INTERIM REPORT
中期報告
2018

GLORY国瑞

香港聯合交易所股份代號 Stock Code : 2329

GUORUI PROPERTIES LIMITED
國瑞置業有限公司

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

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

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

Mr. Ge Weiguang
Ms. Zheng Jin

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

INTERNAL CONTROL COMMITTEE

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

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

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

LEGAL ADVISORS

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Baker & McKenzie
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REGISTERED OFFICE

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CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
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Wan Chai
Hong Kong

LISTING INFORMATION

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

Senior Notes Listing
Stock Exchange
Stock Code: 05408
Stock Code: 04437
Stock Code: 05110

WEBSITE

http://www.glorypty.com/

FINANCIAL HIGHLIGHTS

The board (the "**Board**") of directors (the "**Directors**") of Guorui Properties Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce to the Group's shareholders (the "**Shareholders**") the interim results of the Group for the six months ended June 30, 2018, together with comparative figures for the corresponding period in 2017. The Group's interim results have not been audited but have been reviewed by the Company's audit committee and the Company's auditors, Deloitte Touche Tohmatsu ("**DTT**") 。

— Achieved contracted sales for the six months ended June 30, 2018 (the "**Reporting Period**") was RMB6,843.2 million with corresponding gross floor area ("**GFA**") of approximately 563,379 sq.m., representing a period-on-period increase of 32.31% and 63.73%, respectively;

— Revenue for the Reporting Period was RMB2,238.4 million, of which the revenue from property development was RMB1,955.8 million;

— Gross profit for the Reporting Period was RMB764.0 million, of which the gross profit from property development was RMB561.2 million;

— Net profit for the Reporting Period was RMB558.2 million, of which RMB410.4 million was attributable to the owners of the Company;

— Basic earnings per share for the Reporting Period were RMB9.2 cents;

— Land reserves reached a total GFA of 14,283,039 sq.m. and the average cost of land reserves was RMB3,354.6 per sq.m. for the Reporting Period. Newly acquired land reserves amounted to a total GFA of 5,489,004 sq.m. and the average cost of land acquisition was RMB1,505.2 per sq.m. for the Reporting Period;

— Contracted average selling price ("**ASP**") for the Reporting Period was RMB12,146.7 per sq.m.. The average cost of land reserves accounted for 27.62% of the ASP for the Reporting Period.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Company for the six months ended June 30, 2018.

REVIEW OF THE FIRST HALF OF 2018

Interim Results

During the Reporting Period, the revenue of the Group was RMB2,238.4 million, of which the revenue from property development was RMB1,955.8 million, revenue from Property leasing was RMB207.1 million and the profit was RMB558.2 million, of which the profit attributable to owners of the Company was RMB410.4 million.

Market Review

In the first half of 2018, regulation and control are still the keynote of the real estate industry. Investment speculation was fully restrained from all aspects including demand side of house purchase, supply and financial side of property, which reinforced that the nature of housing properties is for accommodation. By closely following the pace of the central government, the city-specific regulatory policies were implemented in the real estate industry where the policies have been shifting from regulating on a single city to tightening up through the synergy among city agglomerations and the interconnections among regions. From market performance perspective, first- and second-tier cities saw a decline in trading volume amidst focused-regulation, while the significant effect of properties destocking turned up in third- and fourth-tier cities under the impact of spillover.

Property Development

In line with the changes in the situation, the Group adopted flexible strategies to promote rapid growth in sales, laying a solid foundation for the future profitability of the Company. During the Reporting Period, the Group achieved contracted sales of RMB6,843.2 million, representing an increase of 32.31% as compared to the corresponding period of the previous year. The contracted GFA was 563,379 sq.m., representing an increase of 63.73% as compared to the corresponding period of the previous year. Contracted sales of the Group, by geographical location, were mainly from Shantou, Chongming Island and Foshan, amounting to approximately RMB1,068.6 million, RMB1,017.1 million and RMB983.8 million, respectively, representing 15.62%, 14.86% and 14.38% of the Group's total contracted sales, respectively.

Amid the current tightening financial policies, the Group gave priority to the assurance of the stability of cash flows, strengthened control over investment risks, and carefully screened premium projects for investment. In terms of urban layout, we continued to deepen the operation in cities where we have strategic presence, focused on the key cities in the four major regions, being the "Beijing Tianjin Hebei" region, the "Yangtze River Delta" region, the "Pearl River Delta" region and the economic corridor of the "Belt and Road Initiative"; in view of the increased policy and financial pressure emerged in first-tier cities including Beijing, Shanghai, Guangzhou and Shenzhen, the Group will strictly control the risks, remain cautious in countercyclical land acquisition and avoid acquisition of any land at a high price. At present, the core districts in second-tier cities are capable of competing with first-tier cities, and the outbound expansion trend of second-tier cities has emerged with obvious urban spillover effects, new districts in second-tier cities are good for investment. Meanwhile, the demand for low-density products for improved residential purpose is gradually increasing in areas surrounding second-tier cities, giving rise to development opportunities in the future to some extent; in respect of third- and fourth-tier cities, we selected land with strong supporting resources, such as the government, schools, hospitals, subways, core commercial areas and other regional strong resources, with a view to avoiding the risks arising from limited market capability faced by third- and fourth-tier cities.

Investment Properties

Rental income increased by 47.46% year-on-year with promising prospects for high-quality properties

During the Reporting Period, the total rental income of the Group was RMB207.1 million, representing an increase of 47.46% as compared to the corresponding period of the previous year. Rental income is expected to maintain steady growth over the next two to five years, which is mainly benefited from the Group's 10 investment properties situated at the prime locations of 6 core cities including Beijing and Shenzhen with total planned GFA of approximately 805,671 sq.m.. Calculated by the area under operation, the operating area in Beijing accounted for about 56%, among which Glory Shopping Mall located in Beijing's most prosperous Chongwen business district and has become a fashionable gathering place of the region. Hademen Plaza, which is in proximity to Glory Shopping Mall, was accredited as a 2016-2017 "China New Hundred Urban Landmark Architecture (中國百城建築新地標)" project.

Land Reserves

Insisting on quality growth, the Group adhered to the growth of quality, increased the requirements for profit rate and risk control of project investment, and obtained high-quality land reserves; the methods of obtaining are mainly by tender, auction and listing (招拍掛) and cooperative development, supplemented by mergers and acquisitions. The Group refused to acquire high-priced land. During the Reporting Period, the Group obtained three high-quality land parcels with total planned GFA of approximately 2,004,942 sq.m..

In addition, the Company also sustained the growth momentum of future sales by mergers and acquisitions of mature projects within the strategic layout of the Company. As at June 30, 2018, the Company added seven new projects for cooperation in the "Beijing Tianjin Hebei" region, Guangdong-Hong Kong-Macao Greater Bay Area and the areas under the "Belt and Road Initiative". In the future, the Company will also seize opportunities to increase high-quality land resources through various channels such as cooperation and mergers and acquisitions with a view to quickly achieve a leap-forward sales growth.

The Group believes that first-tier cities will witness strong demand of properties for a long term in view of its outstanding advantages in resource concentration due to constant population inflow and advanced level of economic development, as well as the low stock of properties and shortage of land supply. As at June 30, 2018, the total planned GFA for land reserves of the Group was 14,283,039 sq.m. and the average land cost was approximately RMB3,354.6 per sq.m..

Financing Channels

The Group focused on expanding financing channels, optimizing debt structures and lowering financing costs while actively deploying diversified financing models in order to support the diversified and synergetic development of the Group's businesses. The Group successfully issued senior notes of US$250 million in March 2018 and issued senior notes of US$100 million of two-year term in June 2018, under the market situation where the stock market fluctuated dramatically and the bond market was in a severe hardship.

OUTLOOK FOR THE SECOND HALF OF 2018

Keeping houses for living in, not for speculation and realizing living in peace and contentment

In 2018, the central government continued to insist on the position of "houses for living in, not for speculation", and "city-specific regulatory policies, differentiated regulation and control" remains the key tone of the real estate industry. The government reports of the National People's Congress and the Chinese Political Consultative Conference puts forward "To cultivate the leasing market and develop shared property rights for housing and accelerate the establishment of housing system such as multi-agent supply, multi-channel protection and lease/purchase option in order to enable the broad masses of the people to live in peace and contentment as soon as possible". The Group believes that the development goals of China's economy have shifted from high-speed growth to high-quality growth. The development of real estate companies in the new era must closely follow the guidelines of the national policies to proactively adapt to the development and challenges of the new economy and expand the new space for future development.

The Group is of the view that the demands of China's real estate will mainly arise from in three aspects for a certain period in the future: (1) The living environment and housing demand of peasants will be solved by implementing the strategy of village rejuvenation and the construction of beautiful new rural villages in the new era as proposed by General Secretary Xi Jinping. (2) The housing demand of low- and middle-income people in the first- and second-tier cities will be satisfied by social housing and public rental housing. (3) The demand for house purchase in one's hometown is increasingly prominent as the new urbanization is developing rapidly and the rural population is relocating to third- and fourth-tier cities; the city value will be more obvious as third- and fourth-tier cities around metropolitan areas will share urbanization dividends. Therefore, it can be predicted that the real estate market in China will still have much room for development in the next decade.

In this new stage, the Group believes that there are promising prospects in the fields such as real estate projects featuring cultural tourism and cultural innovation and the development and utilization of collective-owned lands. The cultural tourism leisure project is currently one of the major directions for the development of many cities, and it is also an opportunity amid the general trend of leisure consumption upgrading of urban residents. The cultural tourism and cultural innovation projects echo the macro policy of "Entrepreneurship and Innovation (創業創新)", which will build a platform of entrepreneurship and innovation to provide soft and hardware services for start-up innovative businesses, thus boosting the transformation and upgrading of domestic industries; utilization of collective-owned industrial land is the bottom line measure to ensure the steady income for rural residents during the process of urban development. As the large size of such land resource makes it become the blue ocean for the existing real estate market, the Group will actively explore cooperation with village collectives in terms of land development, to realize the win-win situation between rural residents and enterprises; meanwhile, the Group made efforts to build a smart new city by combining the traditional real estate development with smart manufacturing. In addition, in line with the "Simultaneously Promoting Renting and Leasing (租賃並舉)" policy, the Group focused on targeting location in first-tier cities to explore the house leasing business.

In the future, the Group will uphold the strategy of deeper regional exploitation, adopt proactive and flexible sales policies and attract more customers with continuously improved product structure and excellent product quality. The Group will step up efforts to promote sales while strengthening the collection of sales payment. Moreover, the Group will also focus on adjusting the debt structure and endeavor to reduce financing costs, thus enhancing our core competitiveness and ensuring the sustainable growth in future performance.

ACKNOWLEDGEMENT

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

Zhang Zhangsun
Chairman

Beijing, the PRC
August 27, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of 2018, the Group's total contracted sales were approximately RMB6,843.2 million, representing an increase of 32.31% as compared to the corresponding period of last year. For the six months ended June 30, 2018, the Group's revenue was RMB2,238.4 million, representing an increase of 2.6% as compared to the corresponding period of last year. Revenue from property development was RMB1,955.8 million, representing a decrease of 2.4% as compared to the corresponding period of last year. For the six months ended June 30, 2018, the Group's gross profit was RMB764.0 million, representing a decrease of 23.3% as compared to the corresponding period of last year; the net profit was RMB558.2 million, representing a decrease of 11.5% as compared to the corresponding period of last year, of which RMB410.4 million was attributable to the owners of the Company, representing a decrease of 17.6% as compared to the corresponding period of last year.

Contracted Sales

The contracted sales of the Group for the first half of 2018 and 2017 amounted to approximately RMB6,843.2 million and RMB5,172.1 million, respectively, representing an increase of 32.31%. Total GFA sold was approximately 563,379 sq.m. and 344,102 sq.m., representing an increase of 63.73%. Contracted sales of the Group, by geographical location, were mainly from Shantou, Chongming Island and Foshan, amounting to approximately RMB1,068.6 million, RMB1,017.1 million and RMB983.8 million, respectively, representing 15.62%, 14.86% and 14.38% of the Group's total contracted sales, respectively.

The following table sets out the geographic breakdown of the Group's contracted sales for the six months ended June 30, 2017 and 2018:

	For the Six Months Ended June 30,					
	2018 Contracted Sales (RMB million)	2017 Contracted Sales (RMB million)	2018 GFA Sold (sq.m.)	2017 GFA Sold (sq.m.)	2018 Contracted ASP (RMB/sq.m.)	2017 Contracted ASP (RMB/sq.m.)
Beijing						
Beijing Glory City	—	37.2	—	663	—	56,088.3
Beijing Fugui Garden	—	121.8	—	1,740	—	69,999.0
Beijing Glory Villa East	0.5	94.9	49	7,908	10,000.0	12,000.0
Beijing Glory Villa West	462.4	893	9,940	41,104	46,520.4	21,725.7
Haikou						
Haikuotiankong Glory City	232.0	469.8	7,703	30,052	30,111.4	16,530.4
Glory Riverview Garden	160.5	55.6	5,836	2,208	27,507.1	25,189.7
Haikou West Coast Glory	131.6	232.1	4,220	9,954	31,193.4	23,320.4
Wanning						
Wanning Glory City (Phase I)	—	80.7	—	9,317	—	8,666.3
Langfang						
Yongqing Glory City	41.2	918.0	2,597	50,281	15,846.7	18,257.3
Zhengzhou						
Zhengzhou Glory City	54.8	59.4	4,301	3,251	12,734.0	18,275.0
Shenyang						
Shenyang Glory City	425.5	447.9	56,768	64,940	7,495.0	6,897.4
Foshan						
Foshan Guohua New Capital	420.9	515.2	37,615	37,261	11,191.0	13,825.5
Foshan Glory Shengping Commercial Center	1.7	45.9	31	1,046	55,888.5	43,866.2
Foshan Canglonghuafu (佛山藏瓏華府)	561.2	—	33,696	—	16,654.9	—
Shantou						
Guan Haiju	67.9	328.8	3,632	21,548	18,684.3	15,258.4
Four Seasons Garden	380.5	158.4	40,343	21,291	9,431.5	7,438.0
Glory Garden (Phase II)	77.5	212.8	7,062	26,206	10,979.0	8,119.4
Shantou Convention Center (汕頭會展中心)	542.7	—	38,176	—	14,215.9	—

	For the Six Months Ended June 30,					
	2018 Contracted Sales (RMB million)	2017 Contracted Sales (RMB million)	2018 GFA Sold (sq.m.)	2017 GFA Sold (sq.m.)	2018 Contracted ASP (RMB/sq.m.)	2017 Contracted ASP (RMB/sq.m.)
Suzhou						
Suzhou Glory Villa	286.5	428.8	9,643	12,946	29,705.3	33,119.0
Chongming Island						
Chongming Island	1,017.1	—	88,452	—	11,499.3	—
Tianjin						
Ruichengjiayuan (瑞城嘉園)	83.6	—	10,000	—	8,360.3	—
Chongqing						
Chongqing Elegant Villa (重慶•書香溪墅)	284.3	—	39,371	—	7,220.0	—
Jiangmen						
Shanhuhaizhuangyuan (山湖海莊園)	132.2	—	7,628	—	17,331.0	—
Xi'an						
Glory Xi'an Financial Center	—	44.8	—	2,386	—	18,768.1
Cooperation Project	1,478.6	—	156,316	—	9,459.0	—
Total	6,843.2	5,172.1	563,379	344,102	12,146.7	15,030.3

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

Property Projects

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

As at June 30, 2018, the Group had completed a total GFA of 6,485,997 sq.m. and had land reserves with a total GFA of 14,283,039 sq.m., comprising (a) a total GFA of 1,173,345 sq.m. completed but remaining unsold, (b) a total GFA of 5,174,345 sq.m. under development, and (c) a total planned GFA of 7,935,349 sq.m. held for future development.

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at June 30, 2018, the Group had investment properties with a total GFA of 805,671 sq.m. in Beijing Fugui Garden, Beijing Glory City, Beijing Bei Wu Lou, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen • Nanshan, Haikou Glory City and Foshan Glory Shengping Commercial Center.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary on the Group's projects in different phases under development and properties held for future development as at June 30, 2018:

			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area (sq.m.)	GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Beijing								
1 Beijing Glory Villa East	Residential	94,199	315,167	227,557	87,317	—	—	80
2 Beijing Glory Villa West	Residential	73,294	239,805	179,823	127,917	—	—	80
3 Daxing Yinghai Project	Residential	63,030	206,990	160,626	97,691	—	—	80
4 Fengtai Xitieying	Residential	65,650	335,549	324,117	—	—	—	16
5 Haidian Cuihu (海澱翠湖)	Residential	82,336	—	—	—	273,747	—	28
6 Fengtai Xiaowayao (豐台小瓦窰)	Residential	27,200	—	—	—	149,197	—	20.4
Haikou								
1 Hainan Yunlong	Mixed-use	1,084,162	111,928	92,210	—	656,916	—	72
Wanning								
1 Wanning Glory City (Phases II to III)	Residential	143,560	—	—	—	191,955	—	80
Langfang								
1 Yongqing Glory City (Phases I (partial) to II)	Residential	410,569	72,194	71,194	7,923	827,952	—	80
2 Yongqing Glory City (Phase IV (partial))	Residential	217,726	266,638	206,302	127,377	355,849	—	100

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	HELD FOR FUTURE DEVELOPMENT Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Zhengzhou								
1 Zhengzhou Glory City (Phase VIII, School)	Mixed-use	11,235	—	—	—	30,156	—	80
Shenyang								
1 Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	270,402	94,511	92,832	1,915	623,417	222,249	80
Foshan								
1 Foshan Guohua New Capital (Phase II)	Residential	16,237	68,050	57,406	37,167	—	—	44
2 Foshan Glory Shengping Commercial Center	Mixed-use	79,311	313,971	245,354	—	—	—	80
3 Foshan Xiqiao	Residential	63,952	—	—	—	248,591	—	80
4 Canglonghuafu (藏瓏華府)	Mixed-use	202,611	473,302	430,259	116,067	276,085	—	35
Xi'an								
1 Guorui Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	2,386	—	—	80
Shantou								
1 Convention Hotel	Mixed-use	28,439	186,799	136,357	38,176	—	—	100
2 Shantou Glory Hospital	Hospital	100,001	360,154	—	—	—	—	100

			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area (sq.m.)	GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained [2] (sq.m.)	Ownership Interest (%)
Shenzhen								
1 Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	—	132,237	—	80
Suzhou								
1 Suzhou Glory Villa	Mixed-use	74,196	240,294	182,656	29,634	—	—	80
Qidong								
1 Chongming Island	Residential	1,211,544	326,079	288,751	128,303	705,934	—	72
2 Butterfly Hotel	Hotel	64,000	53,656	—	—	—	—	100
Ezhou								
1 Ezhou Huarong Market	Specialized markets	333,335	—	—	—	150,000	150,000	55
Wuxi								
1 Glory Luoshe Xincheng (國瑞洛社新城)	Residential	30,726	—	—	—	91,424	91,424	80
Tongren								
1 Guorui Zhihui Shengtaicheng Project (國瑞智慧生態城項目)	Mixed-use	780,430	—	—	—	1,764,321	1,764,321	80
Tianjin								
1 Ruichengjiayuan (瑞城嘉園)	Residential	137,816	282,760	259,476	54,937	—	—	35
Chongqing								
1 Elegant Villa (書香溪墅)	Residential	146,615	253,902	212,232	68,134	91,756	—	51
Jiangmen								
1 Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	407,457	77,090	30,304	7,628	652,550	—	52
Handan								
1 Handan Glory City (邯鄲國瑞城)	Mixed-use	161,736	562,765	384,115	—	283,082	—	35
Enping								
1 Sijiquancheng (四季泉城)	Residential	106,091	—	—	—	246,862	—	68
Sanya								
1 Hongtangwan (紅塘灣)	Mixed-use	96,737	—	—	—	183,318	—	35
Total		6,623,922	5,174,345	3,835,705	932,572	7,935,349	2,227,994	
Total Attributable GFA		4,568,450	3,349,945	2,325,253	656,678	5,468,587	1,744,895	

The following table sets out a summary of information of the Group's investment properties as at June 30, 2018:

Project	Types of Properties	Total GFA Held for Investment (sq.m.)	Leasable GFA (sq.m.)	Effective Leased GFA (sq.m.)	Total Rental Income For the Six Months Ended June 30 2018 (RMB'000)	2017 (RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	45,212		
	Offices	8,520	8,520	6,871		
	Car parking spaces	26,324	26,324	21,779		
	Retail outlets	33,032	29,546	23,586	124,546	106,194
	Siheyuan	7,219	7,219	3,825		
Eudemonia Palace	Car parking spaces	3,431	3,431	3,431		
Beijing Fugui Garden	Shopping mall	26,146	26,146	17,202	19,062	17,319
	Retail outlets	3,170	3,170	2,887		
Beijing Hademen Center	Shopping mall	15,671	14,703	2,217		
	Offices	75,171	69,830	27,095	36,428	—
	Car parking spaces	29,040	23,917	—		
Beijing Bei Wu Lou	Offices	10,916	10,916	10,916	9,654	—
Shenyang Glory City	Specialized markets	50,841	50,841	26,419	3,199	—
	Retail outlets	58,972	58,972	15,385		
Shantou Glory City	Specialized markets	62,398	62,398	61,499	13,415	16,922
Foshan Glory Shengping Commercial Center	Retail outlets	24,267	24,267	2,815	45	—
	Car parking spaces	10,722	10,722	—		
Foshan Glory Shengping Commercial Center*	Retail outlets	225,531	—	—	—	—
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763	—	—	—	—
Haikou Glory City	Offices	6,633	6,633	6,633	736	—
Total		805,671	483,921	277,772	207,085	140,435

* Projects currently under construction

Completed Properties

The following table sets out a summary on the Group's completed projects as at June 30, 2018:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use By Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Beijing									
1 Beijing Fugui Garden	Mixed-use	87,075	507,857	48,042	3,463	29,316	421,374	9,125	91
2 Beijing Glory City	Mixed-use	117,473	881,590	63,159	15,715	159,999	640,252	18,180	80
3 Eudemonia Palace	Residential	14,464	33,102	3,431	—	3,431	24,931	1,309	80
4 Beijing Hademen Plaza	Commercial	12,738	140,057	14,817	—	119,882	—	5,358	80
Haikou									
1 Haikuotiankong Glory City	Mixed-use	141,375	800,154	203,043	73,316	6,633	553,119	37,359	80
2 Haidian Island Glory Garden	Residential	65,643	71,863	15,204	933	—	56,078	581	80
3 Glory Riverview Garden	Residential	36,634	21,658	4,415	4,415	—	16,158	1,085	80
4 Haikou West Coast Glory	Residential	34,121	21,971	2,529	2,529	—	18,161	1,281	80
Wanning									
1 Wanning Glory City (Phase I)	Residential	100,780	161,988	11,328	3,976	—	147,086	3,574	80
Langfang									
1 Yongqing Glory City (Phase I (partial), Phases III, V)	Residential	509,049	403,023	31,073	12,440	—	369,694	2,256	80
2 Yongqing Glory City (Phase IV (partial))	Residential	176,023	498,887	283,184	46,833	—	204,121	11,582	100
Zhengzhou									
1. Zhengzhou Glory City	Mixed-use	472,992	803,762	93,848	17,380	—	665,070	44,844	80

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use by Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Shenyang									
1 Shenyang Glory City (Phases I to II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	357,189	920,895	159,599	91,204	109,813	636,669	14,814	80
Foshan									
1 Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	104,576	438,279	196,746	167,528	—	214,361	27,172	44
2 Foshan Glory Shengping Commercial Center	Mixed-use	10,920	43,228	606	606	34,989	1,275	6,358	80
Shantou									
1 Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	—	—	62,398	—	—	90
2 Glory Garden (Phase I)	Mixed-use	14,161	33,795	2,255	2,255	—	31,540	—	100
3 Yu Garden	Residential	8,292	25,767	—	—	—	25,767	—	100
4 Star Lake Residence	Residential	3,589	12,132	—	—	—	12,132	—	100
5 Yashi Garden	Residential	9,472	48,054	68	68	—	47,210	776	100
6 Guan Haiju	Residential	25,922	171,450	66,100	34,760	—	105,350	—	100
7 Siji Garden	Residential	42,155	204,894	127,732	127,732	—	35,183	41,979	80
8 Glory Garden (Phase II)	Residential	14,482	78,603	18,047	18,047	—	49,190	11,366	80
Chongqing									
1. Elegant Villa (書香溪墅)	Residential	59,332	100,590	23,684	23,684	—	52,610	24,296	51
Total		2,469,456	6,485,997	1,368,910	646,884	526,461	4,327,331	263,295	
Total Attributable GFA		1,982,882	5,221,968	1,093,036	467,491	430,633	3,501,016	197,283	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at June 30, 2018:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves	Average Land Cost
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA[1] (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Beijing	331,806	1,097,510	422,944	1,852,260	13%	15,576.9
Haikou	87,826	111,928	656,916	856,670	5.9%	1,493.3
Wanning	3,976	—	191,955	195,931	1.4%	363.2
Langfang	59,273	338,833	1,183,802	1,581,908	11.1%	250.6
Zhengzhou	17,380	—	30,156	47,536	0.3%	405.6
Shenyang	201,017	94,511	623,417	918,945	6.4%	883.9
Foshan	203,122	855,323	524,675	1,583,120	11.0%	2,972.7
Xi'an	—	289,978	—	289,978	2.0%	1,551.8
Shantou	245,261	546,953	—	792,214	5.5%	1,162.8
Shenzhen	—	42,763	132,237	175,000	1.2%	4,842.9
Suzhou	—	240,294	—	240,294	1.7%	17,191.3
Chongming Island	—	379,735	705,934	1,085,669	7.5%	1,354.5
Ezhou	—	—	150,000	150,000	1.0%	584.7
Wuxi	—	—	91,424	91,424	0.6%	4,812.7
Tongren	—	—	1,764,321	1,764,321	12.4%	532.4
Chongqing	23,684	253,902	91,756	369,342	2.6%	372.0
Tianjin	—	282,760	—	282,760	1.9%	2,182.1
Sanya	—	—	183,318	183,318	2.0%	5,002.0
Jiangmen	—	77,090	652,550	729,640	5.0%	539.0
Enping	—	—	246,862	246,862	1.7%	346.3
Handan	—	562,765	283,082	845,847	5.8%	400.8
Total	1,173,345	5,174,345	7,935,349	14,283,039	100.0%	3,354.6
Total Attributable GFA	898,124	3,349,945	5,468,587	9,716,656		

Note:

(1) Includes 127,539 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land use right grant contract.

The following table sets out a summary of the Group's land reserves by type of properties as at June 30, 2018:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Residential	370,184	2,772,208	6,439,029	9,581,421	67.1
Commercial for sale	192,379	625,018	640,022	1,457,419	10.2
Commercial held or intended to be held for investment	526,461	268,294	—	794,755	5.6
Hotel	—	88,092	139,607	227,699	1.6
Car parking spaces	84,321	581,827	209,566	875,714	6.1
Ancillary	—	393,680	296,952	690,632	4.8
Hospital	—	360,154	—	360,154	2.5
Specialized markets	—	—	150,000	150,000	1.1
Others	—	85,072	60,173	145,245	1.0
Total	1,173,345	5,174,345	7,935,349	14,283,039	100
Total Attributable GFA	898,124	3,349,945	5,468,587	9,716,656	

Primary Land Development and Projects Developed under the "Urban Redevelopment" Policy

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

Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tiananmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at June 30, 2018, the Group had completed the primary land development of one of the five land parcels, and another land parcel is in the process of acceptance check by the Group. As at June 30, 2018, the projects under development of the Group incurred development costs of approximately RMB982.8 million.

Shantou

Pursuant to the cooperation agreements with local self-governing organizations and enterprises under the "Urban Redevelopment" policy, the Group undertook the development of land parcels in Shantou, which comprises four development projects with a total planned GFA of approximately 4.3 million sq.m. during the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after completion of the requisite government procedures under the relevant local regulations. The Group has completed a detailed control plan for two of the development projects. The demolition work has been completed successfully and approval has been obtained from relevant governmental authorities on transformation and distribution solutions, and has begun to develop residential properties. As at June 30, 2018, the Group incurred aggregate preliminary development costs of the remaining two projects of approximately RMB5.7 million.

Chaozhou

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environmental impact assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the prior notice of the house demolition and relocation of approximately 4,419 mu of land. As at June 30, 2018, the Group incurred preliminary development costs of RMB9.4 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake Project is still currently under development.

Shenzhen

In the first half of 2014, Shenzhen Dachaoshan entered into a cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd. (深圳市龍崗區西坑股份合作公司) to carry out urban renewal of the Xikeng community. The planned construction area of the project was about 2.3 million sq.m.. The Group has completed the census work including the land ownership, residential population and building information in the Xikeng community, the urban renewal planning research program and consultation, and has launched the establishment of phase I. As at June 30, 2018, the development costs paid by the Group at the early stage in relation to this project were approximately RMB438.5 million.

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2018, the Group's revenue was RMB2,238.4 million, representing an increase of 2.6% from RMB2,181.9 million as at June 30, 2017.

Revenue from property development for the six months ended June 30, 2018 was RMB1,955.8 million, representing a decrease of 2.4% as compared to the corresponding period of last year.

Cost of Sales and Services

For the six months ended June 30, 2018, the Group's cost of sales and services was RMB1,474.4 million, representing an increase of 24.3% as compared to the corresponding period of last year, which was primarily due to the increased cost of property development.

The Group's cost of property development increased by 22.7% from RMB1,137.0 million in 2017 to RMB1,394.6 million in 2018. This increase was primarily due to the difference in the location areas and product types of the Group's delivery and settlement project for the six months ended June 30, 2018.

Gross Profit

For the six months ended June 30, 2018, the Group's gross profit was RMB764.0 million, representing a decrease of 23.3% as compared to the corresponding period of last year.

Gross profit of property development was RMB561.2 million, representing a decrease of 35.3% as compared to the corresponding period of last year. The decrease in the Group's gross profit of property development was primarily due to the decrease in the Group's projects with high gross profit delivered and carried forward as compared to the same period of last year for the six months ended June 30, 2018.

Net Profit Attributable to Owners of the Company

For the six months ended June 30, 2018, the net profit attributable to owners of the Company was RMB410.4 million, representing a decrease of 17.6% from RMB498.3 million for the six months ended June 30, 2017.

Changes in Fair Value Gains on Investment Properties

The fair value gains on investment properties at the Group's level increased by 24.2% from RMB434.4 million for the six months ended June 30, 2017 to RMB539.6 million for the six months ended June 30, 2018.

Other Gains and Losses

Other gains were RMB40.8 million for the six months ended June 30, 2017, while other losses were RMB28.5 million for the six months ended June 30, 2018, which was primarily due to the foreign exchange losses.

Other Income

Other income increased by 634.3% from RMB10.2 million for the six months ended June 30, 2017 to RMB74.9 million for the six months ended June 30, 2018, which was mainly due to the recognised return on capital employed with associates and joint ventures.

Selling Expenses

Selling expenses decreased by 16.3% from RMB103.7 million for the six months ended June 30, 2017 to RMB86.7 million for the six months ended June 30, 2018, which was primarily due to the decreased marketing agency fees caused by the gradual adjustment of marketing policy by the Group of self-selling instead of sales agents.

Administrative Expenses

Administrative expenses increased by 15.9% from RMB178.4 million for the six months ended June 30, 2017 to RMB206.8 million for the six months ended June 30, 2018, which was primarily due to the increase in depreciation expenses as a result of the partly transfer to fixed assets from the Group's Hademen project.

Finance Costs

Finance costs increased by 36.1% from RMB80.0 million for the six months ended June 30, 2017 to RMB108.8 million for the six months ended June 30, 2018, which was mainly due to the increase of borrowings.

Income Tax Expenses

Income tax expenses decreased by 24.5% from RMB467.3 million for the six months ended June 30, 2017 to RMB352.7 million for the six months ended June 30, 2018, which was primarily due to the decrease of the profit before taxation. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2018 were RMB244.6 million and RMB108.1 million, respectively.

Total Comprehensive Income

As a result of the foregoing reasons, the Group's total comprehensive income decreased from RMB630.5 million for the six months ended June 30, 2017 to RMB542.7 million for the six months ended June 30, 2018. The decrease in the Group's total comprehensive income was primarily due to the increase of cost of sales and services.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at June 30, 2018, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,225.2 million, representing a decrease of 4% as compared to RMB2,318.0 million as at December 31, 2017.

Net Operating Cash Flow

The Group recorded negative net operating cash flow in the amount of RMB1,395.1 million for the six months ended June 30, 2018, while we had recorded negative net operating cash flow of RMB3,894.2 million for the six months ended June 30, 2017. The Group's negative net operating cash flow from operating activities was primarily due to the payment of land acquisition costs for the first half of the year.

Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was 171% as at June 30, 2018, as compared to 205% as at December 31, 2017.

Borrowings

As at June 30, 2018, the Group had outstanding borrowings of RMB30,261.3 million, consisting of bank borrowings of RMB18,074.1 million, other borrowings for trust financing arrangements of RMB3,932.7 million, corporate bonds of RMB3,994.6 million and senior notes of RMB4,259.9 million.

As at June 30, 2018, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 13.0% of the balance of the Group's total outstanding borrowings.

Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at June 30, 2018, the assets pledged to secure certain borrowings granted to the Group amounted to RMB35,435.4 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the purchasers, but relies on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at June 30, 2018, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB7,909.2 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at June 30, 2018.

Capital and Other Commitments

As at June 30, 2018, the Group had certain contracted but not-provided-for commitments in connection with expenditure in respect of properties under development for sale. For details, please refer to note 19 to the Report on Review of Condensed Consolidated Financial Statements.

Foreign Exchange Risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. As at June 30, 2018, the Company successfully issued US$650.0 million senior notes listed on the Stock Exchange. As a result of the issuance of such senior notes, the Group became exposed to foreign currency risk arising from the exposure of Renminbi against U.S. dollars.

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

MATERIAL ACQUISITION AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On January 30, 2018, Beijing Guorui Hengxiang Real Estate Co., Ltd. (北京國瑞恒祥置業有限公司) ("**Guorui Hengxiang**"), an indirect subsidiary of the Company, formed a consortium with another independent third-party real estate company and won the bid for a land use right of a total of 27,200 sq.m. of land in Xiaowayao Village, Lugouqiao Town, Fengtai District, Beijing, with a planned GFA of 140,000 sq.m. at a total consideration of approximately RMB3.125 billion.

On April 26, 2018, Wuxi Guorui Real Estate Development Co., Ltd. (無錫國瑞房地產開發有限公司), an indirect subsidiary of the Company, won the bid for a land use right of a total of 30,726 sq.m. of land in the northeast side of the intersection of Luoshe New City Avenue and Yazhong Road, Wuxi, with a planned GFA of 91,424 sq.m. at a total consideration of approximately RMB0.44 billion. The land parcel is used to develop residential and commercial properties.

On May 18, 2018, Tongren Guorui Real Estate Development Co., Ltd. (銅仁國瑞房地產開發有限公司), an indirect subsidiary of the Company, won the bid for a land use right of a total of 780,430 sq.m. of land in the central city area of Tongren, Guizhou Province, with a planned GFA of 1,764,321 sq.m. at a total consideration of approximately RMB0.939 billion. The land was for general commercial residential use.

As a strategic step to explore potential development opportunities in new cities, on April 27, 2018, the Group decided to increase its shareholding in the following companies and enter into the capital contribution agreements with the following companies (together with its shareholders) to make further capital contributions in the companies set out below. Upon completion of the capital contribution agreements, the financial results of each company will be consolidated into the Group. The acquisition was recorded as the business combination and the following companies were recorded as non-wholly-owned subsidiaries of the Company as at June 30, 2018.

Name of Subsidiaries	Capital Contribution in the Reporting Period RMB'000	Proportion of Ownership Interest by the Group December 31, 2017	June 30, 2018
Jiangmen Yinghuiwan Real Estate Co., Ltd.* (江門映暉灣房地產有限公司)	170,169	10%	52%
Guangdong Hongtai Guotong Estate Co., Ltd.* (廣東宏泰國通地產有限公司) ("**Guangdong Hongtai Guotong**")	366,980	10%	35%Note
Guangdong Guosha Estate Co., Ltd.* (廣東國廈地產有限公司)	46,770	10%	68%
Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.* (天津天富融盛房地產開發有限公司) ("**Tianjin Tianfu Rongsheng**")	171,060	10%	35%Note
Sanya Jingheng Properties Co., Ltd.* (三亞景恒置業有限公司) ("**Sanya Jingheng**")	253,820	10%	35%Note
Handan Guoxia Real Estate Development Co., Ltd.* (邯鄲市國夏房地產開發有限公司) ("**Handan Guoxia**")	87,220	10%	35%Note
Chongqing Guosha Estate Development Co., Ltd.* (重慶國廈房地產開發有限公司)	72,580	10%	51%
	1,168,599		

Note: Upon completion of the capital contribution agreements, the Group held 35% equity interests of Guangdong Hongtai Guotong, Tianjin Tianfu Rongsheng, Sanya Jingheng and Handan Guoxia. The Group has contractual right to appoint 2 out of 3 directors in the board of directors of these entities. Resolutions in the board of directors of these entities are passed by majority votes. As the Group controls the composition of the board of directors of these entities, in the opinion of the Directors, the Group has control over these entities.

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

* For identification purpose only.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2018, the Group had approximately 1,164 employees. For the six months ended June 30, 2018, the Group incurred employee costs of approximately RMB154.6 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medication, maternity, occupational injury and unemployment benefit plans.

INTERIM DIVIDEND

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

USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of over-allotment option (after deducting the underwriting fees and related expenses) were approximately HK$1,561.0 million, which had been fully used in a manner consistent with that set out in the Prospectus. During the six months ended June 30, 2018, the Company did not use the proceeds.

DISCLOSURE OF INTERESTS

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

As at June 30, 2018, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

(a) Interest in shares of the Company

Name of Director	Nature of interest	Number of shares	Approximate percentage of interest in the Company
Zhang Zhangsun ("**Chairman Zhang**")[1]	Interest of a controlled corporation	3,241,754,570	72.939%
Ruan Wenjuan	Interest of a controlled corporation	3,241,754,570	72.939%

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

(b) Interest in the underlying shares of the Company

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

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

(c) Interest in shares of associated corporation

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

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

Save as disclosed above, as at June 30, 2018, none of the Directors, chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at June 30, 2018, the following persons had an interest or short position in shares or underlying shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Interest in shares of the Company

Name of substantial Shareholder	Nature of interest	Number of shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,241,754,570	72.94%
	Interest of child under 18 or spouse	3,500,000	0.079%
Alltogether	Beneficial owner	3,241,754,570	72.94%
China Create Capital Limited	Beneficial owner	266,665,078	6.00%

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

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of both chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the six months ended June 30, 2018. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus. Further details of the Share Award Scheme are set out in note 21.a to the condensed consolidated financial statements.

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

As at June 30, 2018, a total of 33,617,700 shares were granted to Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) (collectively, the "**Selected Persons**"). No further shares have been awarded under the Share Award Scheme for the six months ended June 30, 2018.

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

PRE-IPO SHARE OPTION SCHEME

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

The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 67,076,800, representing approximately 1.51% of the issued share capital of the Company as at June 30, 2018. An offer of the grant of an option under the Pre-IPO Share Option Scheme shall remain open for acceptance for 28 days from the grant. An offer shall be accepted when the Company receives the duly signed offer letter together with a non-refundable payment of HK$1.00 (or such other sum in any currency as the Board may determine). Save for the options which have been granted on or before June 16, 2014, no further options has been granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK$2.38. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at June 30, 2018, options to subscribe for an aggregate of 67,076,800 shares (representing approximately 1.51% of the issued share capital of the Company) were granted to 54 grantees under the Pre-IPO Share Option Scheme. Further details of the Pre-IPO Share Option Scheme are set out in note 21.b to the condensed consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

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

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

Pursuant to the Post-IPO Share Option Scheme, the Company has offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.210% of the issued share capital of the Company). The first tranche of 49,000,000 share options (representing approximately 1.105% of the issued share capital of the Company) was granted on October 27, 2015 and as at December 31, 2015, since certain performance conditions were not met, the first tranche lapsed. The second tranche of 49,000,000 share options (representing approximately 1.105% of the issued share capital of the Company) was granted on March 23, 2016. Since certain performance conditions were not met, the second tranche lapsed.

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

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

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

PUBLIC FLOAT

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

SUBSEQUENT EVENTS

There is no material post balance sheet event undertaken by the Company or by the Group after June 30, 2018 as at the date of this report.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with the management, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed internal control and financial reporting matters (including the review of the interim results for the six months ended June 30, 2018) of the Group. The Audit Committee considered that the interim results for the six months ended June 30, 2018 are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERNAL CONTROL

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Guorui Properties Limited (incorporated under the name of "Glory Land Company Limited (國瑞置業有限公司)" in the Cayman Islands and carrying on business in Hong Kong as "Guorui Properties Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 125 to 184, which comprise the condensed consolidated statement of financial position as of June 30, 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 27, 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2018

	NOTES	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	3		
Property sales		1,955,755	2,004,155
Construction and development services		64,977	34,893
Property rental		207,085	140,435
Property management and related services		10,571	2,407
Total revenue		2,238,388	2,181,890
Cost of sales and services		(1,474,428)	(1,186,186)
Gross profit		763,960	995,704
Other gains and losses		(28,532)	40,765
Other income		74,943	10,226
Change in fair value of investment properties	9	539,592	434,438
Distribution and selling expenses		(86,728)	(103,652)
Administrative expenses		(206,770)	(178,387)
Other expenses		(29,675)	(21,348)
Share of losses of associates		(6,029)	—
Share of losses of joint ventures		(1,039)	—
Finance costs	4	(108,826)	(79,963)
Profit before tax		910,896	1,097,783
Income tax expense	5	(352,677)	(467,333)
Profit for the period	6	558,219	630,450

For the six months ended June 30, 2018

	NOTE	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(20,700)	—
Income tax relating to items that will not be reclassified to profit or loss		5,175	—
Other comprehensive expense for the period (net of tax)		(15,525)	—
Total comprehensive income for the period		542,694	630,450
Profit for the period attributable to:			
Owners of the Company		410,446	498,293
Non-controlling interests		147,773	132,157
		558,219	630,450
Total comprehensive income for the period attributable to:			
Owners of the Company		396,318	498,293
Non-controlling interests		146,376	132,157
		542,694	630,450
EARNINGS PER SHARE	7		
– Basic (RMB cents)		9.2	11.3
– Diluted (RMB cents)		9.2	11.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	NOTES	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Non-current Assets			
Investment properties	9	18,784,150	18,308,269
Property, plant and equipment	10	1,153,987	850,258
Other non-current assets		1,053,932	1,053,778
Interests in joint ventures		33,525	9,064
Interests in associates		5,052	269,246
Available-for-sale investments		—	165,192
Equity instruments at fair value through other comprehensive income ("FVTOCI")		209,200	—
Prepaid lease payments		278,420	281,438
Deposit paid for acquisition of property, plant and equipment		170,000	120,000
Deferred tax assets		433,947	404,235
Restricted bank deposits		405,467	105,720
Value added tax and tax recoverable		1,289,812	1,422,585
		23,817,492	22,989,785
Current Assets			
Inventories		209	61
Prepayment/deposits paid for land acquisition		605,010	605,010
Properties under development for sale		33,501,323	23,626,222
Properties held for sale		3,864,274	3,408,156
Trade and other receivables, deposits and prepayments	11	2,164,790	1,082,946
Contract assets	12	1,322,423	—
Amounts due from customers for contract work		—	1,191,139
Value added tax and tax recoverable		1,136,132	500,477
Amounts due from related parties	23(b)	2,471,807	2,928,197
Financial assets at fair value through profit or loss		—	97
Restricted bank deposits		685,344	620,761
Cash and bank balances		1,134,372	1,591,506
		46,885,684	35,554,572

As at June 30, 2018

	NOTES	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	13	7,583,867	5,585,713
Deposits received from pre-sale of properties		—	3,308,339
Contract liabilities		7,585,654	—
Amounts due to related parties	23(c)	2,745,816	893,229
Tax payable		2,478,969	2,492,186
Bank and other borrowings - due within one year	14	10,222,763	11,625,399
Corporate bonds	15	2,996,671	2,992,645
Senior notes	16	3,609,816	—
		37,223,556	26,897,511
Net Current Assets		9,662,128	8,657,061
Total Assets less Current Liabilities		33,479,620	31,646,846
Non-current Liabilities			
Other payables	13	91,512	89,393
Bank and other borrowings - due after one year	14	11,784,020	12,601,665
Corporate bonds	15	997,968	997,006
Senior notes	16	650,064	1,940,948
Deferred tax liabilities		3,539,861	2,425,425
		17,063,425	18,054,437
Net Assets		16,416,195	13,592,409
Capital and Reserves			
Share capital		3,520	3,519
Share premium and reserves		11,125,649	10,898,692
Equity attributable to owners of the Company		11,129,169	10,902,211
Non-controlling interests		5,287,026	2,690,198
Total Equity		16,416,195	13,592,409

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2018

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 (Note i)	Equity-settled share-based payment reserve RMB'000	Treasury shares reserve RMB'000	Statutory surplus reserve RMB'000 (Note ii)	Retained earnings RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
As at December 31, 2017 (Audited)	3,519	306,015	133,379	194,970	–	(58,030)	39,669	–	1,087,541	9,195,148	10,902,211	2,690,198	13,592,409
Adjustment (See note 2)	–	–	–	–	44,163	–	–	–	–	–	44,163	4,368	48,531
As at January 1, 2018 (Restated)	3,519	306,015	133,379	194,970	44,163	(58,030)	39,669	–	1,087,541	9,195,148	10,946,374	2,694,566	13,640,940
Profit for the period	–	–	–	–	–	–	–	–	–	410,446	410,446	147,773	558,219
Other comprehensive expense for the period	–	–	–	–	(14,128)	–	–	–	–	–	(14,128)	(1,397)	(15,525)
Total comprehensive (expense) income for the period	–	–	–	–	(14,128)	–	–	–	–	410,446	396,318	146,376	542,694
Exercise of share options	1	2,012	–	–	–	–	(771)	–	–	–	1,242	–	1,242
Dividend declared to shareholders of the Company	–	(300,000)	–	–	–	–	–	–	–	–	(300,000)	–	(300,000)
Dividend declared to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(140,000)	(140,000)
Acquisition of subsidiaries (note 17)	–	–	–	–	–	85,235	–	–	–	–	85,235	2,586,084	2,671,319
As at June 30, 2018 (Unaudited)	3,520	8,027	133,379	194,970	30,035	27,205	38,898	–	1,087,541	9,605,594	11,129,169	5,287,026	16,416,195
As at January 1, 2017 (Audited)	3,513	833,681	133,379	–	–	(58,601)	57,785	(18,748)	855,993	7,676,855	9,483,857	2,326,993	11,810,850
Profit and total comprehensive income for the period	–	–	–	–	–	–	–	–	–	498,293	498,293	132,157	630,450
Exercise of share options	2	4,921	–	–	–	–	(1,795)	–	–	–	3,128	–	3,128
Dividend declared to shareholders of the Company	–	(240,000)	–	–	–	–	–	–	–	–	(240,000)	–	(240,000)
Dividend declared to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(236,000)	(236,000)
Recognition of equity-settled share-based payments (note 21)	–	–	–	–	–	–	5,007	–	–	–	5,007	–	5,007
As at June 30, 2017 (Unaudited)	3,515	598,602	133,379	–	–	(58,601)	60,997	(18,748)	855,993	8,175,148	9,750,285	2,223,150	11,973,435

Notes:

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

ii. In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2018

	NOTE	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES		**(1,395,103)**	(3,894,169)
INVESTING ACTIVITIES			
Placement of restricted bank deposits		**(3,197)**	(42,594)
Withdrawal of restricted bank deposits		**3,595**	6,188
Purchase of property, plant and equipment and intangible assets		**(100,901)**	(107,675)
Proceeds on disposal of property, plant and equipment		**351**	17
Interest received		**3,712**	5,202
Payments for investment properties		**(73,804)**	(229,359)
Repayments from related parties		**1,715,212**	—
Advances to related parties		**(1,188,927)**	—
Proceeds on disposal of financial assets at fair value through profit or loss		**97**	—
Investment in an associate		**(7,000)**	—
Investment in a joint venture		**(25,500)**	—
Payment of consideration payable for acquisition of subsidiaries in prior year		**—**	(599,151)
Net cash inflow from acquisition of subsidiaries	17	**694,238**	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**1,017,876**	(967,372)

For the six months ended June 30, 2018

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
New bank loans raised	**1,702,648**	5,570,000
New other loans raised	**1,212,700**	1,400,000
Repayments of bank loans	**(4,932,529)**	(3,327,430)
Repayments of other loans	**(1,050,000)**	(90,000)
Proceeds on issue of senior notes	**2,224,790**	2,072,130
Transaction costs paid for issuance of senior notes	**(36,880)**	(31,082)
Dividends paid to shareholders of the Company	**(95,811)**	(44,321)
Dividends paid to non-controlling interests of subsidiaries	**(72,500)**	(221,000)
Interest paid	**(912,569)**	(518,667)
Exercise of share options	**1,242**	3,128
Repayments to related parties	**(7,003)**	(2,335)
Advances from related parties	**1,886,005**	4,010
NET CASH FROM FINANCING ACTIVITIES	**(79,907)**	4,814,433
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(457,134)**	(47,108)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,591,506**	1,234,250
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY CASH AND BANK BALANCES	**1,134,372**	1,187,142

1. GENERAL INFORMATION OF THE GROUP

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2018 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2017.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by IASB which are mandatory effective for the annual period beginning on or after January 1, 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers*

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

The Group recognizes revenue from the following major sources under IFRS 15:

- Property sales;
- Construction and development services; and
- Property management and related services.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application, January 1, 2018. Any difference at the date of initial application is recognized in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contacts that are not completed as at January 1, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11 and the related interpretations.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers* (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognizing revenue:

- Step 1: Identify the contract (s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

Under IFRS 15, the Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group perform; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers* (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation for construction and development services, and property management and related services, are measured based on input or output method respectively, which is to recognize revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers* (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognizes such costs (e.g. sales commissions) as an asset if it expects to recover these costs. The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortized to profit or loss within one year.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers* (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15

The transition to IFRS 15 does not have material impact to the Group's retained earnings as at January 1, 2018.

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position as at January 1, 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported as at December 31, 2017 RMB'000	Reclassification RMB'000	Remeasurement RMB'000	Carrying amounts under IFRS 15 as at January 1, 2018 RMB'000
Current Assets					
Properties under development	(a)	23,626,222	—	72,032	23,698,254
Trade and other receivables, deposits and prepayments	(b)	1,082,946	(63,535)	—	1,019,411
Contract assets	(b) & (c)	—	1,254,674	—	1,254,674
Amounts due from customers for contract work	(c)	1,191,139	(1,191,139)	—	—
Current Liabilities					
Deposits received from pre-sale of properties	(a)	3,308,339	(3,308,339)	—	—
Contract liabilities	(a)	—	3,308,339	72,032	3,380,371

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers* (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

(a) As at January 1, 2018, advances from customers of RMB3,308,339,000 in respect of sale of properties contracts previously included in deposits received from pre-sale of properties were reclassified to contract liabilities.

Finance costs accumulated up to January 1, 2018 of RMB72,032,000 in respect of certain sale of properties contracts containing significant financing component where the period between payment and transfer of the associated properties exceed one year, were accrued under contract liabilities, with the corresponding charge capitalized under properties under development.

(b) At the date of initial application, unbilled revenue of RMB63,535,000 arising from certain sale of properties contracts are conditional on the satisfaction of specified conditions as stipulated in the contracts, and hence such balance was reclassified from trade receivables to contract assets.

(c) In relation to construction contracts previously accounted under IAS 11, the Group continues to apply input method in measurement of progress towards complete satisfaction of a performance obligation upon initial application of IFRS 15. RMB1,191,139,000 of amounts due from customers for contract work were reclassified to contract assets.

The following tables summarize the impacts of applying IFRS 15 on the Group's condensed consolidated statement of financial position as at June 30, 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers* (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

Impact on the condensed consolidated statement of financial position

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Current Assets			
Properties under development for sale	33,501,323	(86,931)	33,414,392
Trade and other receivables, deposits and prepayments	2,164,790	64,318	2,229,108
Contract assets	1,322,423	(1,322,423)	—
Amounts due from customers for contract work	—	1,258,105	1,258,105
Current Liabilities			
Deposits received from pre-sale of properties	—	7,498,723	7,498,723
Contract liabilities	7,585,654	(7,585,654)	—

Impact on the condensed consolidated statement of profit or loss and other comprehensive income

	Note	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Revenue				
Property sales	(a)	1,955,755	(21,414)	1,934,341
Cost of sales and services	(a)	(1,474,428)	21,414	(1,453,014)

Note:

(a) The amounts represented interest expense of RMB21,414,000 in respect of certain sale of properties contracts containing significant financing component, which were capitalized in properties held for sale and the related properties were sold in the current period.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments*

In the current period, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for l) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts) and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognized as at January 1, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognized as at January 1, 2018. The difference between carrying amounts as at December 31, 2017 and the carrying amounts as at January 1, 2018 are recognized in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement.*

2.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognized financial assets that are within the scope of IFRS 9 are subsequently measured at amortized cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that met the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments* (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortized cost criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments* (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

The directors of the Company (the “Directors”) reviewed and assessed the Group’s financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group’s financial assets and the impacts thereof are detailed in note 2.2.2

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments* (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model

The Group recognizes a loss allowance for ECL on financial assets at amortized cost which are subject to impairment under IFRS 9, contract assets, lease receivables and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments* (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments* (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 *Leases*.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instruments that is guaranteed. Accordingly, the expected losses in the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for financial guarantee contracts, the Group recognizes an impairment gain or loss in profit or loss for all items by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognized through a loss allowance account.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

As at January 1, 2018, the Directors reviewed and assessed the Group's existing financial assets, contract assets, lease receivables and financial guarantee contracts for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. The results of the assessment and the impact thereof are detailed in note 2.2.2.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments* (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, January 1, 2018.

	Notes	Available-for-sale investments RMB'000	Financial assets at FVTPL RMB'000	Equity instruments at FVTOCI RMB'000	Trade receivables RMB'000	Contract assets RMB'000	Amount from customers for contract work RMB'000	Deferred tax liabilities RMB'000	FVTOCI reserve RMB'000	Non-controlling interests RMB'000
Closing balance as at December 31, 2017		165,192	97	—	480,394	—	1,191,139	2,425,425	—	2,690,198
Effect arising from initial application of IFRS 15		—	—	—	(63,535)	1,254,674	(1,191,139)	—	—	—
Effect arising from initial application of IFRS 9:										
Reclassification										
From available-for-sale	(a)	(165,192)	—	165,192	—	—	—	—	—	—
Remeasurement										
From cost less impairment to fair value	(a)	—	—	64,708	—	—	—	16,177	44,163	4,368
Opening balance as at January 1, 2018		—	97	229,900	416,859	1,254,674	—	2,441,602	44,163	2,694,566

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments* (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (continued)

Notes:

(a) Available-for-sale investments

From available-for-sale equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale, of which RMB165,192,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, RMB165,192,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gain of RMB64,708,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and FVTOCI reserve as at January 1, 2018, and the related deferred tax liability of RMB16,177,000 were adjusted to FVTOCI reserve as at January 1, 2018.

(b) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and contract assets. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortized cost mainly comprise of other receivables, deposits, amounts due from related parties, restricted bank deposits and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at January 1, 2018, no material additional credit loss allowance has been recognized upon application of expected loss approach as at the same date.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 Impacts and changes in accounting policies of application on Amendments to IAS 40 *Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification as at January 1, 2018.

Except as described above, the application of other new and amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognized for each individual line item.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards (continued)

	As at December 31, 2017 RMB'000 (Audited)	IFRS 15 RMB'000	IFRS 9 RMB'000	As at January 1, 2018 RMB'000 (Restated)
Non-current Assets				
Available-for-sale investments	165,192	—	(165,192)	—
Equity instruments at FVTOCI	—	—	229,900	229,900
Others with no adjustments	22,824,593	—	—	22,824,593
	22,989,785	—	64,708	23,054,493
Current Assets				
Properties under development for sale	23,626,222	72,032	—	23,698,254
Trade and other receivables, deposits and prepayments	1,082,946	(63,535)	—	1,019,411
Contract assets	—	1,254,674	—	1,254,674
Amounts due from customers for contract work	1,191,139	(1,191,139)	—	—
Others with no adjustments	9,654,265	—	—	9,654,265
	35,554,572	72,032	—	35,626,604
Current Liabilities				
Deposits received from pre-sale of properties	3,308,339	(3,308,339)	—	—
Contract liabilities	—	3,380,371	—	3,380,371
Others with no adjustments	23,589,172	—	—	23,589,172
	26,897,511	72,032	—	26,969,543

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards (continued)

	As at December 31, 2017 RMB'000 (Audited)	IFRS 15 RMB'000	IFRS 9 RMB'000	As at January 1, 2018 RMB'000 (Restated)
Net Current Assets	8,657,061	—	—	8,657,061
Total Assets less Current Liabilities	31,646,846	—	64,708	31,711,554
Non-current Liabilities				
Deferred tax liabilities	2,425,425	—	16,177	2,441,602
Others with no adjustments	15,629,012	—	—	15,629,012
	18,054,437	—	16,177	18,070,614
Net Assets	13,592,409	—	48,531	13,640,940
Capital and Reserves				
Share capital	3,519	—	—	3,519
Reserves	10,898,692	—	44,163	10,942,855
Equity attributable to owners of the Company	10,902,211	—	44,163	10,946,374
Non-controlling interests	2,690,198	—	4,368	2,694,566
Total Equity	13,592,409	—	48,531	13,640,940

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

Segment profit represents the profit earned by each segment without allocation of other gains and losses, other income, other expenses, share of losses of associates, changes in fair value of investment properties, finance costs, share of losses of joint ventures and unallocated administrative expenses, including auditor's remuneration and directors' emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

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

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

3. REVENUE AND SEGMENT INFORMATION (continued)

(a) Segment revenue and results

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

	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended June 30, 2018					
Revenue from external customers	1,955,755	64,977	207,085	10,571	2,238,388
Segment revenue	1,955,755	64,977	207,085	10,571	2,238,388
Segment profit	336,818	1,199	157,255	6,906	502,178
Six months ended June 30, 2017					
Revenue from external customers	2,004,155	34,893	140,435	2,407	2,181,890
Segment revenue	2,004,155	34,893	140,435	2,407	2,181,890
Segment profit (loss)	619,934	539	108,071	(421)	728,123

3. REVENUE AND SEGMENT INFORMATION (continued)

(b) Disaggregation of revenue from contracts with customers

	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended June 30, 2018					
Geographical market					
Mainland China	1,955,755	64,977	—	10,571	2,031,303
Timing of revenue recognition					
A point in time	1,955,755	—	—	—	1,955,755
Over time	—	64,977	—	10,571	75,548
Total	1,955,755	64,977	—	10,571	2,031,303

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended June 30, 2018					
Revenue disclosed in segment information					
External customers	1,955,755	64,977	207,085	10,571	2,238,388
Less: rental income	—	—	(207,085)	—	(207,085)
Revenue from contracts with customers	1,955,755	64,977	—	10,571	2,031,303

3. REVENUE AND SEGMENT INFORMATION (continued)

(c) Reconciliations of segment revenue, profit or loss

	Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue		
Segment revenue	2,238,388	2,181,890
Profit		
Segment profit	502,178	728,123
Other gains and losses	(28,532)	40,765
Other income	74,943	10,226
Change in fair value of investment properties	539,592	434,438
Unallocated administrative expenses	(31,716)	(14,458)
Other expenses	(29,675)	(21,348)
Share of losses of associates	(6,029)	—
Share of losses of joint ventures	(1,039)	—
Finance costs	(108,826)	(79,963)
Consolidated profit before taxation	910,896	1,097,783

4. FINANCE COSTS

	Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest on bank loans	570,032	477,674
Interest on other loans	212,576	37,336
Interest on corporate bonds	141,235	141,069
Interest on senior notes	143,393	43,411
Imputed interest on contract liabilities	108,345	—
Total	1,175,581	699,490
Less: Amounts capitalized to properties under development	(1,066,755)	(619,527)
	108,826	79,963

Interests capitalized arose from borrowings made specifically for the purpose of construction of the qualifying assets, which bore annual interest at rates from 4.75% to 9.60% (six months ended June 30, 2017: 4.9% to 9.8%) and general borrowings pool calculated by applying a capitalization rate of 6.97% (six months ended June 30, 2017: 6.4%) per annum on expenditure on the qualifying assets.

5. INCOME TAX EXPENSE

	Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax	130,423	215,555
Under provision in prior year	242	—
Land appreciation tax ("LAT")	108,080	229,560
	238,745	445,115
Deferred tax	113,932	22,218
Income tax expense	352,677	467,333

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

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

6. PROFIT FOR THE PERIOD

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

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' remunerations		
– Salaries and other benefits	**5,590**	5,655
– Retirement benefit contributions	**68**	64
– Equity-settled share-based payments	**—**	363
Other staff costs		
– Salaries and other benefits	**137,024**	135,045
– Retirement benefit contributions	**11,960**	11,993
– Equity-settled share-based payments	**—**	4,644
Total staff costs	**154,642**	157,764
Less: Amounts capitalized to properties under development	**(75,350)**	(73,883)
	79,292	83,881
Cost of properties sold recognized as expense	**1,394,625**	1,137,035
Losses on disposal of property, plant and equipment	**2**	1
Net foreign exchange losses (gains) (included in "other gains and losses")	**152,779**	(40,766)
Interest income	**(71,392)**	(5,202)
Depreciation of property, plant and equipment	**35,731**	14,772
Amortization of intangible assets (included under "other non-current assets")	**1,264**	692
Release of prepaid lease payments	**3,018**	3,018
Operating lease rentals	**1,134**	1,085
Rental income from investment properties	**(207,085)**	(140,435)
Less: Direct operating expenses	**23,145**	32,364
	(183,940)	(108,071)

7. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**410,446**	498,293

	Six months ended June 30,	
	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,444,154**	4,426,788
Effect of dilutive potential ordinary shares:		
Share options	**21,164**	24,773
Share awards	**—**	11,145
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,465,318**	4,462,706

The number of shares adopted in the calculation of the basic earnings per share for the six months ended June 30, 2017 has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

8. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended December 31, 2017 of HK 8.07 cents (six months ended June 30, 2017: in respect of the year ended December 31, 2016 of HK 6.04 cents) per ordinary share totalling HK$358,578,000 (equivalent to approximately RMB300,000,000) (six months ended June 30, 2017: HK$267,994,000, equivalent to approximately RMB240,000,000) was declared.

During the current interim period, part of the dividend amounting to HK$117,550,000 (equivalent to approximately RMB95,811,000) (six months ended June 30, 2017: HK$50,835,000, equivalent to approximately RMB44,321,000) was paid.

9. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Fair value			
As at January 1, 2017 (Audited)	9,844,500	6,830,000	16,674,500
Additions	122,249	792,708	914,957
Reclassification	5,329,818	(5,329,818)	—
Net increase in fair value recognized in profit or loss	887,633	68,110	955,743
Transfers to property, plant and equipment	(597,931)	—	(597,931)
Transfers from property, plant and equipment	361,000	—	361,000
As at December 31, 2017 (Audited)	15,947,269	2,361,000	18,308,269
Transfer to property, plant and equipment	(240,206)	—	(240,206)
Additions	—	122,603	122,603
Transfer from properties held for sale	53,892	—	53,892
Change in fair value of investment properties	482,195	57,397	539,592
As at June 30, 2018 (Unaudited)	16,243,150	2,541,000	18,784,150

The investment properties are all situated in the PRC. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties, as at June 30, 2018 and December 31, 2017 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("Colliers"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

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

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2018, additions to property, plant and equipment amounted to RMB90,687,000 (six months ended June 30, 2017: RMB61,651,000), consisted of buildings, motor vehicles and electronic equipment and furniture.

As at June 30, 2018, investment property amounting to RMB240,206,000 was transferred to property, plant and equipment upon commencement of owner occupation.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Trade receivables, net of allowance	**517,659**	480,394
Advances to contractors and suppliers	**595,798**	274,537
Other receivables from independent third parties (Note)	**304,299**	17,261
Other receivables and prepayment	**442,035**	183,746
Prepaid lease payment - current portion	**6,035**	6,035
Deposits	**298,964**	120,973
	2,164,790	1,082,946

Note: As at June 30, 2018, included in other receivables from independent third parties are unsecured advances to the independent third parties of RMB287,038,000 which are bearing interest ranging from 10.2% to 11.0% per annum, and repayable on demand. Such advances have been fully settled in August 2018.

Except as disclosed above, the remaining other receivables from independent third parties are of non-trade nature, unsecured, interest-free and repayable on demand.

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

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

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
0 to 60 days	224,592	281,666
61 to 180 days	65,693	66,121
181 to 365 days	170,857	59,737
1-2 years	52,484	21,715
Over 2 years	4,033	51,155
	517,659	480,394

Trade receivables with an amount of approximately RMB64,360,000 and RMB59,743,000 as at June 30, 2018 and December 31, 2017, respectively, are past due but not impaired. The Group does not hold any collateral over these balances except the rental deposits.

12. CONTRACT ASSETS

	As at June 30, 2018 RMB'000 (Unaudited)
Construction and development services	1,258,105
Property sales	64,318
	1,322,423

The contract assets primarily relate to the Group's right to consideration for work completed but not billed because the rights are conditional on the satisfaction of specified conditions as stipulated in the contracts of construction and development services and property sales at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.

13. TRADE AND OTHER PAYABLES

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Trade payables	4,210,719	4,099,193
Deposits received	1,984,825	431,967
Rental received in advance	89,288	49,361
Dividends	82,500	15,000
Accrued payroll	25,770	56,076
Business and other tax payable	355,951	386,111
Other payables and accruals	926,326	637,398
	7,675,379	5,675,106
Analyzed for reporting purposes as:		
Non-current (Note (a))	91,512	89,393
Current	7,583,867	5,585,713
	7,675,379	5,675,106

Note:

(a) Pursuant to the relevant rental agreements, rental deposits of approximately RMB91,512,000 as at June 30, 2018 (December 31, 2017: RMB89,393,000) will be refundable after twelve months from the end of the reporting period and is therefore classified as non-current liability.

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

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

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
0 to 60 days	1,371,158	2,196,999
61-365 days	1,736,594	458,745
1-2 years	363,879	975,541
Over 2 years	739,088	467,908
	4,210,719	4,099,193

14. BANK AND OTHER BORROWINGS

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Bank loans, secured	18,074,083	19,517,064
Other loans, secured	3,932,700	4,710,000
	22,006,783	24,227,064
Less: Amount due within one year shown under current liabilities	(10,222,763)	(11,625,399)
Amount due after one year	11,784,020	12,601,665

As at June 30, 2018 and December 31, 2017, in respect of several bank loans with an aggregate carrying amount of approximately RMB100,000,000, the Group breached certain covenants of the bank loans, which are primarily related to the debt-equity ratio. On discovery of the breaches, the Directors informed the lenders and commenced a renegotiation of the terms of the loans with the relevant bankers. As at June 30, 2018, these negotiations have not been concluded. Accordingly, the loans are repayable on demand and have been classified as current liabilities. Up to the date of approval for issuance of these condensed consolidated financial statements, the negotiations are still in progress. Taking into account of the Group's financial position, the Directors are confident that these negotiations will ultimately reach a successful conclusion and believe that such bank loans will be repaid in accordance with the scheduled repayment terms as set out in the loan agreements.

As at June 30, 2018, the borrowings with carrying amount of RMB8,576,983,000 (December 31, 2017: RMB8,399,086,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 2.76% to 7.13% (December 31, 2017: 2.58% to 6.5%) per annum. The remaining borrowings are arranged at fixed rates, ranging from 4.75% to 12.00% (December 31, 2017: 5.9% to 8.75%) per annum as at June 30, 2018.

The Directors consider that the carrying amounts of bank and other borrowings amounting to RMB22,006,783,000 (December 31, 2017: RMB24,227,064,000) and related interest payable amounting to RMB34,076,000 (December 31, 2017: RMB48,915,000) as at June 30, 2018 recognized in the condensed consolidated financial statements approximate to their fair value.

15. CORPORATE BONDS

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

On November 11, 2015, Shantou Garden Group Co., Ltd. 汕頭花園集團有限公司 ("Garden Group"), a wholly-owned subsidiary of the Company, has issued its first tranche of domestic corporate bonds to the public in the PRC ("First Tranche Issue") with a principal amount of RMB2,000,000,000, bearing interest at the coupon rate of 7.25% per annum, payable annually, and has a term of 5 years. On December 22, 2015, Garden Group has issued the second tranche of domestic corporate bonds to the public in the PRC ("Second Tranche Issue") with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 7.47% per annum, payable annually, and has a term of 5 years.

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

The carrying amount of 2015 Corporate Bonds is amounting to approximately RMB2,996,671,000 (December 31, 2017: RMB2,992,645,000) and related interest is amounting to approximately RMB131,193,000 (December 31, 2017: RMB22,246,000) as at June 30, 2018.

2015 Corporate Bonds are subject to the redemption at the option of the bondholders in 2018 and they have been classified as current liabilities as at June 30, 2018 and December 31, 2017.

(b) Corporate bonds issued in 2016 (the "2016 Corporate Bonds")

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

According to the terms and conditions of the 2016 Corporate Bonds, Garden Group has the right to adjust and not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before September 21, 2019. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the 2016 Corporate Bonds is approximately 5.47% per annum after the adjustment for transaction costs.

The carrying amounts of 2016 Corporate Bonds is amounting to RMB997,968,000 (December 31, 2017: RMB997,006,000) and related interest is amounting to RMB39,786,000 (December 31, 2017: RMB13,156,000) as at June 30, 2018. 2016 Corporate Bonds have been classified as non-current liabilities as at June 30, 2018 and December 31, 2017.

16. SENIOR NOTES

(a) 2017 Senior Notes

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

According to the terms and conditions of the 2017 Senior Notes, the Company may at its option ("early redemption options") to redeem the 2017 Senior Notes in the following circumstances: (1) On March 21, 2019, the Company may redeem the 2017 Senior Notes, in whole and not in part, at the redemption price equal to 100% of the principal amount of the 2017 Senior Notes redeemed plus accrued interest, if any, on the 2017 Senior Notes redeemed, to (but not including) the date of redemption. (2) At any time prior to March 21, 2019, the Company may redeem the 2017 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2017 Senior Notes plus the applicable premium as of, and accrued interest, if any, to (but not including) the redemption date. Applicable premium means with respect to 2017 Senior Notes at any redemption date, the greater of (i) 1.00% of the principal amount of such notes and (ii) the excess of (A) the present value at such redemption date of the principal amount of such notes on March 21, 2019, plus all required remaining scheduled interest payments due on such notes through March 21, 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such notes on such redemption date. (3) At any time and from time to time prior to March 21, 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.00% of the principal amount of the 2017 Senior Notes redeemed, plus accrued interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Senior Notes originally issued on the original issue date remains outstanding after such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The holders of 2017 Senior Notes have the right, at their option, to require the Company to repurchase all of their 2017 Senior Notes in cash, or any portion of the principal thereof that is equal to US$200,000 or an integral multiple of US$1,000 in excess thereof, on March 21, 2019 at the repurchase price equal to 100% of the principal amount of 2017 Senior Notes to be repurchased, plus accrued interest to, but excluding, March 21, 2019.

The Directors consider that the fair value of the early redemption options was insignificant on initial recognition and as at June 30, 2018.

16. SENIOR NOTES (continued)

(a) 2017 Senior Notes (continued)

The carrying amount of 2017 Senior Notes is amounting to RMB1,973,682,000 (December 31, 2017: RMB1,940,948,000) and related interest payable is amounting to RMB38,767,000 (December 31, 2017: RMB37,660,000) as at June 30, 2018. The fair value of 2017 Senior Notes as at June 30, 2018 is approximately RMB1,719,489,000 based on quoted market price and classified as level 1 of fair value hierarchy.

2017 Senior Notes are subject to the redemption at the option of the bondholders on March 21, 2019 and they have been classified as current liabilities as at June 30, 2018.

(b) 2018 First Tranche Senior Notes

On March 2, 2018, the Company issued senior notes with an aggregate nominal value of US$ 250,000,000 ("2018 First Tranche Senior Notes") at face value. 2018 First Tranche Senior Notes bearing interest at 10.20% per annum, payable semi-annually on September 2, 2018 and March 1, 2019, will mature on March 1, 2019. The effective interest rate is approximately 11.94% per annum after the adjustment for transaction costs. 2018 First Tranche Senior Notes are listed on the Stock Exchange.

2018 First Tranche Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to March 1, 2019, the Company may at its option to redeem the 2018 First Tranche Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of 2018 First Tranche Senior Notes plus the applicable premium as of, and accrued and interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days notice of any redemption.

(2) At any time and from time to time prior to March 1, 2019, the Company may redeem up to 35% of the aggregate principal amount of 2018 First Tranche Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.2% of the principal amount of 2018 First Tranche Senior Notes redeemed, plus accrued interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of 2018 First Tranche Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at June 30, 2018.

The carrying amount of 2018 First Tranche Senior Notes is amounting to RMB1,636,134,000 and related interest payable is amounting to RMB55,477,000 as at June 30, 2018. The fair value of 2018 First Tranche Senior Notes as at June 30, 2018 is approximately RMB1,554,901,000 based on quoted market price and classified as level 1 of fair value hierarchy.

16. SENIOR NOTES (continued)

(c) 2018 Second Tranche Senior Notes

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

2018 Second Tranche Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to June 7, 2020, the Company may at its option to redeem 2018 Second Tranche Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of 2018 Second Tranche Senior Notes plus the applicable premium as of, and accrued interest, if any, to (but not including) the redemption date.

(2) At any time and from time to time prior to June 7, 2020, the Company may redeem up to 35% of the aggregate principal amount of 2018 Second Tranche Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.0% of the principal amount of 2018 Second Tranche Senior Notes redeemed, plus accrued interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of 2018 Second Tranche Senior Notes originally issued on the original issue date remains outstanding after such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days notice of any redemption.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at June 30, 2018.

The carrying amount of 2018 Second Tranche Senior Notes is amounting to RMB650,064,000 and related interest payable is amounting to RMB4,158,000 as at June 30, 2018. The fair value of 2018 Second Tranche Senior Notes as at June 30, 2018 is approximately RMB827,330,000 based on quoted market price and classified as level 1 of fair value hierarchy.

17. ACQUISITION OF SUBSIDIARIES

On August 31, 2017, Garden Group, Heshan Tengyue Property Development Co., Ltd. 鶴山市騰悦房地產開發有限公司("Heshan Tengyue"), a company indirectly controlled by Mr. Zhang Zhangqiao (younger brother of Mr. Zhang Zhangsun, executive director and controlling shareholder of the Company), Great Strong International Co., Ltd. 強旺國際有限公司("Great Strong International"), original shareholder of Jiangmen Yinghuiwan Estate Co., Ltd. 江門映暉灣房地產有限公司 ("Jiangmen Yinghuiwan", ultimately controlled by Mr. Zhang Zhangqiao), and Jiangmen Yinghuiwan entered into an Equity Acquisition and Cooperation Agreement, pursuant to which Garden Group will acquire 10% equity interest in Jiangmen Yinghuiwan from Heshan Tengyue at a consideration of RMB34,340,000 and cooperate in the projects of Jiangmen Yinghuiwan.

On August 31, 2017, Garden Group entered into the subscription and cooperation agreements with the respective shareholders of Guangdong Hongtaiguotong, Guangdong Guosha, Tianjin Tianfurongsheng, Sanya Jingheng, Handan Guoxia and Chongqing Guosha as defined in below table, which were ultimately controlled by Mr. Zhang Zhangqiao, to make capital contributions to those entities, at a total consideration of RMB233,920,000 to obtain 10% equity interest of each entity.

Those companies were accounted for as associates of the Group as at December 31, 2017 as the Group has the right to appoint one director in the board of each entity and has significant influence over these entities.

On April 27, 2018, the Group decided to increase its shareholding in these entities and entered into capital contribution agreements with the following entities, together with their respective shareholders at the following considerations as set out below. Upon signing of the capital contribution agreements and the amendment of the articles of associations of each entity, these entities became subsidiaries of the Group. These acquisitions were accounted for using the acquisition method.

17. ACQUISITION OF SUBSIDIARIES (continued)

Name of subsidiaries	Capital contributions RMB'000	Proportion of ownership interest held by the Group As at December 31, 2017	Proportion of ownership interest held by the Group As at June 30, 2018
Jiangmen Yinghuiwan	170,169	10%	52%
Guangdong Hongtaiguotong Estate Co., Ltd. ("Guangdong Hongtaiguotong") 廣東宏泰國通地產有限公司	366,980	10%	35%*
Guangdong Guosha Estate Co., Ltd. ("Guangdong Guosha") 廣東國廈地產有限公司	46,770	10%	68%
Tianjin Tianfurongsheng Real Estate Development Co., Ltd. ("Tianjin Tianfurongsheng") 天津天富融盛房地產開發有限公司	171,060	10%	35%*
Sanya Jingheng Properties Co., Ltd. ("Sanya Jingheng") 三亞景恒置業有限公司	253,820	10%	35%*
Handan Guoxia Real Estate Development Co., Ltd. ("Handan Guoxia") 邯鄲市國夏房地產開發有限公司	87,220	10%	35%*
Chongqing Guosha Estate Development Co., Ltd. ("Chongqing Guosha") 重慶國廈房地產開發有限公司	72,580	10%	51%
	1,168,599		

* Upon completion of the capital contribution agreements, the Group held 35% equity interests of Guangdong Hongtaiguotong, Tianjin Tianfurongsheng, Sanya Jingheng and Handan Guoxia. The Group has contractual right to appoint 2 out of 3 directors in the board of directors of these entities. Resolutions in the board of directors of these entities are passed by majority votes. As the Group controls the composition of the board of directors of these entities, in the opinion of the Directors, the Group has control over these entities.

17. ACQUISITION OF SUBSIDIARIES (continued)

Assets acquired and liabilities recognized at the date of acquisition (determined on a provisional basis) are as follows:

	RMB'000 (Unaudited)
Non-current assets	
Property, plant and equipment	8,918
Other non-current assets	668
Current assets	
Properties under development for sale	8,553,279
Trade and other receivables, deposits and prepayments	2,316,934
Value added tax and tax recoverable	221,934
Cash and bank balances	694,238
Current liabilities	
Trade and other payables	(3,133,581)
Contract liabilities	(3,804,515)
Tax payable	(466)
Bank and other borrowings - due within one year	(200,000)
Non-current liabilities	
Bank and other borrowings - due after one year	(646,900)
Deferred tax liabilities	(959,790)
Fair value of net assets acquired	3,050,719

Bargain purchases gain (determined on a provisional basis)

	RMB'000 (Unaudited)
Fair value of 10% equity interests	379,400
Plus: Non-controlling interests	2,586,084
Less: Net assets acquired	(3,050,719)
	(85,235)

The gain from bargain purchases amounted to RMB85,235,000 were recognized as a deemed contribution from a related party.

17. ACQUISITION OF SUBSIDIARIES (continued)

Non-controlling interests

The non-controlling interests in the subsidiaries recognized at the acquisition date were measured by reference to the proportionate share of net assets acquired.

Net cash inflow arising on acquisition:

	RMB'000 (Unaudited)
Cash and bank balances acquired	694,238

18. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other loans facilities granted to the Group:

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Investment properties	17,482,594	16,769,654
Property, plant and equipment	837,376	617,349
Prepaid lease payments	283,649	286,638
Properties under development for sale	15,523,302	14,215,345
Properties held for sale	1,083,468	1,203,340
Restricted bank deposits	224,995	224,995
	35,435,384	33,317,321

18. PLEDGE OF ASSETS (continued)

The equity interest of the following companies were pledged to secure certain bank and other loans facilities granted to the Group:

	As at June 30, 2018 % (Unaudited)	As at December 31, 2017 % (Audited)
Foshan Glory Southern Real Estate Development Co., Ltd 佛山市國瑞南方地產開發有限公司 ("Foshan Glory Southern")	100	100
Glory Xingye (Beijing) Investment Co., Ltd 國瑞興業(北京)投資有限公司 ("Glory Investment")	100	100
Beijing Wenhuashengda Real Estate Development Co., Ltd 北京文華盛達房地產開發有限公司 ("Beijing Wenhuashengda")	100	100
Foshan Guohua Properties Co., Ltd. 佛山市國華置業有限公司 ("Foshan Guohua")	100	100
Shantou Glory Real Estate Development Co., Ltd. 汕頭市國瑞房地產開發有限公司 ("Shantou Glory")	100	100
Qidong Yujiangwan Investment Management Co., Ltd. 啟東禦江灣投資管理有限公司 ("Qidong Yujiangwan")	90	90
Shantou Guorui Hospital Co., Ltd. 汕頭市國瑞醫院有限公司("Guorui Hospital")	100	100
Langfang Glory Real Estate Development Co., Ltd. 廊坊國瑞房地產開發有限公司 ("Langfang Glory")	100	100
Suzhou Glory Real Estate Co., Ltd. 蘇州國瑞地產有限公司 ("Suzhou Glory")	100	100
Beijing Deheng Real Estate Development Co., Ltd. 北京國瑞德恒房地產開發有限公司 ("Beijing Deheng")	100	100
Shenzhen Wanji Pharmaceutical Co., Ltd. 深圳萬基藥業有限公司 ("Shenzhen Wanji")	75	75
Hainan Junhe Industrial Co., Ltd. 海南駿和實業有限公司 ("Hainan Junhe")	51	51

Except as disclosed above, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd. 海南國瑞投資開發有限公司 ("Hainan Glory Investment") to Hai Kou New City Construction & Development Co., Ltd.海口新城區開發建設有限公司 ("Hai Kou New City") in order to secure the performance obligation as at June 30, 2018 and December 31, 2017. Upon the completion of the construction contract, the pledge shall be released within 10 days. The Group also pledged its equity interest in Beijing Ruimao Zhiye Co., Ltd. 北京瑞茂置業有限公司 ("Ruimao Zhiye") to guarantee the agreed fixed return in respect of the capital contribution from China Minsheng Trust Co., Ltd. 中國民生信託有限公司 ("Minsheng Trust").

19. COMMITMENTS

As at June 30, 2018 and December 31, 2017, the Group had the following commitments:

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Contracted but not provided for		
– Expenditure in respect of investment properties under development	342,858	258,097
– Construction of properties for own use	845,837	337,764
– Expenditure in respect of investment in a subsidiary	—	520,238
– Consideration of equity interest purchase	20,000	—
– Investment in a joint venture	1,173,000	—
	2,381,695	1,116,099

In addition to the above capital commitments, the Group has contracted expenditure in respect of properties under development for sale of RMB6,861,935,000 (December 31, 2017: RMB 3,557,378,000) as at June 30, 2018, which have not been provided for in the condensed consolidated financial statements.

20. CONTINGENT LIABILITIES

	As at June 30 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers	7,909,160	7,607,905
– corporate property buyers	—	54,640
	7,909,160	7,662,545

Note:

As at June 30, 2018 the Group provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the Directors, considering the deposits received, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant after consideration of the low default rate and the value of the collateral.

Pursuant to the construction contract signed between Hainan Glory Property Services Co., Ltd. 海南國瑞房地產開發有限公司 ("Hainan Glory") and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory Investment to Hai Kou New City, the details of the pledge are disclosed in note 18.

Pursuant to the agreements, Beijing Glory Hengxiang Properties Limited北京國瑞恒祥置業有限公司 ("Glory Hengxiang") provide a guarantee to Minsheng Trust in respect of the agreed fixed return of the capital contribution made by Minsheng Trust to Ruimao Zhiye, the details are disclosed in note 18.

21. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Award Scheme

Pursuant to the share award scheme adopted by the Company on June 12, 2014 (the "Share Award Scheme"), a total of four employees were awarded in aggregate 33,617,700 shares of the Company on June 16, 2014. The awarded shares will be vested in three equal tranches on the first, second and third anniversary of the date on which the Company's shares are listed on the Stock Exchange (the "Listing Date"), respectively. On July 7, 2017, all shares had been vested to the employees.

The Group recognized the expense of RMB2,735,000 (2018: nil) for the six months ended June 30, 2017 in relation to the awarded shares.

The following table discloses movements of the awarded shares during the prior period:

	Outstanding as at January 1, 2017	Vested during the period	Outstanding as at June 30, 2017
Awarded shares	11,205,908	—	11,205,908

(b) Share Option Scheme

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

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

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

33.33% : from the date of grant to July 7, 2015
33.33% : from the date of grant to July 7, 2016
33.34% : from the date of grant to July 7, 2017

21. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share Option Scheme (continued)

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

	Outstanding as at January 1, 2018	Exercised during the period	Forfeited during the period	Outstanding as at June 30, 2018
Pre-IPO Share Option				
– Directors	10,500,000	—	—	10,500,000
– Other employees	43,813,814	(1,071,000)	(150,010)	42,592,804
	54,313,814	(1,071,000)	(150,010)	53,092,804
Exercisable at the end of the period				53,092,804
Weighted average exercise price (HKD)	1.428	1.428	—	1.428

	Outstanding at January 1, 2017	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2017
Pre-IPO Share Option				
– Directors	10,500,000	—	—	10,500,000
– Other employees	50,416,483	(2,493,665)	—	47,922,818
	60,916,483	(2,493,665)	—	58,422,818
Exercisable at the end of the period				36,463,844
Weighted average exercise price (HKD)	1.428	1.428	—	1.428

Note: The share options granted under Pre-IPO Share Option were forfeited during the six months ended June 30, 2018 because the employees failed to exercise the vested share options within six months after resignation.

In respect of the share options exercised during the current interim period, the weighted average share price at the dates of exercise is HKD2.22.

21. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share Option Scheme (continued)

The fair values of the share options granted were calculated using the binominal model. The inputs into the model were as follows:

	Pre-IPO Share Option
Date of grant	June 16, 2014
Share price at the date of grant	HKD 2.38
Exercise price of the options	HKD 1.428
Expected volatility	42.10%
Expected life	7 years
Risk-free rate	1.32%
Expected dividend yield	4.88%
Fair value	RMB 0.720

Expected volatility was determined by using the historical volatility of the similar companies. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The Group recognized the expense of RMB2,272,000 for the six months ended June 30, 2017 (2018: nil) in relation to share options granted by the Company.

22. OPERATING LEASE COMMITMENT

The Group as a lessor

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

As at June 30, 2018 and December 31, 2017, the Group has contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Within one year	344,328	332,710
In the second to the fifth year inclusive	643,034	550,211
After the fifth year	175,158	208,410
	1,162,520	1,091,331

The Group as a lessee

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

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

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Within one year	980	1,750
In the second to the fifth year inclusive	732	340
After the fifth year	326	210
	2,038	2,300

23. RELATED PARTY BALANCES AND TRANSACTIONS

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

Name of related party	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Company
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Executive Director and daughter of Mr. Zhang Zhangsun
Mr. Zhang zhangqiao	Younger brother of Mr. Zhang zhangsun
Beijing Glory Commercial Management Co., Ltd.* ("Glory Commercial Management") 北京國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Jinming Wujin Material Co., Ltd. * ("Jinming Wujin") 汕頭市金明五金材料有限公司	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* ("Foshan Yinhe") 佛山市銀和瑞興商業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Shenyang Glory Xingda Management Co., Ltd* ("Shenyang Xingda") 沈陽國瑞興達企業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Longhu Huamu Market Co., Ltd.* ("Longhu Huamu") 汕頭市龍湖花木市場有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Tonghe Leasing Co., Ltd.* ("Tonghe Leasing") 通和租賃股份有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Shantou Garden Hotel Management Co., Ltd.* ("Shantou Garden Hotel") 汕頭市花園賓館管理有限公司	Controlled by Mr. Zhang Zhangsun

23. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

Name of related party	Relationship
Beijing Glory Property Services Co., Ltd. * ("Glory Services") 北京國瑞物業服務有限公司	Controlled by Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial Development Co., Ltd. * ("Shenzhen Glory Industrial") 深圳國瑞興業發展有限公司	Controlled by Mr. Zhang Zhangsun
Heshan Tengyue	Controlled by Mr. Zhang Zhangqiao, younger brother of Mr. Zhang Zhangsun
Guangdong Hongtaiguotong	Associate as at December 31, 2017 (note 17)
Guangdong Guosha	Associate as at December 31, 2017 (note 17)
Tianjin Tianfurongsheng	Associate as at December 31, 2017 (note 17)
Sanya Jingheng	Associate as at December 31, 2017 (note 17)
Handan Guoxia	Associate as at December 31, 2017 (note 17)
Chongqing Guosha	Associate as at December 31, 2017 (note 17)
Beijing Ruida Properties Co., Ltd. * ("Ruida Zhiye") 北京鋭達置業有限公司	Associate
Beijing Maorui Properties Co.,Ltd. * ("Maorui Zhiye") 北京茂瑞置業有限公司	Joint venture
Ruimao Zhiye	Joint venture
Shantou Guosha	Controlled by Mr. Zhang Zhangqiao, younger brother of Mr. Zhang Zhangsun
Shenzhen Glory Medical Industrial Development Co., Ltd* ("Shenzhen Glory Medical ") 深圳國瑞醫療產業發展有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Shenzhen Guokesheng Robot Technology Co., Ltd* ("Shenzhen Guokesheng Robot") 深圳國科盛機器人科技有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun

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

23. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(b) As at June 30, 2018 and December 31, 2017, the Group has prepayments to or amounts receivable from the following related parties and the details are set out below:

Name of related party	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Trade nature (Note):		
Glory Commercial Management	2,077	—
Foshan Yinhe	18,355	16,792
Glory Services	3,062	3,823
Shenyang Xingda	—	662
	23,494	21,277
Non-trade nature:		
Alltogether Land	140	140
Shenzhen Glory Industrial	5,000	5,000
Maorui Zhiye	629,995	827,914
Ruida Zhiye	864,006	2,073,866
Shantou Guosha	659,866	—
Ruimao Zhiye	285,706	—
Shenzhen Glory Medical	3,400	—
Shenzhen Guokesheng Robot	200	—
	2,448,313	2,906,920
Total	2,471,807	2,928,197

Note: Balance is of trade nature, unsecured, interest free, and aged within one year.

23. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(c) As at June 30, 2018 and December 31, 2017, the Group has amounts due to the following related parties and the details are set out below:

	As at June 30, 2018 RMB'000 (Unaudited)	As at December 31, 2017 RMB'000 (Audited)
Trade nature (Note i):		
Glory Commercial Management	521	2,417
Shenyang Xingda	333	—
Glory Services	11,833	9,847
	12,687	12,264
Non-trade nature:		
Jinming Wujin	182	181
Alltogether Land (Note ii)	1,512,083	605,521
Shantou Guosha	1,174,505	—
Longhu Huamu	29,500	—
Mr. Zhang Zhangsun	16,859	—
Shantou Garden Hotel	—	3
Ruida Zhiye	—	7,000
Guangdong Hongtaiguotong	—	67,020
Guangdong Guosha	—	11,370
Tianjin Tianfurongsheng	—	44,890
Sanya Jingheng	—	67,130
Handan Guoxia	—	31,430
Chongqing Guosha	—	12,080
Heshan Tengyue	—	34,340
	2,733,129	880,965
Total	2,745,816	893,229

Notes:

(i) Balance is of trade nature, unsecured, interest free, and aged within one year.

(ii) The amount represented dividend payable and advance from shareholder of the Company recorded under amounts due to related parties.

23. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(d) During the six months ended June 30, 2018 and 2017, the Group entered into the following transactions with its related parties:

		Six months ended June 30,	
Name of related party	**Nature of transaction**	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Unaudited)
Glory Commercial Management	Property management services fee	**2,773**	—
Foshan Yinhe	Property management services fee	**1,563**	7,642
Shenyang Xingda	Property management services fee	**1,249**	—
Glory Services	Property management services fee	**1,326**	—

(e) Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. As at June 30, 2018, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB9,426,200,000 (December 31, 2017: RMB12,221,178,000).

Mr. Zhang Zhangqiao and his spouse have provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. As at June 30, 2018, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangqiao and his spouse amounting to RMB479,100,000.

Longhu Huamu has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. As at June 30, 2018, the Group has bank loans and other loans guaranteed by Longhu Huamu amounting to RMB385,000,000 (December 31, 2017: RMB 134,000,000).

Mr. Zhang Zhangsun have provide a guarantee to Minsheng Trust in the event of default of Glory Hengxiang's guarantee provided to Minsheng Trust as detailed in note 18. As at June 30, 2018, the guarantee provided by Mr. Zhang Zhangsun is amounting to approximately RMB1,173,000,000.

23. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(f) Key management personnel emoluments

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

	Six months ended June 30	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term employee benefits	**11,860**	12,667
Retirement benefit contributions	**261**	238
Equity-settled share-based payments	**—**	2,893
	12,121	15,798

GLORY国瑞

GUORUI PROPERTIES LIMITED

國瑞置業有限公司