hualian Development Co., Ltd. ("**Hualian**"), a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy respectively. Therefore, Mr. Lui Wing Nam and Mr. Lui Chi Chung Jimmy are each deemed to be interested in all the Shares held by Hualian for the purpose of SFO.
- (4) These 300,000,000 Shares are held by Hualong Development Co., Ltd. ("**Hualong**"), a BVI business company incorporated in the BVI and owned as to 60% and 40% by Mr. Lui Jin Ling and Mr. Lui Wing Mau respectively. Therefore, Mr. Lui Jin Ling and Mr. Lui Wing Mau are each deemed to be interested in all the Shares held by Hualong for the purpose of SFO.

Save as disclosed above, as at the date of this interim report, none of the Directors and chief executives of the Company had, or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The Shares were not listed on the Stock Exchange as at 30 June 2020. Accordingly, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company as at 30 June 2020. As at the date of this interim report, so far as is known to the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
Huaxing	Beneficial owner	504,000,000 (L)	30.91%
Hualian	Beneficial owner	396,000,000 (L)	24.29%
Hualong	Beneficial owner	300,000,000 (L)	18.40%

Note:

- (1) As at the date of this interim report, the Company issued 1,630,618,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

Save as disclosed above, as at the date of this interim report, the Company had not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

SUPPLEMENTARY INFORMATION

USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND THE ISSUE OF THE OVER-ALLOTMENT SHARES

The net proceeds from the Listing amounted to HK\$1,611.7 million after deducting the underwriting fees and commissions and other listing expenses borne by the Company. As at date of this interim report, the Directors are not aware of any material change to the planned use of the proceeds as set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 29 June 2020 (the “**Prospectus**”). The Company will use the proceeds raised from the Global Offering in accordance with its development strategies, market conditions and intended use of such proceeds.

An analysis of the planned usage of the net proceeds as stated in the Prospectus and the actual utilization of the net proceeds for the period from the Listing Date up to the date of this interim report and the intended use of the proceeds are set out as below:

Business objective as stated in the Prospectus	Percentage of total net proceeds	Intended use of net proceeds ^(Note) HK\$'000	Actual use of net proceeds	Proceeds unused HK\$'000	Expected timeline
			as at the date of this interim report HK\$'000		
To fund land costs of potential development projects	60%	967,020	347,252	619,768	Expected to be utilised by December 2020
To finance the construction costs for the development of our existing projects	30%	483,510	43,365	440,145	Expected to be utilised by December 2020
General working capital	10%	161,170	–	161,170	Expected to be utilised by December 2020

Note: As disclosed in the Prospectus, the estimated net proceeds from the Listing, after deduction of the underwriting fees and commissions and expenses paid by the Company in connection therewith, were approximately HK\$1,432.2 million, which was revised to HK\$1,469.0 million as disclosed in the Company's allotment results announcement dated 14 July 2020. The actual net proceeds received by the Company were approximately HK\$1,611.7 million after the exercise of the over-allotment option. The Company intends to apply the difference of approximately HK\$142.7 million to the business strategies in the same proportion as the original funds applied as shown in the Prospectus.

SUPPLEMENTARY INFORMATION

SHARE OPTION SCHEME

On 20 June 2020, the Company has conditionally adopted the share option scheme (the “**Share Option Scheme**”) which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its shares for the benefit of the Company and shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes shall not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commence on the Stock Exchange, such 10% limit represents 160,000,000 shares, but excluding any shares which may be issued upon the exercise of the over-allotment option.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme(s) of the Group to each selected participant (including both exercised and outstanding options) in any 12 month period shall not exceed 1% of the total number of shares in issue.

The Share Option Scheme shall be valid and effective for the period of 10 years commencing on the Listing Date, but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Share Option Scheme.

The amount payable for each share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board but shall be not less than the highest of (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option.

No options were granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme during the reporting period and there were no outstanding share options under the Share Option Scheme during the period from the Listing Date and up to the date of this interim report.

A summary of the terms of the Share Option Scheme has been set out in the section headed “12. Share Option Scheme” in Appendix V to the Prospectus.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of Ganglong China Property Group Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 56, which comprises the interim condensed consolidated statement of financial position of Ganglong China Property Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

OTHER MATTER

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2020

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue from contracts with customers	6	1,713,089	590,520
Cost of sales	7	(1,056,671)	(336,929)
Gross profit		656,418	253,591
Other income		11,107	32,593
Selling and marketing expenses	7	(160,838)	(51,128)
General and administrative expenses	7	(177,866)	(71,248)
Fair value gains on investment properties		–	9,700
Operating profit		328,821	173,508
Finance income	8	8,856	4,357
Finance costs	8	(44,043)	(19,866)
Finance costs – net	8	(35,187)	(15,509)
Share of results of joint ventures and associates	14	211,744	(5,100)
Profit before income tax		505,378	152,899
Income tax expenses	9	(184,318)	(83,240)
Profit and total comprehensive income for the period		321,060	69,659
Attributable to:			
Owners of the Company		472,309	94,057
Non-controlling interests		(151,249)	(24,398)
		321,060	69,659
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	11	0.39	0.08

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	36,372	36,004
Investment properties	13	170,800	170,800
Investments accounted for using the equity method	14	1,315,176	1,103,432
Deferred income tax assets		236,358	151,192
Total non-current assets		1,758,706	1,461,428
Current assets			
Properties under development	15	20,519,941	16,052,548
Completed properties held for sale	15	412,663	732,904
Trade and other receivables and prepayments	16	1,851,791	1,252,942
Amounts due from associates	24	128,389	124,709
Amounts due from joint ventures	24	292,735	350,268
Amounts due from non-controlling interests	21	685,812	198,443
Tax recoverable		135,061	206,629
Restricted cash		2,428,302	1,414,744
Pledged time deposits		101,273	45,920
Cash and cash equivalents	17	2,870,456	1,052,217
Total current assets		29,426,423	21,431,324
Total assets		31,185,129	22,892,752
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	18	—	—
Reserves	18	1,715,840	1,243,531
		1,715,840	1,243,531
Non-controlling interests		519,380	409,823
Total equity		2,235,220	1,653,354

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Note</i>	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	19	4,883,705	1,709,099
Lease liabilities		2,229	3,782
Deferred income tax liabilities		136,497	94,699
Total non-current liabilities		5,022,431	1,807,580
Current liabilities			
Trade payables, bills payables and other payables	20	3,098,244	2,463,085
Lease liabilities		8,740	8,188
Contract liabilities	6	13,992,561	8,416,172
Amounts due to associates	24	1,387,598	1,497,735
Amounts due to joint ventures	24	894,836	869,944
Amounts due to a Controlling Shareholder	24	–	23,539
Amounts due to non-controlling interests	21	2,338,321	4,682,599
Tax payable		155,038	326,356
Borrowings	19	2,052,140	1,144,200
Total current liabilities		23,927,478	19,431,818
Total liabilities		28,949,909	21,239,398
Total equity and liabilities		31,185,129	22,892,752

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

The interim condensed consolidated financial information on pages 26 to 56 were approved by the Board of Directors of the Company on 28 August 2020 and were signed on its behalf.

Mr. Lui Wing Wai
Director

Mr. Lui Jin Ling
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Statutory reserve RMB'000 (Note 18)	Other reserves RMB'000 (Note 18)	Retained earnings RMB'000			
Six months ended 30 June 2020 (unaudited)							
Balance at 1 January 2020	-	136,121	315,515	791,895	1,243,531	409,823	1,653,354
Profit and total comprehensive income for the period	-	-	-	472,309	472,309	(151,249)	321,060
Transactions with owners:							
Capital injection from non-controlling interests	-	-	-	-	-	260,806	260,806
Appropriation to statutory reserve	-	43,393	-	(43,393)	-	-	-
	-	43,393	-	(43,393)	-	260,806	260,806
Balance at 30 June 2020	-	179,514	315,515	1,220,811	1,715,840	519,380	2,235,220
Six months ended 30 June 2019 (unaudited)							
Balance at 1 January 2019	-	66,147	315,515	193,828	575,490	125,683	701,173
Profit and total comprehensive income for the period	-	-	-	94,057	94,057	(24,398)	69,659
Transactions with owners:							
Capital injection from non-controlling interests	-	-	-	-	-	162,729	162,729
Appropriation to statutory reserve	-	18,298	-	(18,298)	-	-	-
	-	18,298	-	(18,298)	-	162,729	162,729
Balance at 30 June 2019	-	84,445	315,515	269,587	669,547	264,014	933,561

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	928,650	(2,364,918)
Income tax paid	(327,436)	(124,024)
Net cash generated from/(used in) operating activities	601,214	(2,488,942)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(7,496)	(4,687)
Proceeds from disposals of property, plant and equipment	50	670
Repayment of advances to Controlling Shareholders	–	5,500
Advances to associates	–	(208,754)
Repayment of advances to associates	–	107,621
Advances to joint ventures	(340,855)	(12,688)
Repayment of advances to joint ventures	398,388	404,511
Advances to non-controlling interests	(603,855)	(152,000)
Repayment of advances to non-controlling interests	167,007	73,500
Advances to third parties	–	(15,400)
Repayment of advances to third parties	–	174,444
Interest received	8,856	4,357
Net cash (used in)/generated from investing activities	(377,905)	377,074

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Cash flows from financing activities		
Advances from associates	71,353	105,631
Repayment of advances from associates	(180,989)	(40,093)
Advances from joint ventures	99,029	377,709
Repayment of advances from joint ventures	(74,137)	(178,122)
Advances from Controlling Shareholders	–	338,030
Repayment of advances from Controlling Shareholders	(23,539)	(337,200)
Advances from related parties	–	38,417
Repayment of advances from related parties	–	(4,510)
Advances from non-controlling interest	2,705,710	2,112,555
Repayment of advances from non-controlling interest	(5,222,158)	(1,141,091)
Proceeds from borrowings	5,402,695	873,549
Repayment of borrowings	(1,320,149)	(293,350)
Repayment of principal portion of lease liabilities	(2,703)	(2,800)
Repayment of interest portion of lease liabilities	(426)	(387)
Payments for listing expenses	(1,527)	(923)
Capital injection from non-controlling interests	260,806	162,729
Interest paid	(119,035)	(30,101)
Net cash generated from financing activities	1,594,930	1,980,043
Net increase/(decrease) in cash and cash equivalents	1,818,239	(131,825)
Cash and cash equivalents at the beginning of the period	1,052,217	622,753
Cash and cash equivalents at the end of the period	2,870,456	490,928

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 October 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the development of real estate projects in the People's Republic of China (the "**PRC**").

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2020.

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 28 August 2020.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Standard ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Accountant's Report set out in Appendix I to the prospectus of the Company dated 29 June 2020 (the "**Prospectus**") and any public announcements made by the Company during the interim period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those described in the Accountant's Report set out in Appendix I to the Prospectus except for the estimation of income tax and the adoption of new and amended standards as set out below. Amendments to HKFRSs effective for the financial year beginning on 1 January 2020 are not expected to have a material impact on the Group.

(a) New and amendments to standards adopted by the Group

During the period ended 30 June 2020, the Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1 January 2020;

Amendments to HKFRS 3 (Revised)	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Hedge Accounting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the above HKFRSs did not have any significant financial impact to the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

- (b) New standard and amendments to existing standards issued but not yet effective for the financial year beginning on or after 1 January 2020 and have not been early adopted by the Group;

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	COVID-19 Related Rent Concessions	1 June 2020
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual improvements to HKFRS Standards 2018 to 2020	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has performed assessment of these new and amended standards. None of these is expected to have a significant effect on the Group's result of operations and financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the critical accounting estimates and judgements applied were consistent with those described in the Accountant's Report set out in Appendix I to the Prospectus.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Groups activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Groups overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountant's Report set out in Appendix I to the Prospectus.

There have been no changes in the risk management policies since 31 December 2019.

5.1.1 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (Continued)

5.1.1 Liquidity risk (Continued)

The table below sets out the Group's financial liabilities by relevant maturity grouping at each statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand RMB'000	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2020 (Unaudited)						
Borrowings (including interest payables)	-	2,392,563	4,342,797	1,001,770	-	7,737,130
Trade payables, bills payables and other payables, excluding payroll payable and other taxes payable	-	3,012,241	-	-	-	3,012,241
Amounts due to associates	1,387,598	-	-	-	-	1,387,598
Amounts due to joint ventures	894,836	-	-	-	-	894,836
Amounts due to non-controlling interests	2,338,321	-	-	-	-	2,338,321
Lease liabilities (including interest payables)	-	9,254	2,299	-	-	11,553
	4,620,755	5,414,058	4,345,096	1,001,770	-	15,381,679

	On demand RMB'000	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2019 (Audited)						
Borrowings (including interest payables)	-	1,314,410	1,847,044	210,662	-	3,372,116
Trade payables, bills payables and other payables, excluding payroll payable and other taxes payable	-	2,322,102	-	-	-	2,322,102
Amounts due to associates	1,497,735	-	-	-	-	1,497,735
Amounts due to joint ventures	869,944	-	-	-	-	869,944
Amount due to Controlling Shareholders	23,539	-	-	-	-	23,539
Amounts due to non-controlling interests	4,682,599	-	-	-	-	4,682,599
Lease liabilities (including interest payables)	-	8,916	3,903	-	-	12,819
	7,073,817	3,645,428	1,850,947	210,662	-	12,780,854

The Group also provides guarantees to secure repayment obligation of certain purchasers of the Group's property units and the principal of borrowings of the joint ventures and associates, which will have contractual cash flows only if the guarantee purchasers, joint ventures and associates default the repayment (Note 22).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Except for the compliance of certain financial covenants (Note 19) for maintaining the Group's banking facilities and borrowings, the Group is not subject to any externally imposed capital requirements. The management monitors capital on the basis of the gearing ratio of the Group. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, amounts due to third parties, amounts due to associates and joint ventures, amounts due to non-controlling interests and lease liabilities less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Interim condensed consolidated statement of financial position plus net debt.

	As of 30 June 2020 RMB'000 (Unaudited)	As of 31 December 2019 RMB'000 (Audited)
Borrowings (Note 19)	6,935,845	2,853,299
Amounts due to third parties (Note 20)	124,963	139,812
Amounts due to associates (Note 24)	1,387,598	1,497,735
Amounts due to joint ventures (Note 24)	894,836	869,944
Amounts due to non-controlling interests (Note 21)	2,338,321	4,682,599
Lease liabilities	10,969	11,970
Total borrowings	11,692,532	10,055,359
Less: Cash and cash equivalents (Note 17)	(2,870,456)	(1,052,217)
Net borrowings	8,822,076	9,003,142
Total equity	2,235,220	1,653,354
Total capital	11,057,296	10,656,496
Gearing ratio	79.8%	84.5%

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation

Investment properties of the Group were measured at fair value.

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of investment properties that are recognised and measured at fair value in the interim condensed consolidated financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2020 (six months ended 30 June 2019: same).

(ii) Valuation techniques used to determine level 3 fair values

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

All resulting fair value estimates for investment properties are included in level 3.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(iii) Valuation processes of the Group

The Group's investment properties were valued by an independent professionally qualified valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department has a team to review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuer at least once in each reporting periods.

At each reporting period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior period/year valuation report; and
- Holds discussions with the independent valuer.

6. REVENUE AND SEGMENT INFORMATION

The Executive Directors has been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are then submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax and regard these to be only one operating segment – property development. Accordingly, segment disclosures are not presented. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in China, which is considered as one geographical location in an economic environment with similar risk and returns.

For the six months ended 30 June 2020 and 2019, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

The revenue from external parties is derived from numerous external customers and the revenue reported to the Executive Directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of properties	1,713,089	590,520

The revenue from contracts with customers recognised during six months ended 30 June 2020 and 2019 are sales of properties in the PRC, all of which recognised at a point in time.

(a) Details of contract liabilities

	30 June 2020	31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract liabilities related to sales of properties (<i>Note</i>)	13,992,561	8,416,172

Note: As of 30 June 2020 and 31 December 2019, contract liabilities represent advanced payments received from customers for properties that have not yet been transferred to the customers. Increased in contract liabilities during the period ended 30 June 2020 represents increase in advanced payments received from customers.

(b) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the periods related to carried-forward contract liabilities.

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the contract liabilities balance at the beginning of the periods		
Sales of properties	1,699,871	572,729

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

7. EXPENSES BY NATURE

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Cost of inventories sold –including construction cost, land cost and capitalised interest expenses	1,037,495	333,825
Business taxes and other taxes surcharges	19,176	3,104
Employee benefit expenses (including directors' emoluments)	131,945	55,600
Management and consulting service fee (Note (a))	51,515	–
Donation	1,494	2,280
Advertising and promotion expenses	54,186	22,732
Property management fees	19,023	6,197
Office expenses	9,280	2,033
Depreciation on property, plant and equipment and right-of-use assets	8,815	5,347
Entertainment expenses	12,903	6,606
Recruitment fee	2,265	1,034
Motel vehicle expenses	606	733
Guarantee fee	959	10,176
Auditors' remuneration	1,032	457
Legal and professional service fees	4,218	2,741
Listing expenses	11,533	2,241
Travelling and transportation expenses	3,797	2,516
Sales commission to property agents	18,191	404
Others	6,942	1,279
Total cost of sales, selling and marketing expenses and general and administrative expenses	1,395,375	459,305

Note:

- (a) The amounts represents the fees paid to certain non-controlling interest shareholders and third parties in relation to the management and consulting services provided by them for the property development projects.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

8. FINANCE COSTS – NET

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Finance income		
Interest income from		
– Bank deposits	8,856	4,357
Finance costs		
Interest expenses for		
– Lease liabilities	(426)	(387)
– Bank and other borrowings	(114,406)	(46,662)
– Amounts due to non controlling interests	(97,600)	(60,727)
	(212,432)	(107,776)
Add: capitalised interest	168,389	87,910
	(44,043)	(19,866)
Finance costs, net	(35,187)	(15,509)

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current income tax:		
– PRC corporate income tax	159,376	54,256
– PRC land appreciation tax	68,310	37,484
	227,686	91,740
Deferred income tax	(43,368)	(8,500)
	184,318	83,240

9. INCOME TAX EXPENSES (CONTINUED)

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law").

PRC land appreciation tax ("LAT")

Pursuant to the requirements in relation to LAT in the PRC, all income from the sale or transfer of state-owned land use rights, building and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2017, dividends distributed from the profits generated the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

10. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

11. EARNINGS PER SHARE

(a) Basic

In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2020 and 2019, the ordinary shares issued upon the incorporation of the Company, the ordinary shares issued in exchange for the Listing Business in the reorganisation as detailed in Note 1.2 to the Accountant's Report set out in Appendix I to the Prospectus and the capitalisation issue (Note 18), were deemed to be issued on 1 January 2019 as if the Company has been incorporated by then.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company during the periods <i>(RMB'000)</i>	472,309	94,057
Weighted average number of ordinary shares in issue <i>(in thousand)</i>	1,200,000	1,200,000
Basic earnings per share <i>(RMB)</i>	0.39	0.08

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 June 2020 and 2019. Accordingly, diluted earnings per share is the same as the basic earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Computer and office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended					
30 June 2020 (Unaudited)					
Opening net book amount	17,082	5,850	8,507	4,565	36,004
Additions	3,723	1,728	5,028	740	11,219
Disposals	(2,016)	–	(15)	(5)	(2,036)
Depreciation	(4,223)	(1,545)	(1,882)	(1,165)	(8,815)
Closing net book amount	14,566	6,033	11,638	4,135	36,372
Six months ended					
30 June 2019 (Unaudited)					
Opening net book amount	13,291	289	3,756	4,019	21,355
Additions	5,704	–	3,528	1,159	10,391
Disposals	–	–	(451)	(219)	(670)
Depreciation	(3,182)	(54)	(1,274)	(837)	(5,347)
Closing net book amount	15,813	235	5,559	4,122	25,729

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Opening net book amount	170,800	155,200
Fair value changes	–	9,700
Closing net book amount	170,800	164,900

Certain investment properties with total carrying amount of RMB124,574,000 and RMB170,800,000 as of 30 June 2020 and 31 December 2019, respectively, were pledged as collateral for the Group's borrowings (Note 19).

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

- (a) The amounts recognised in the interim condensed consolidated statement of financial position as “Investments accounted for using the equity method” are as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Joint ventures	735,556	520,299
Associates	579,620	583,133
	1,315,176	1,103,432

- (b) The amounts recognised in the interim condensed consolidated statement of comprehensive income “Share of results of joint ventures and associates” are as follows:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Joint ventures	215,257	(9,695)
Associates	(3,513)	4,595
	211,744	(5,100)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Properties under development	20,519,941	16,052,548
Completed properties held for sale	412,663	732,904
	20,932,604	16,785,452
Properties under development comprise:		
– Land use rights	14,938,478	12,453,111
– Construction costs	4,977,842	3,250,557
– Interests capitalised	603,621	348,880
	20,519,941	16,052,548

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within normal operating cycle.

The capitalisation rate of borrowings is 7.9% for the six months ended 30 June 2020 (six months ended 30 June 2019: 8.5%)

As of 30 June 2020 and 31 December 2019, the Group's pledged properties held for sale and properties under development are set out as follows:

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Carrying amounts of completed properties held for sale and properties under development:		
– Pledged as collateral for Group's borrowings	9,767,623	6,121,919

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2020	31 December 2019
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables from third parties (Note (a))	5,254	25,970
Other receivables		
– Amount due from the other partner of a joint venture (Note (b))	309,350	–
– Deposits for acquisitions of land use rights (Note (c))	101,278	–
– Deposits for property development projects	378,042	303,990
– Receivables from banks and bank card services providers	132,150	41,341
– Cash advances to third parties	–	9,500
– Others	22,976	21,583
	943,796	376,414
Prepayments		
– Prepayments for property development projects	295,736	60,139
– Prepayments for acquisition of land use rights (Note (c))	274,000	571,824
– Prepaid value added tax, business taxes and other taxes	299,002	186,992
– Contract acquisition costs	12,891	16,606
– Prepaid listing expenses	12,524	6,695
– Others	8,588	8,302
	902,741	850,558
Trade and other receivables and prepayments	1,851,791	1,252,942

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Notes:

(a) Trade receivables

Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. These are generally no credit period granted to the property purchasers.

The aging analysis of trade receivables at the interim condensed consolidated statement of financial position dates based on invoice date is as follows:

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
0-30 days	3,690	22,793
31-60 days	–	3
61-90 days	–	866
Over 91 days	1,564	2,308
	5,254	25,970

As of 30 June 2020 and 31 December 2019, trade receivables of RMB5,254,000 and RMB25,970,000 were overdue but not impaired and fully relate to certain customers that have good settlement record with the Group.

For these past due trade receivables, the Group has assessed the expected credit losses by considering historical loss experiences, existing market conditions and forward-looking information. Based on the assessment, expected credit loss rate of trade receivables is close to zero. Therefore, the loss allowance provision for these trade receivables balances was not material.

- (b) The balance represents the initial development prepayment attributable to the Group made to the other partner of joint venture in respect of land. Pursuant to the co-operative agreement, the balance will be recognised as the Group's investment contribution to joint venture following the completion of land acquisition.
- (c) Prepayments for acquisition of land use rights will be reclassified to properties under development when the land certificates were obtained. The deposits are refundable in case the right to acquire the land use right cannot be obtained.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

17. CASH AND CASH EQUIVALENTS

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Denominated in:		
– RMB	2,863,413	1,052,014
– Hong Kong Dollar (“HK\$”)	7,042	174
– United States Dollar (“USD”)	1	29
	2,870,456	1,052,217

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

18. SHARE CAPITAL AND RESERVES

Share capital

	Number of shares	Share capital <i>HK\$</i>
Authorised:		
At 31 December 2019	38,000,000	380,000
Changes	9,962,000,000	99,620,000
At 30 June 2020	10,000,000,000	100,000,000
	Number of shares	Share capital <i>RMB</i>
Issued:		
At 31 December 2019 and 30 June 2020	1,000	9

The Company was incorporated on 8 October 2018 with an authorised share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each.

Pursuant to the written resolutions of the Shareholders dated 20 June 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of par value of HK\$0.01 each by the creation of an additional 9,962,000,000 shares of par value of HK\$0.01 each.

18. SHARE CAPITAL AND RESERVES (CONTINUED)

Share capital (Continued)

(i) Capitalisation issue

On 15 July 2020, the capitalisation issue pursuant to the Shareholders' resolution dated 20 June 2020 was effected. The Company issued 1,199,999,000 shares at par value of HK\$0.01 each to holders of shares on the register of members of the Company on 15 July 2020, by way of capitalisation of an amount of HK\$11,999,990 to the credit of the share premium account of the Company.

(ii) Global offering

On 15 July 2020, the Company issued a total of 400,000,000 ordinary shares at a price of HK\$3.93 per share as a result of the completion of the global offering.

30,618,000 shares were issued upon the partially exercise of the over-allotment option on 5 August 2020 at a price of HK\$3.93 per share.

Number of total issued shares of the Company was increased to 1,630,618,000 shares upon completion of the capitalisation issue, the global offering and the exercise of over-allotment option.

Statutory reserve

In accordance with the relevant PRC regulations applicable to wholly foreign owned enterprises, the PRC subsidiary is required to appropriate to reserve fund an amount of not less than 10% of the profit after income tax, calculated based on the PRC accounting standards. Should the accumulated total of this reserve fund reach 50% of the registered capital of the PRC subsidiary, the subsidiary will not be required to make any further appropriation. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital.

Other reserves

Other reserves mainly represented the reserves derived from acquisition of non-controlling interests, the share premium and the accumulated capital contribution from the then equity holders of the group companies in excess of the consideration given in relation to the reorganization.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

19. BORROWINGS

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Non-current:		
Bank borrowings – secured and guaranteed	3,608,005	1,076,099
Other borrowings – secured	1,275,700	633,000
	4,883,705	1,709,099
Current:		
Bank borrowings – secured and guaranteed	1,722,140	764,200
Other borrowings – secured	330,000	380,000
	2,052,140	1,144,200
Total borrowings	6,935,845	2,853,299

As at 30 June 2020, all of the Group's borrowings were denominated in RMB (31 December 2019: same).

All bank and other borrowings of the Group as of 30 June 2020 and 31 December 2019 were secured by certain pledged time deposit, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of RMB10,439,919,000 and RMB6,554,801,000 respectively.

In addition to pledge of assets, certain bank and other borrowings amounted to RMB2,095,149,000 as of 31 December 2019 required guaranteed by subsidiaries of the Group, Mr. Lui Jin Ling, Mr. Lui Wing Wai and their spouses (Note 24). All of bank and other borrowings guaranteed by Mr. Lui Jin Ling, Mr. Lui Wing Wai and their spouses were repaid and the guarantees by them were released in June 2020. As of 30 June 2020, certain bank and other borrowings amounted to RMB5,475,995,000 required guaranteed by subsidiaries of the Group.

Certain group companies in the PRC have entered into fund arrangements with trust companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them to the group companies. Certain equity interests of the group companies were held by the financial institutions as collateral of which the Group is obligated to redeem at predetermined prices. The funds bear fixed interest rates and have fixed repayment terms. Thus, the Group did not derecognise its equity interests in the subject group companies but treated the fund arrangements as other borrowings in the consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

19. BORROWINGS (CONTINUED)

The weighted average effective interest rates as of 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Bank borrowings	6.65%	7.67%
Other borrowings	11.54%	10.83%
Weighted average effective interest rates	7.88%	8.82%

The carrying amounts of the borrowings approximate their fair values as of 30 June 2020 and 31 December 2019 as either the impact of discounting of borrowings with fixed interest rates was not significant, or the borrowings bear interests at floating rates.

20. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Trade and bills payables		
Trade payable (Note a)	2,620,285	1,978,499
Bills payables	68,321	77,527
	2,688,606	2,056,026
Other payables:		
Other taxes payable	50,677	77,610
Payroll payable	35,326	63,373
Amounts due to third parties	124,963	139,812
Deposits received from potential property purchasers	92,001	55,237
Deposits from contractors and suppliers	87,512	52,428
Listing expenses	14,239	4,869
Interest payable	485	5,114
Others	4,435	8,616
	409,638	407,059
	3,098,244	2,463,085

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

20. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES (CONTINUED)

(a) The aging analysis of the trade payables of the Group based on invoice dates is as follows:

	30 June 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0-30 days	2,239,455	1,780,785
31-60 days	53,041	61,506
61-90 days	151,689	11,690
Over 91 days	176,100	124,518
	2,620,285	1,978,499

(b) An aging analysis of the bills payables of the Group is as follows:

	30 June 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0-30 days	68,321	21,400
31-60 days	-	19,100
61-90 days	-	4,400
Over 91 days	-	32,627
	68,321	77,527

21. AMOUNTS DUE FROM(TO) NON-CONTROLLING INTERESTS

Amounts due from non-controlling interests mainly represented cash advances to the non-controlling interest of certain subsidiaries. They are unsecured, interest-free and repayable on demand.

Amounts due to non-controlling interests mainly represented cash advances provided by the non-controlling interests of certain subsidiaries. As of 30 June 2020 and 31 December 2019, amounts due to non-controlling interests were interest-free, except for amounts of RMB1,284,225,000 and RMB4,520,326,000, which bear interest ranging from 4.75%-15.0% per annum and an amount of RMB6,099,000 as of 31 December 2019 which bears interest at 20.0% per annum. All of the amounts due to non-controlling interests are unsecured and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

22. FINANCIAL GUARANTEE

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Guarantee in respect of mortgage facilities for certain purchasers (<i>Note (a)</i>)	5,495,357	3,294,002
Guarantee in respect of borrowings of joint ventures and associates (<i>Note (b) and Note 24</i>)	226,012	905,447
	5,721,369	4,199,449

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

The directors consider that the likelihood of default in payments by purchasers is minimal as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts. Therefore, the financial guarantees measured at fair value is immaterial and no liabilities was recognised.

- (b) Amounts represented the maximum exposure of the guarantees provided for the borrowings of the joint ventures and associates at the respective balance sheet dates. The directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantee measured at fair value is immaterial and no liabilities was recognised.

23. COMMITMENTS

Commitments for capital and property development expenditure:

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Contracted but not provided for	13,014,043	13,457,571

Note: The amount represented capital commitment for constructions contract and agreed proposed development contracts determined based on current estimated budgets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

24. RELATED PARTY TRANSACTIONS

(a) The ultimate holding companies of the Company are Huaxing Development Co., Ltd., Hualian Development Co., Ltd. and Hualong Development Co., Ltd. The ultimate controlling shareholders of the Company are Mr. Lui Wing Wai, Mr. Lui Wing Nam, Mr. Lui Chi Chung Jimmy, Mr. Lui Jin Ling and Mr. Lui Wing Mau.

(b) Balances with shareholders, associates and joint ventures

	As of 30 June 2020 RMB'000 (Unaudited)	As of 31 December 2019 RMB'000 (Audited)	
Amounts due to a Controlling Shareholder (Note (i))			
– Mr. Lui Jin Ling	–	23,539	Non-trade
Amounts due from joint ventures (Note (ii))	292,735	350,268	Non-trade
Amounts due to joint ventures (Note (iii))	894,836	869,944	Non-trade
Amounts due from associates (Note (iv))	128,389	124,709	Non-trade
Amounts due to associates (Note (v))	1,387,598	1,497,735	Non-trade

Note (i): Amounts due to a Controlling Shareholder mainly represent the cash advances which are interest free, unsecured and repayable on demand. All balances with Controlling Shareholders were fully settled in June 2020.

Note (ii): Amounts due from joint ventures bear interest rates ranging from 6.0% to 8.0% per annum, unsecured and repayable on demand.

Note (iii): Amounts due to joint ventures were interest-free, except for amounts of RMB179,710,000 and RMB145,000,000 as of 30 June 2020 and 31 December 2019, respectively, which bears interest at 8.0% per annum. All balances are unsecured and repayable on demand.

Note (iv): Amounts due from associates bear interest rates ranging from 4.75% to 12.0% per annum, unsecured and repayable on demand.

Note (v): Amounts due to associates were interest-free, except for amounts of RMB151,900,000 and RMB546,196,000 as of 30 June 2020 and 31 December 2019, respectively, which bears interest at 6.32% to 10% per annum, all balances are unsecured and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Guarantee with related parties

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Carrying values of the borrowings of joint ventures and associate guaranteed by certain subsidiaries of the Group		
– Joint ventures	226,012	801,322
– Associates	–	104,125
	226,012	905,447
Carrying values of the borrowings guaranteed by subsidiaries of the Group, the Controlling Shareholders and their spouses in connection with the Group's borrowings (<i>Note 19</i>)	5,475,995	2,095,149

(d) Key management compensation

Key management compensation for the six months ended 30 June 2020 and 2019 are set out below:

	Six months ended 30 June	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Key management compensation		
– Salaries and other employee benefits	2,933	2,233
– Pension costs	214	233
	3,147	2,466

25. EVENTS AFTER THE BALANCE SHEET DATE

Save as disclosed in this report, there is no significant event took place subsequent to 30 June 2020.

