



GLORY 国瑞

GUORUI PROPERTIES LIMITED
國瑞置業有限公司



中期報告
Interim Report
2019

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

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

香港聯合交易所股份代號 Stock Code : 2329

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Corporate Information

DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

Mr. Zhang Zhangsun
Ms. Zheng Jin

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

INTERNAL CONTROL COMMITTEE

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

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

LEGAL ADVISORS

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

Share Listing

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

Senior Notes Listing

Stock Exchange
Stock Code: 05408
Stock Code: 05110
Stock Code: 05834

WEBSITE

<http://www.gloruity.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, 2019, together with comparative figures for the corresponding period in 2018. The Group’s interim results have not been audited but have been reviewed by the Company’s audit committee and the Company’s auditor, Deloitte Touche Tohmatsu (“**DTT**”).

- Achieved contracted sales for the six months ended June 30, 2019 (the “**Reporting Period**”) was RMB12,828.3 million with corresponding gross floor area (“**GFA**”) of approximately 604,636 sq.m., representing a period-on-period increase of 87.5% and 7.3%, respectively;
- Revenue for the Reporting Period was RMB3,774.9 million, of which the revenue from property development was RMB3,411.7 million;
- Gross profit for the Reporting Period was RMB1,074.7 million, of which the gross profit from property development was RMB804.6 million;
- Net profit for the Reporting Period was RMB569.8 million, of which RMB428.6 million was attributable to the owners of the Company;
- Basic earnings per share for the Reporting Period were RMB9.6 cents;
- Land reserves reached a total GFA of 16,084,092 sq.m. and the average cost of land reserves was RMB2,877.8 per sq.m. for the Reporting Period;
- Contracted average selling price (“**ASP**”) for the Reporting Period was RMB21,216.7 per sq.m.. The average cost of land reserves accounted for 13.6% of the ASP for the Reporting Period.

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended June 30, 2019.

REVIEW OF THE FIRST HALF OF 2019

Interim Results

Gross profit increased 40.7%, principal business performed outstanding

During the Reporting Period, the revenue of the Group was RMB3,774.9 million, representing an increase of 68.6% as compared to the corresponding period of the previous year. Revenue from property development was RMB3,411.7 million, representing an increase of 74.4% as compared to the corresponding period of the previous year. For the six months ended June 30, 2019, the Group's gross profit was RMB1,074.7 million, representing an increase of 40.7% as compared to the corresponding period of the previous year; net profit was RMB569.8 million, of which RMB428.6 million was attributable to the owners of the Company, representing an increase of 4.4% as compared to the corresponding period of the previous year.

Market Review

One policy one city, key cities clearly differentiated

In the first half of 2019, the keynote of the real estate policy is "The house is for living, not for speculating" and "Policy by city, control and regulation by classification". The Chinese government insisted on the regulation policy of stabilized land prices, stabilized house prices and stabilized market expectations, and the overall real estate market in China showed a steady growth trend. The sales area of commodity housing was approximately 760 million sq.m., representing a decrease of 1.8% as compared to the corresponding period of last year. The sales of commodity housing amounted to approximately RMB7.1 trillion, representing an increase of 5.6% as compared to the corresponding period of last year. The real estate industry continued to be pivot of the national economy.

The real estate market continued to show a distinct differentiation trend in regions. The property market in the first-tier cities was picking up, with turnover rebounding and demand in excess of supply; while the real estate transactions in the second-tier cities remained stable, and the markets in the third- and fourth-tier cities were obviously cooling down. The land market remained generally stable, the local governments have strengthened the regulation and control of land supply classification, continuing to optimize the land auction rules and control land premiums in line with the supply and demand relationship in different markets. Generally speaking, the market shares of the top 100 real estate developers continued to increase, with differentiated growth rates among the leading property developers and a generally slowing-down growth rate for the whole industry.

Property Development

Contracted sales increased 87.5%, policy by city brought new record high

In line with the changes in the market 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 contracted sales were approximately RMB12,828.3 million, representing an increase of 87.5% as compared to the corresponding period of last year. The total contracted GFA was approximately 604,636 sq.m., representing an increase of 7.3% as compared to the corresponding period of last year.

Chairman's Statement

From the perspective of contribution by cities, contracted sales of Beijing, Suzhou and Chongming Island amounted to approximately RMB6,687.2 million, RMB1,413.2 million and RMB731.0 million respectively, representing 52.1%, 11.0% and 5.7% of the Group's total contracted sales. The Group continued to apply specific policies in specific places, constantly optimizing its product mix to meet different market needs and elevating its market share.

From the perspective of contribution by regions, the sales mainly centralized in Beijing-Tianjin-Hebei, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area. The Group adhered to the strategy of deep cultivation in the regions and scored stable sales. Beijing Glory Villa, Fengtai Xiaowayao (豐台小瓦窯), Daxing Ruifuyuan (大興瑞福園), Haidian Cuihu (海澱翠湖) Project, Chongming Island Guorui Yingtai (崇明島國瑞瀛台), Suzhou Glory Villa (蘇州國瑞熙墅), Foshan Guohua New Capital (佛山國華新都), Jiangmen Shanhuhai (江門山湖海), Yongqing Eco-Town (永清生態城) and the projects in Tongren, Guizhou all achieved good sales results. On June 30, 2019, the Group was ranked among the top 100 Chinese real estate developer for the first half of 2019 by CRIC.

Investment Properties

Rental income increased 37.7% year-on-year, promising prospects for high-quality properties

The Group adhered to the development strategy of "Focusing on both residential and commercial properties" and was committed to constantly improving its commercial operation capabilities. During the Reporting Period, the total rental income of the Group was RMB285.1 million, representing an increase of 37.7% 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 11 investment properties situated at the prime locations of 7 core cities including Beijing and Shenzhen with total planned GFA of approximately 971,273 sq.m.. Calculated by the area under operation, the operating area in Beijing accounted for approximately 55%.

Located at Chongwen business district, Beijing's most prosperous area, Glory Shopping Mall just celebrated its 10th anniversary in July of this year and has become a fashionable gathering place in the capital. Beijing Hademen Plaza was a project included in "China New Hundred Urban Landmark Architecture (中國百城建築新地標)". Phase I of Foshan Glory Commercial Center, a Lingnan cultural landmark, with a GFA of 260,000 sq.m., is expected to celebrate its grand opening on October 1, 2019.

Land Reserves

Land cost at RMB2,877.8 per sq.m., increased high-quality land reserves in the Greater Bay Area diversely

Land reserve has become an important competitive strength for the property developers. 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 mainly by tender, auction and listing (招拍掛) and cooperative development, in addition to mergers and acquisitions, and eliminate acquisition of high-priced land. As at June 30, 2019, the land reserve of the Group had total planned GFA of 16.08 million sq.m., with an average land cost of RMB2,877.8 per sq.m..

In addition to the above property development projects from our own land reserves, the Group also actively undertook primary land development projects as a strategic task to obtain potential land reserve. The Group has been undertaking primary land development, redevelopment of shanty town and projects developed under the "Urban Redevelopment" policy in Beijing, Shenzhen and Shantou. During the Reporting Period, the development area of the primary land development projects and projects developed under the "Urban Redevelopment" policy (「三舊改造」政策) reached 5.8 million sq.m., of which Shenzhen accounted for 51.6%. Among the total land reserves of the Group, those in the Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area have reached 9.139 million sq.m., accounting for 41.8% of the total land reserves. The urban renewal classification projects, which features small investment and high profit margin, is an important source for the Group to replenish the land bank in the Greater Bay Area. In the next few years, the Group's renovation of old towns and urban renewal projects will turn into sales and become its new profit growth drivers.

On August 18, 2019, the Central Committee of the Communist Party of China issued a blockbuster document to support building Shenzhen into a pilot demonstration area of socialism with Chinese characteristics. The Group, originated from Shantou of Guangdong, has established leading advantages in the Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, and as an enterprise centering on deeper regional exploitation, will capture great development opportunities.

CAPITAL STRUCTURE

Active Expansion of Financing Channels, Continuous Optimization of Debt Structures

Leveraging the diversified domestic and overseas financing channels, the Group utilized various financial instruments and continuously optimized its capital management to reduce financing costs, optimize its debt structures and effectively control exchange rate risks. At the same time, the Group further strengthened its risk management and control function, improved the financial risk monitoring system, and maintained proper risk pre-warning and prevention measures.

During the Reporting Period, the Company successfully issued US\$455,000,000 senior notes due 2022 which are listed on the Hong Kong Stock Exchange. At the meantime, during the Reporting Period, the Company completed full redemption in cash of US\$250,000,000 senior notes due March 1, 2019 and US\$300,000,000 senior notes due 2020 whose holders exercised their redemption options. As of June 30, 2019, the Group's interest-bearing liabilities due within one year decreased by 23.6% as compared to December 31, 2018.

As at June 30, 2019, the Group's cash, restricted bank deposits and bank balances were approximately RMB3,739.3 million, representing an increase of 89.6% as compared to RMB1,972.3 million as at December 31, 2018. During the Reporting Period, the Group's net debt to equity ratio decreased by 4 percentage points year-on-year.

OUTLOOK FOR THE SECOND HALF OF 2019

In 2019, as an important pivot of the national economy, the real estate industry is expected to remain stable as a whole. The control and regulation policy on the real estate market will maintain overall continuity and stability, while the central government will insist on its position of "The housing is for living, not for speculating", and "Policy by city with differentiated approaches adopted in regulating the housing market" will remain the keynote of the real estate industry.

The Group believes that the real estate industry will step into a period of adjustment in the next 3-5 years or longer time. The traditional real estate development experiences will be gradually refreshed and upgraded, and new operating methods will be explored in various aspects including land, capital, quality, and service. The Group is in the process of making strategic breakthrough and brand upgrading, and will focus on three key guidelines, i.e. urban development, village rejuvenation and consumption upgrading, while leveraging its expertise to explore for new business expansion, concentrating on deeper regional exploitation under the principle of "Product + Service" as well as quality growth.

Amid an environment of tightening financial policies, the Group gave priority to the assurance of the stability of cash flows while strengthening control over investment risks and carefully selecting premium projects for investment. On the principle of light capital occupation and under the guidance of cooperative development, we will expand innovative products such as Smart Community, Smart New-city and Smart Estate across Guangdong-Hong Kong-Macao Greater Bay Area and key city circles.

In the second half of 2019, on one hand, the Group will continue to accelerate destocking, collect sales proceeds, reduce debts, aiming to achieve a balance between scale, profit and risk; on the other hand, it will seek opportunities for breakthrough in its products, taking the "Real estate + Technology" as the driving force to create its first generation of smart residential products, which integrate six functional areas including business, property service, health care, and children's education, to create a full-cycle residential experience and brand ecosystem.

Chairman's Statement

Grow with Guorui, Enjoy Better Life (心隨瑞動·共用美好). Guorui's smart residential products have gradually deployed to Guorui Tongren (國瑞銅仁), Foshan Xiqiao (佛山西樵), Yongqing Glory City, Chongming Guorui Yingtai, and Wanning Glory City projects. Empowering our products with technology would help Guorui to grow into a service provider for better life.

The 40th anniversary of China's reform and opening-up also marks the 20th anniversary of fully deepening the reform of the housing system. Thanks to this great era, private enterprises are offered a brighter future. Enterprises could achieve sustainable development only if they have the broad vision of the strength to contributing to the country's prosperity, social progress and people's wealth. We are committed to fulfilling our social responsibility, and being a maker of a better life and witness of newer cities, we wish to safeguard and bless Hong Kong together with the whole nation and enjoy the prosperity with our motherland.

ACKNOWLEDGEMENT

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

Zhang Zhangsun

Chairman

Shenzhen, the PRC

August 27, 2019

Management Discussion and Analysis

BUSINESS REVIEW

For the first half of 2019, the Group's total contracted sales were approximately RMB12,828.3 million, representing an increase of 87.5% as compared to the corresponding period of last year. For the six months ended June 30, 2019, the Group's revenue was RMB3,774.9 million, representing an increase of 68.6% as compared to the corresponding period of last year. Revenue from property development was RMB3,411.7 million, representing an increase of 74.4% as compared to the corresponding period of last year. For the six months ended June 30, 2019, the Group's gross profit was RMB1,074.7 million, representing an increase of 40.7% as compared to the corresponding period of last year; the net profit was RMB569.8 million, representing an increase of 2.1% as compared to the corresponding period of last year, of which RMB428.6 million was attributable to the owners of the Company, representing an increase of 4.4% as compared to the corresponding period of last year.

Contracted Sales

The contracted sales of the Group for the first half of 2019 and the first half of 2018 amounted to approximately RMB12,828.3 million and RMB6,843.2 million, respectively, representing an increase of 87.5%. The total contracted GFA was approximately 604,636 sq.m. and 563,379 sq.m., representing an increase of 7.3%. Contracted sales of the Group, by geographical location, were mainly from Beijing, Suzhou and Chongming Island, amounting to approximately RMB6,687.2 million, RMB1,413.2 million and RMB731.0 million, respectively, representing 52.1%, 11.0% and 5.7% 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, 2019 and 2018:

City	For the Six Months Ended June 30,			
	2019		2018	
	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)
Beijing	6,687.2	52.1	462.9	6.8
Haikou	262.8	2.1	524.1	7.7
Wanning	1.2	0.01	–	–
Langfang	340.8	2.7	41.2	0.6
Zhengzhou	17.2	0.1	54.8	0.8
Shenyang	422.9	3.3	425.5	6.2
Foshan	708.0	5.5	983.9	14.4
Shantou	214.8	1.7	1,068.6	15.6
Suzhou	1,413.2	11.0	286.5	4.2
Chongming Island	731.0	5.7	1,017.1	14.9
Xi'an	142.7	1.1	–	–
Guizhou	238.3	1.9	–	–
Wuxi	257.2	2.0	–	–
Chongqing	354.3	2.8	284.3	4.2
Shijiazhuang	75.2	0.6	–	–
Jiangmen	277.5	2.2	132.2	1.9
Tianjin	395.1	3.1	83.6	1.2
Sanya	288.9	2.3	–	–
Cooperation Project	–	–	1,478.6	21.6
Total	12,828.3	100.0	6,843.2	100.0

Management Discussion and Analysis

The following table sets out the breakdown of the Group's contracted sales by project for the six months ended June 30, 2019 and 2018:

	For the Six Months Ended June 30,					
	2019 Contracted Sales (RMB million)	2018 Contracted Sales (RMB million)	2019 Contracted GFA (sq.m.)	2018 Contracted GFA (sq.m.)	2019 Contracted ASP (RMB/sq.m.)	2018 Contracted ASP (RMB/sq.m.)
Beijing						
Beijing Glory City	10.9	–	260	–	42,109.7	–
Beijing Glory Villa East	2.8	0.5	243	49	11,716.6	10,000.0
Beijing Glory Villa West	29.1	462.4	787	9,940	–	46,520.4
Daxing Yinghai Project	6.5	–	1,067	–	6,055.6	–
Fengtai Xitieying	1,176.3	–	16,542	–	71,109.5	–
Haidian Cuihu (海澱翠湖)	1,905.6	–	35,882	–	53,107.1	–
Fengtai Xiaowayao (豐台小瓦窯)	3,556.0	–	64,965	–	54,737.2	–
Haikou						
Haikuotiankong Glory City	203.8	232.0	8,475	7,703	24,049.8	30,111.4
Glory Riverview Garden	29.5	160.5	1,134	5,836	26,007.9	27,507.1
Haidian Island Glory Garden	0.2	–	24	–	7,197.3	–
Haikou West Coast Glory	–	131.6	–	4,220	–	31,193.4
Hainan Yunlong	29.3	–	2,539	–	11,545.3	–
Wanning						
Wanning Glory City (Phase I)	1.2	–	105	–	11,545.2	–
Langfang						
Yongqing Glory City	340.8	41.2	36,774	2,597	9,268.8	15,846.7
Zhengzhou						
Zhengzhou Glory City	17.2	54.8	1,436	4,301	12,003.9	12,734.0
Shenyang						
Shenyang Glory City	422.9	425.5	59,403	56,768	7,118.4	7,495.0
Foshan						
Foshan Guohua New Capital	415.8	420.9	28,576	37,615	14,549.5	11,191.0
Foshan Glory Shengping Commercial Center	98.3	1.7	6,287	31	15,636.9	55,888.5
Foshan Canglonghuaфу (佛山藏龍華府)	193.9	561.2	15,351	33,696	12,632.7	16,654.9
Shantou						
Guan Haiju	63.2	67.9	4,418	3,632	14,316.6	18,684.3
Four Seasons Garden	126.1	380.5	14,046	40,343	8,976.8	9,431.5
Glory Garden (Phase II)	3.5	77.5	274	7,062	12,802.7	10,979.0
Shantou Convention Center (汕頭會展中心)	22.0	542.7	1,687	38,176	13,062.4	14,215.9

	For the Six Months Ended June 30,					
	2019 Contracted Sales (RMB million)	2018 Contracted Sales (RMB million)	2019 Contracted GFA (sq.m.)	2018 Contracted GFA (sq.m.)	2019 Contracted ASP (RMB/sq.m.)	2018 Contracted ASP (RMB/sq.m.)
Suzhou						
Suzhou Glory Villa	1,413.2	286.5	46,950	9,643	30,099.8	29,705.3
Xi'an						
Glory Xi'an Financial Center	142.7	–	7,523	–	18,967.4	–
Guizhou						
Guorui Zhihui Shengtaicheng (國瑞智慧生態城)	238.3	–	42,287	–	5,634.9	–
Chongming Island						
Chongming Island	731.0	1,017.1	61,784	88,452	11,832.4	11,499.3
Wuxi						
Glory Luoshe Xincheng (國瑞洛社新城)	257.2	–	19,487	–	13,200.6	–
Tianjin						
Ruichengjiayuan (瑞城嘉園)	395.1	83.6	22,428	10,000	17,615.2	8,360.3
Chongqing						
Elegant Villa (書香溪墅)	354.3	284.3	43,390	39,371	8,164.8	7,220.0
Jiangmen						
Shanhuaizhuangyuan (山湖海莊園)	277.5	132.2	41,488	7,628	6,687.7	17,331.0
Sanya						
Hongtangwan (紅塘灣)	288.9	–	8,383	–	34,467.0	–
Shijiazhuang						
Fuguicheng (富貴城)	75.2	–	10,644	–	7,063.4	–
Cooperation Project	–	1,478.6	–	156,316	–	9,459.0
Total	12,828.3	6,843.2	604,636	563,379	21,216.7	12,146.7

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

Management Discussion and Analysis

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, 2019, the Group had completed a total GFA of 7,054,531 sq.m. and had land reserves with a total GFA of 16,084,092 sq.m., comprising (a) a total GFA of 1,131,391 sq.m. completed but remaining unsold, (b) a total GFA of 7,643,703 sq.m. under development, and (c) a total planned GFA of 7,308,998 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, 2019, the Group had investment properties with a total GFA of 971,273 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, 2019:

Project	Project Type	Site Area (sq.m.)	Under Development				Held for Future Development		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
Beijing									
1	Beijing Glory Villa East	Residential	68,419	226,662	147,911	11,354	–	–	100
2	Beijing Glory Villa West	Residential	73,294	239,805	179,823	138,785	–	–	80
3	Daxing Yinghai Project	Residential	63,030	201,690	148,762	104,395	–	–	80
4	Fengtai Xitieying	Residential	65,650	335,456	323,112	93,291	–	–	16
5	Haidian Cuihu (海澱翠湖)	Residential	82,336	271,380	266,415	35,882	–	–	28
6	Fengtai Xiaowayao (豐台小瓦窯)	Residential	27,200	149,197	144,091	64,965	–	–	40.8
Haikou									
1	Hainan Yunlong	Mixed-use	1,084,162	109,111	98,727	–	677,234	–	72
Wanning									
1	Wanning Glory City (phases II to III)	Residential	143,560	17,201	17,080	–	207,886	–	80
Langfang									
1	Yongqing Glory City (Phases I (partial) to II)	Residential	410,569	110,706	71,194	30,958	789,440	–	80
2	Yongqing Glory City (Phase IV (partial))	Residential	217,726	160,214	99,878	67,735	423,031	–	100

Project	Project Type	Site Area (sq.m.)	Under Development				Held for Future Development		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
Zhengzhou									
1	Zhengzhou Glory City (Phases VIII, School)	Mixed-use	11,235	30,535	30,535	-	-	-	80
Shenyang									
1	Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	270,402	420,109	380,447	92,832	300,453	222,249	80
Foshan									
1	Foshan Guohua New Capital (Phase II)	Residential	16,237	74,666	62,529	55,540	-	-	44
2	Foshan Glory Shengping Commercial Center	Mixed-use	79,311	317,940	317,356	6,287	-	-	80
3	Foshan Xiqiao	Residential	63,952	266,083	256,808	-	-	-	80
4	Canglonghuafu (藏龍華府)	Mixed-use	141,778	379,008	376,076	23,392	127,673	-	35
Xi'an									
1	Guorui • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	9,909	-	-	80
Shantou									
1	Convention Hotel	Mixed-use	28,439	186,799	136,357	41,965	-	-	100
2	Shantou Glory Hospital	Hospital	100,001	360,154	-	-	-	-	100
Shenzhen									
1	Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	-	231,450	-	80
Suzhou									
1	Suzhou Glory Villa	Mixed-use	64,317	240,278	184,927	102,690	-	-	80
Qidong									
1	Chongming Island	Residential	1,211,544	326,079	288,751	275,162	761,358	-	72
2	Butterfly Hotel	Hotel	64,000	53,656	-	-	-	-	100
Ezhou									
1	Ezhou Huarong Market	Specialized markets	333,335	-	-	-	150,000	150,000	55

Management Discussion and Analysis

Project	Project Type	Site Area (sq.m.)	Under Development				Held for Future Development		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
Wuxi									
1	Glory Luoshe Xincheng (國瑞洛社新城)	Residential	30,726	90,524	66,047	32,773	–	–	39
Tongren									
1	Guorui Zhihui Shengtaicheng Project (國瑞智慧生態城項目)	Mixed-use	780,430	230,284	176,204	55,660	1,643,969	1,436,370	80
Tianjin									
1	Ruichengjiayuan (瑞城嘉園)	Residential	137,816	282,760	259,476	102,887	–	–	35
Chongqing									
1	Elegant Villa (書香溪墅)	Residential	91,203	202,042	192,387	71,512	–	–	51
Jiangmen									
1	Shanhuhazhuangyuan (山湖海莊園)	Mixed-use	407,456	142,906	142,906	66,835	586,734	–	52
Handan									
1	Handan Glory City (邯鄲國瑞城)	Mixed-use	161,736	844,696	713,325	140,351	–	–	35
Enping									
1	Sijiquancheng (四季泉城)	Residential	106,091	39,201	–	–	251,512	–	68
2	Wenquancheng (溫泉城)	Residential	49,300	–	–	–	98,500	–	68
Sanya									
1	Hongtangwan (紅塘灣)	Mixed-use	96,737	183,318	107,435	8,383	–	–	35
Shijiazhuang									
1	Fuguicheng (富貴城)	Mixed-use	431,927	818,502	399,937	175,371	1,059,758	1,059,758	51
Total			6,953,244	7,643,703	5,842,630	1,808,914	7,308,998	2,868,377	
Total Attributable GFA			4,750,813	4,698,275	3,401,404	1,098,001	5,208,149	1,949,872	

The following table sets out a summary of information of the Group's investment properties as at June 30, 2019:

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	
					2019 (RMB'000)	2018 (RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	44,825	127,132	124,546
	Offices	8,520	8,520	6,417		
	Car parking spaces	26,324	26,324	21,586		
	Retail outlets	33,032	29,546	21,875		
	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	20,515	21,488	19,062
	Retail outlets	3,170	3,170	2,887		
Beijing Hademen Center	Commercial	15,671	14,703	8,926	100,050	36,428
	Offices	75,171	69,830	60,673		
	Car parking spaces	29,040	23,917	-		
Beijing Bei Wu Lou	Offices	10,916	10,916	10,916	11,627	9,654
Shenyang Glory City	Specialized markets	50,841	50,841	24,665	3,609	3,199
	Retail outlets	58,972	58,972	12,068		
Shantou Glory City	Specialized markets	62,398	62,398	60,614	13,950	13,415
Foshan Glory Shengping Commercial Center	Retail outlets	24,267	24,267	19,199	-	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	17,320	17,320	16,042	7,264	736
Handan Ruicheng Commercial Building*	Commercial	154,915	-	-	-	-
Total		971,273	494,608	338,464	285,120	207,085

* Projects currently under construction

Management Discussion and Analysis

Completed Properties

The following table sets out a summary on the Group's completed projects as at June 30, 2019:

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	47,970	3,391	29,316	421,446	9,125	91
2	Beijing Glory City	Mixed-use	117,473	881,590	62,872	15,428	159,999	640,539	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
5	Glory Villa East	Residential	25,780	85,404	8,789	8,789	–	76,615	–	100
Haikou										
1	Haikuotiankong Glory City	Mixed-use	141,375	811,124	165,983	36,254	17,320	583,687	37,359	80
2	Haidian Island Glory Garden	Residential	65,643	71,863	14,930	659	–	56,352	581	80
3	Glory Riverview Garden	Residential	36,634	21,658	506	506	–	20,067	1,085	80
4	Haikou West Coast Glory	Residential	34,121	21,972	1,824	1,824	–	18,867	1,281	80
Wanning										
1	Wanning Glory City (Phase I)	Residential	100,780	161,988	9,119	1,767	–	149,295	3,574	80
Langfang										
1	Yongqing Glory City (Phase I (partial), Phases III, V)	Residential	509,049	403,023	28,805	10,172	–	371,962	2,256	80
2	Yongqing Glory City (Phase IV (partial))	Residential	176,023	556,516	159,058	159,058	–	397,458	–	100
Zhengzhou										
1	Zhengzhou Glory City	Mixed-use	472,992	803,762	81,459	4,991	–	677,459	44,844	80
Shenyang										
1	Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	357,189	920,895	90,932	25,644	109,813	705,336	14,814	80

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA		GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
				Sale or Use By Us (sq.m.)	Available for Use (sq.m.)					
Foshan										
1	Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	104,576	437,476	124,371	91,178	–	259,620	53,485	44
2	Foshan Glory Shengping Commercial Center	Mixed-use	10,920	43,228	376	376	34,989	1,505	6,358	80
3	Canglonghuaifu (藏龍華府)	Residential	60,832	233,857	55,001	49,060	–	133,868	44,988	35
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	2,146	2,146	–	31,649	–	100
3	Yu Garden	Residential	8,292	25,767	–	–	–	25,767	–	100
4	Star Lake Residence	Residential	3,589	12,132	–	–	–	12,132	–	100
5	Yashi Garden	Residential	9,472	48,054	56	56	–	47,223	775	100
6	Guan Haiju	Residential	25,922	171,450	54,609	20,294	–	116,841	–	100
7	Siji Garden	Residential	42,155	203,549	62,771	62,771	–	98,799	41,979	80
8	Glory Garden (Phase II)	Residential	14,482	78,619	2,650	2,650	–	64,603	11,366	80
Suzhou										
1	Glory Villa	Mixed-use	9,879	36,907	21,850	21,850	–	12,531	2,526	80
Chongqing										
1.	Elegant Villa (書香溪墅)	Residential	114,746	246,488	75,380	75,380	–	171,108	–	51
Total			2,621,361	7,054,531	1,089,705	594,244	537,148	5,119,660	301,243	
Total Attributable GFA			2,066,117	5,558,114	830,588	437,076	439,183	4,080,299	202,654	

Management Discussion and Analysis

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at June 30, 2019:

	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	340,237	1,424,190	–	1,764,427	11.1%	15,982.8
Haikou	56,564	109,111	677,234	842,909	5.2%	1,386.5
Wanning	1,767	17,201	207,886	226,854	1.4%	332.1
Langfang	169,230	270,920	1,212,471	1,652,621	10.4%	246.8
Zhengzhou	4,991	30,535	–	35,526	0.2%	405.5
Shenyang	135,456	420,109	300,453	856,018	5.3%	892.8
Foshan	175,602	1,037,697	127,673	1,340,972	8.2%	3,219.7
Xi'an	–	289,978	–	289,978	1.8%	1,551.8
Shantou	150,314	546,953	–	697,267	4.3%	1,064.1
Shenzhen	–	42,763	231,450	274,213	1.7%	3,090.7
Suzhou	21,850	240,278	–	262,128	1.6%	14,903.3
Chongming Island	–	379,735	761,358	1,141,093	7.1%	1,288.7
Ezhou	–	–	150,000	150,000	0.9%	584.7
Wuxi	–	90,524	–	90,524	0.6%	4,860.6
Tongren	–	230,284	1,643,969	1,874,253	11.7%	501.2
Chongqing	75,380	202,042	–	277,422	1.7%	370.1
Tianjin	–	282,760	–	282,760	1.8%	2,182.1
Sanya	–	183,318	–	183,318	1.1%	5,002.2
Jiangmen	–	142,906	586,734	729,640	4.4%	539.0
Enping	–	39,201	350,012	389,213	2.4%	219.7
Handan	–	844,696	–	844,696	5.3%	401.3
Shijiazhuang	–	818,502	1,059,758	1,878,260	11.7%	371.7
Total	1,131,391	7,643,703	7,308,998	16,084,092	100%	2,877.8
Total Attributable GFA	876,258	4,698,275	5,208,149	10,782,682		

Note:

- (1) Includes 2,868,377 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 types of properties for the six months ended June 30, 2019:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA ⁽¹⁾ (sq.m.)	Total GFA (sq.m.)	(%)
Residential	392,050	4,866,063	5,290,148	10,548,261	65.6
Commercial for sale	131,247	749,306	1,291,559	2,172,112	13.5
Commercial held or intended to be held for investment	537,148	423,209	–	960,357	5.9
Hotel	–	126,604	101,095	227,699	1.4
Car parking spaces	70,946	792,367	182,461	1,045,774	6.5
Ancillary	–	282,157	293,735	575,892	3.6
Hospital	–	360,154	–	360,154	2.2
Specialized markets	–	–	150,000	150,000	0.9
Others	–	43,843	–	43,843	0.3
Total	1,131,391	7,643,703	7,308,998	16,084,092	100
Total Attributable GFA	876,258	4,698,275	5,208,149	10,782,682	

Note:

- (1) Includes 2,868,377 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land use right grant contract.

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

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

Management Discussion and Analysis

Urban Redevelopment Project in 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, 2019, the transfer of the Land No. 1 of the Qixi Project by agreement has been completed; currently, the demolition and relocation of the Land No. 4 has been completed and the relevant housing authority has confirmed its conclusion; the demolition and relocation of private properties on the Land No. 5 has been completed, and the remaining two enterprises and institutions are pending for demolition and relocation. At present, 93% of the demolition and relocation of the Qixi Project has been completed, and the remaining private properties, enterprises and institutions to be demolished and relocated are mainly located on the Land No. 2 and the Land No. 3. As of June 30, 2019, the projects under development of the Group incurred development costs of approximately RMB1,137.3 million.

Urban Redevelopment Project in Shantou

Pursuant to the cooperation agreements with local self-governing organizations and enterprises under the “Urban Redevelopment” policy, the Group undertook the development of land parcels in Shantou, which comprises four development projects with a total planned GFA of approximately 4.3 million sq.m. 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 required government procedures under the relevant local regulations. As at June 30, 2019, the Group has completed the development two of the projects, one project was suspended due to policy issues and the remaining is Zhoucuowen Village Sub-district Redevelopment Project which is located at the East of Taishan Road of Northeastern Shantou city. The project has a site area of 933,333 sq.m. and a planned GFA of approximately 2.33 million sq.m.. According to the Reply of Shantou Municipal Government Regarding the Redevelopment Plan of “Urban Redevelopment” Project of Zhoucuowen Economic Association (East Sub-district of Old Village), Longhu District, Shantou City 《汕頭市人民政府關於汕頭市龍湖區周厝塢經濟聯合社（舊村莊東片區）「三舊」改造項目改造方案的批覆》 dated March 18, 2019, this sub-district has a site area of 6.67 hectares (66,700 sq.m.) and a total GFA of 145,000 sq.m.. Currently, compensations for the demolition and relocation of villagers’ former residences are under negotiation and surrounding municipal facilities are yet to be completed. The remaining land parcels under the redevelopment of Zhoucuowen village are still under discussion. Under the principle of “developing a sub-district only when the conditions permit (條件成熟一片、開發一片)”, Shantou Company will report its annual “urban redevelopment” plan and redevelopment plan when development conditions permit. As at June 30, 2019, the remaining development projects incurred development costs of approximately RMB5.7 million.

Urban Redevelopment Project in 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 the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m.. The Group has completed the survey including the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.2 million sq.m. had been approved by the meeting of Longgan District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement in respect of the inclusion into the “2018 Longgan District Urban Renewal Plan – the Ninth Plan” (《二零一八龍崗區城市更新計劃第九批計劃》) on December 30, 2018. A further approval has been obtained from relevant governmental authorities on the project at the end of February, 2019. The special planning report documents for the first renewal were filed on May 30, 2019 and are currently under review by relevant review bodies. Subsequent thereto, the establishment of other projects will be commenced. As at June 30, 2019, the development costs paid by the Group at the early stage in relation to this project were approximately RMB468.1 million.

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2019, the Group's revenue was RMB3,774.9 million, representing an increase of 68.6% from RMB2,238.4 million for the six months ended June 30, 2018.

Revenue from property development for the six months ended June 30, 2019 was RMB3,411.7 million, representing an increase of 74.4% as compared to the corresponding period of last year. This increase was primarily due to the completion and delivery of some properties of Beijing Glory Villa East Project and Foshan Canglonghuaifu (藏瓏華府) Project during the Reporting Period.

Cost of Sales and Services

For the six months ended June 30, 2019, the Group's cost of sales and services was RMB2,700.2 million, representing an increase of 83.1% 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 86.9% from RMB1,394.6 million for the six months ended June 30, 2018 to RMB2,607.1 million for the six months ended June 30, 2019. This increase was primarily due to the completion and delivery of some properties of Beijing Glory Villa East Project and Foshan Canglonghuaifu (藏瓏華府) Project during the Reporting Period.

Gross Profit

For the six months ended June 30, 2019, the Group's gross profit was RMB1,074.7 million, representing an increase of 40.7% as compared to the corresponding period of last year.

Gross profit of property development was RMB804.6 million, representing an increase of 43.4% as compared to the corresponding period of last year. The increase in the Group's gross profit of property development was primarily due to the increase in the revenue from properties delivered and carried forward during the Reporting Period as compared to the same period of last year.

Net Profit Attributable to Owners of the Company

For the six months ended June 30, 2019, the net profit attributable to owners of the Company was RMB428.6 million, representing an increase of 4.4% from RMB410.4 million for the six months ended June 30, 2018.

Changes in Fair Value Gains on Investment Properties

The fair value gains on investment properties at the Group's level decreased from RMB539.6 million for the six months ended June 30, 2018 to RMB531.8 million for the six months ended June 30, 2019.

Other Gains and Losses

Other losses were RMB28.5 million for the six months ended June 30, 2018, while other losses were RMB18.0 million for the six months ended June 30, 2019, which was primarily due to the foreign exchange losses.

Other Income

Other income increased from RMB74.9 million for the six months ended June 30, 2018 to RMB76.1 million for the six months ended June 30, 2019, which was mainly due to the recognised return on capital employed with associates and joint ventures.

Management Discussion and Analysis

Selling Expenses

Selling expenses increased by 89.2% from RMB86.7 million for the six months ended June 30, 2018 to RMB164.0 million for the six months ended June 30, 2019, which was primarily due to the increased marketing agency fees caused by the increase in marketing efforts as a result of increased contract sales.

Administrative Expenses

Administrative expenses increased by 29.9% from RMB206.8 million for the six months ended June 30, 2018 to RMB268.7 million for the six months ended June 30, 2019, which was primarily due to the increase in office expenses and compensation as result of the enlarging scale of the Group.

Finance Costs

Finance costs increased by 85.7% from RMB108.8 million for the six months ended June 30, 2018 to RMB202.0 million for the six months ended June 30, 2019, which was mainly due to the increase of borrowings.

Income Tax Expenses

Income tax expenses increased by 21.0% from RMB352.7 million for the six months ended June 30, 2018 to RMB426.6 million for the six months ended June 30, 2019, which was primarily due to the increase of the profit before taxation. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2019 were RMB262.6 million and RMB164.0 million, respectively.

Total Comprehensive Income

As a result of the foregoing reasons, the Group's total comprehensive income increased from RMB542.7 million for the six months ended June 30, 2018 to RMB572.8 million for the six months ended June 30, 2019. The increase in the Group's total comprehensive income was primarily due to the increase of revenue from property development.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at June 30, 2019, the Group's cash, restricted bank deposits and bank balances were approximately RMB3,739.3 million, representing an increase of 89.6% as compared to RMB1,972.3 million as at December 31, 2018.

Net Operating Cash Flow

The Group recorded positive net operating cash flow in the amount of RMB2,438.3 million for the six months ended June 30, 2019, while we had recorded negative net operating cash flow of RMB1,395.1 million for the six months ended June 30, 2018. The Group's positive net operating cash flow from operating activities was primarily due to the increase in cash collection of property sales.

Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest-bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was approximately 147% as at June 30, 2019, as compared to 150% as at December 31, 2018.

Borrowings

As at June 30, 2019, the Group had outstanding borrowings of RMB30,461.9 million, consisting of bank borrowings of RMB16,438.6 million, other borrowings of RMB8,239.8 million, corporate bonds of RMB1,096.0 million and senior notes of RMB4,687.5 million.

As at June 30, 2019, the outstanding amount of the Group's other borrowings accounted for 27.0% 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, 2019, the assets pledged to secure certain borrowings granted to the Group amounted to RMB37,724.7 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on its customers, but relies on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at June 30, 2019, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB8,829.8 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at June 30, 2019.

Capital and Other Commitments

As at June 30, 2019, 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 20 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, 2019, the balance of the Company's senior notes amounted to US\$690.0 million. As a result of the issuance of such senior notes, the Group would be subject to foreign currency risk arising from the exchange of Renminbi against U.S. dollars.

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

Future Plans for Material Investments or Capital Assets

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

Subsequent Event of Material Acquisition and Significant Investments

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

Management Discussion and Analysis

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

Pursuant to the previous capital contribution agreements, the capital contributions shall be paid by the Group within 12 months after the Company (or an entity designated by it) is registered as the new shareholder of the respective target company. Upon arm's length negotiations, the Company and Garden Group entered into a supplemental agreement with each of the seven target companies and their respective shareholders to postpone the payment deadline to December 31, 2019. Save as disclosed above, all other terms in the previous capital contribution agreements remained unchanged.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2019, the Group had approximately 1,389 employees. For the six months ended June 30, 2019, the Group incurred employee costs of approximately RMB173.9 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.

ISSUANCE OF SENIOR NOTES

On February 27, 2019, the Company successfully issued US\$160,000,000 13.5% senior notes due 2022 listed on the Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated February 21, 2019, February 26, 2019 and February 27, 2019.

On March 15, 2019, the Company successfully issued additional US\$295,000,000 13.5% senior notes due 2022 listed on the Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated March 8, 2019, March 13, 2019 and March 15, 2019.

FULL REDEMPTION OF US\$250,000,000 10.2% SENIOR NOTES DUE MARCH 1, 2019

On March 1, 2019, the Company completed the full redemption of the US\$250,000,000 10.2% senior notes due March 1, 2019 ("**2019 Notes**") with cash. The aggregate redemption price is equivalent to the principal amount of the 2019 Notes plus accrued interest to the maturity date. Further details of the full redemption of the 2019 Notes were disclosed in the announcements of the Company dated February 26, 2019 and March 1, 2019.

FULL REDEMPTION OF 2020 NOTES WHOSE HOLDERS EXERCISED THEIR REDEMPTION OPTIONS

On March 21, 2019, the Company completed the full redemption of the US\$300,000,000 7% senior notes due 2020 ("**2020 Notes**") of those holders of the 2020 Notes who exercised their redemption options with cash. Further details of the full redemption of the 2020 Notes of those holders of the 2020 Notes who exercised their redemption options were disclosed in the announcements of the Company dated March 7, 2019, March 18, 2019 and March 21, 2019.

Disclosure of Interests

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

As at June 30, 2019, the interests or short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under relevant provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

(a) Interest in Shares of the Company

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

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

(b) Interest in the underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ruan Wenjuan*	Beneficial owner	3,500,000	0.079%
Zhang Jin	Beneficial owner	3,500,000	0.079%
Dong Xueer	Beneficial owner	1,890,000	0.043%
Li Bin	Beneficial owner	2,300,000	0.052%

* 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.

Disclosure of Interests

(c) Interest in shares of associated corporation

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

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, 2019, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at June 30, 2019, the following persons had an interest or short position in shares or underlying shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in shares of the Company

Name of substantial Shareholder	Nature of interest	Number of shares	Approximate percentage of interest in the Company
Chairman Zhang ⁽¹⁾	Interest of a controlled corporation	3,397,713,570	76.45%
	Interest of a child under 18 or spouse	3,500,000	0.079%
Alltogether	Beneficial owner	3,397,713,570	76.45%

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

Corporate Governance Practices and Other Information

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang 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 comprise experienced and high caliber individuals. The Board currently comprises six executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the six months ended June 30, 2019. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the six months ended June 30, 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended June 30, 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Practices and Other Information

SHARE AWARD SCHEME

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

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

No further shares have been awarded under the Share Award Scheme for the six months ended June 30, 2019.

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

PRE-IPO SHARE OPTION SCHEME

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

The total number of shares which may be issued upon the exercise of all options granted on or before June 16, 2014 to 54 guarantees 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, 2019. 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.

Further details of the Pre-IPO Share Option Scheme are set out in note 22 to the condensed consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

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

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

Pursuant to the Post-IPO Share Option Scheme, the Company offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.210% of the issued share capital of the Company) in two tranches, all of which have lapsed as at June 30, 2019. As at June 30, 2019, there were no outstanding options granted under the Post-IPO Share Option Scheme by the Company.

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

Corporate Governance Practices and Other Information

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Change of information in respect of Directors of the Company required to be disclosed pursuant to the requirements of Rule 13.51(B)(1) of the Listing Rules during the Reporting Period were as follows:

Mr. Lin Yaoquan was appointed as an executive Director of the Company at the Board meeting held on April 12, 2019 with effect from the same date of the Board meeting. Mr. Lin Yaoquan was re-elected as an executive Director at the AGM on May 28, 2019.

Mr. Ge Weiguang retired by rotation as an executive Director of the Company at the conclusion of the AGM on May 28, 2019. Mr. Ge Weiguang did not offer for re-election at the AGM in order to devote more time to other business engagement and commitment of the Company. He continues to act as a vice president of the Company and a director of Beijing Glory Xingye Real Estate Holding Limited (北京國瑞興業房地產控股有限公司), a subsidiary of the Company.

Ms. Dong Xueer and Mr. Li Bin have been appointed as executive Directors of the Company at the Board meeting held on June 14, 2019 with effect from the same date of the Board meeting.

For details of change of Directors, please refer to the announcements of the Company published on April 12, 2019, May 28, 2019 and June 14, 2019 on the website of The Stock Exchange (<https://www.hkexnews.hk/>) and the Company's website (<http://www.glorypty.com/>). Save as disclosed above, there was no change to any of the information required to be disclosed in relation to any Director of the Company pursuant to Rule 13.51(B)(1) of the Listing Rules.

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

Save for disclosed in this report, there is no material post balance sheet event undertaken by the Company or by the Group after June 30, 2019 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, 2019) of the Group. The Audit Committee considered that the interim results for the six months ended June 30, 2019 are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERNAL CONTROL

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

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

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TO THE BOARD OF DIRECTORS OF GUORUI PROPERTIES LIMITED

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Guorui Properties Limited (incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 105 to 148, which comprise the condensed consolidated statement of financial position as of June 30, 2019 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, 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2019

	Notes	Six months ended June 30,	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue			
Property sales		3,411,722	1,955,755
Construction and development services		66,477	64,977
Property management and related services		11,593	10,571
Property rental		285,120	207,085
Total revenue	3	3,774,912	2,238,388
Cost of sales and services		(2,700,246)	(1,474,428)
Gross profit		1,074,666	763,960
Other gains and losses	5	(17,993)	(28,532)
Other income		76,110	74,943
Change in fair value of investment properties	11	531,751	539,592
Distribution and selling expenses		(164,006)	(86,728)
Administrative expenses		(268,730)	(206,770)
Other expenses		(21,977)	(29,675)
Share of losses of associates		(5,364)	(6,029)
Share of losses of joint ventures		(5,992)	(1,039)
Finance costs	6	(201,971)	(108,826)
Profit before tax		996,494	910,896
Income tax expense	7	(426,647)	(352,677)
Profit for the period	8	569,847	558,219

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2019

	Notes	Six months ended June 30,	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income		3,893	(20,700)
Income tax relating to items that will not be reclassified to profit or loss		(973)	5,175
Other comprehensive income (expense) for the period, net of tax		2,920	(15,525)
Total comprehensive income for the period		572,767	542,694
Profit for the period attributable to:			
Owners of the Company		428,576	410,446
Non-controlling interests		141,271	147,773
		569,847	558,219
Total comprehensive income for the period attributable to:			
Owners of the Company		431,233	396,318
Non-controlling interests		141,534	146,376
		572,767	542,694
EARNINGS PER SHARE	9		
– Basic (RMB cents)		9.6	9.2
– Diluted (RMB cents)		9.6	9.2

Condensed Consolidated Statement of Financial Position

As at June 30, 2019

	<i>Notes</i>	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Non-current Assets			
Investment properties	11	20,271,000	19,545,072
Property, plant and equipment	12	1,786,790	1,687,653
Right-of-use assets	12	279,480	–
Other non-current assets		1,453,901	1,409,257
Interests in joint ventures		47,282	24,375
Interests in associates		–	565
Equity instruments at fair value through other comprehensive income (“FVTOCI”)		224,200	220,307
Prepaid lease payments		–	275,466
Deferred tax assets		627,656	510,513
Restricted bank deposits		567,592	462,980
Value added tax and tax recoverable		1,112,738	1,680,675
		26,370,639	25,816,863
Current Assets			
Inventories		421	67
Prepayment/deposits paid for land acquisition		835,301	830,301
Properties under development for sale		38,293,620	36,371,398
Properties held for sale		3,497,941	4,372,328
Trade and other receivables, deposits and prepayments	13	2,289,805	2,290,445
Prepaid lease payments		–	6,035
Contract assets	14	1,284,401	1,223,570
Contract cost		32,413	36,321
Value added tax and tax recoverable		1,197,610	634,706
Amounts due from related parties	23(b)	3,191,795	2,588,873
Restricted bank deposits		844,733	479,151
Cash and bank balances		2,326,966	1,030,143
		53,795,006	49,863,338

Condensed Consolidated Statement of Financial Position

As at June 30, 2019

	<i>Notes</i>	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	15	6,594,592	6,757,015
Contract liabilities		14,743,053	11,208,252
Amounts due to related parties	23(c)	3,177,132	4,265,166
Lease liabilities		891	–
Tax payable		2,890,911	2,874,075
Borrowings – due within one year	16	7,803,927	9,037,963
Corporate bonds	17	1,041,684	998,765
Senior notes	18	1,699,713	3,768,364
		37,951,903	38,909,600
Net Current Assets		15,843,103	10,953,738
Total Assets less Current Liabilities		42,213,742	36,770,601
Non-current Liabilities			
Rental deposits received	15	128,503	106,312
Borrowings – due after one year	16	16,874,417	14,261,021
Corporate bonds	17	54,350	54,670
Senior notes	18	2,987,796	677,419
Deferred tax liabilities		3,985,082	3,840,352
		24,030,148	18,939,774
Net Assets		18,183,594	17,830,827
Capital and Reserves			
Share capital		3,520	3,520
Share premium and reserves		12,110,321	11,899,088
Equity attributable to owners of the Company		12,113,841	11,902,608
Non-controlling interests		6,069,753	5,928,219
Total Equity		18,183,594	17,830,827

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2019

	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	Equity-settled share-based payment		Statutory surplus reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
						Other reserve RMB'000	Other reserve RMB'000					
As at December 31, 2018 (Audited)	3,520	8,027	133,379	194,970	37,616	194,725	38,898	1,219,374	10,072,099	11,902,608	5,928,219	17,830,827
Profit for the period	-	-	-	-	-	-	-	-	428,576	428,576	141,271	569,847
Other comprehensive income for the period	-	-	-	-	2,657	-	-	-	-	2,657	263	2,920
Total comprehensive income for the period	-	-	-	-	2,657	-	-	-	428,576	431,233	141,534	572,767
Dividend declared to shareholders of the Company (note 10)	-	-	-	-	-	-	-	-	(220,000)	(220,000)	-	(220,000)
Lapsed of share options	-	-	-	-	-	-	(3,158)	-	3,158	-	-	-
As at June 30, 2019 (Unaudited)	3,520	8,027	133,379	194,970	40,273	194,725	35,740	1,219,374	10,283,833	12,113,841	6,069,753	18,183,594
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
Dividend declared to shareholders of the Company (note 10)	-	(300,000)	-	-	-	-	-	-	-	(300,000)	-	(300,000)
Dividend declared to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Exercise of share options	1	2,012	-	-	-	-	(771)	-	-	1,242	-	1,242
Acquisition of subsidiaries	-	-	-	-	-	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

Notes:

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

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2019

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	2,438,321	(1,395,103)
INVESTING ACTIVITIES		
Placement of restricted bank deposits	(511,219)	(3,197)
Withdrawal of restricted bank deposits	443,826	3,595
Purchase of property, plant and equipment and intangible assets	(85,289)	(100,901)
Proceeds on disposal of property, plant and equipment	1,534	351
Interest received	83,437	3,712
Payments for investment properties	(119,552)	(73,804)
Repayments from related parties	2,702,953	1,715,212
Advances to related parties	(3,325,350)	(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)	(25,500)
Net cash inflow from acquisition of subsidiaries	-	694,238
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(835,160)	1,017,876

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2019

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
New bank loans raised	8,265,924	1,702,648
New trust loans raised	1,821	700,000
New borrowings from financial institutions loans raised	1,640,793	512,700
Repayments of bank loans	(5,701,662)	(4,932,529)
Repayments of trust loans	(1,216,260)	(1,050,000)
Repayments of borrowings from financial loans institutions	(1,525,603)	–
Repayment of senior notes	(3,477,605)	–
Repayment of corporate bonds	(320)	–
Proceeds on issue of senior notes	3,725,472	2,224,790
Transaction costs paid for issuance of senior notes	(169,595)	(36,880)
Payments for acquisition of partial interest in a subsidiary	(12,000)	–
Payments of financing deposits	(9,969)	–
Withdrawal of financing deposits	787,700	–
Repayments of leases liabilities	(277)	–
Dividends paid to shareholders of the Company	(444,698)	(95,811)
Dividends paid to non-controlling interests of subsidiaries	(55,940)	(72,500)
Interest paid	(1,299,135)	(912,569)
Exercise of share options	–	1,242
Repayments to related parties	(2,946,576)	(7,003)
Advances from related parties	2,131,592	1,886,005
NET CASH USED IN FINANCING ACTIVITIES	(306,338)	(79,907)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,296,823	(457,134)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,030,143	1,591,506
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY CASH AND BANK BALANCES	2,326,966	1,134,372

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

1. GENERAL INFORMATION OF THE GROUP

Guorui Properties Limited (“**the Company**”) was incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited” as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012. Its parent and ultimate holding company is Altogether Land Company Limited (通和置業有限公司) (“**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’s shares were listed on the mainboard of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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

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 (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, 2019 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2018.

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 the IASB which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases*, and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases is recognized as expense on a straightline basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment properties".

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognized at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessor

Allocation of consideration to components of a contract

Effective on January 1, 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, January 1, 2019. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leasehold land and buildings in the People's Republic of China (the "PRC") was determined on a portfolio basis; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at January 1, 2019, the Group recognized lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued leased payments by applying IFRS16, C8(b)(ii) transition.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 8.08%.

	At January 1, 2019 RMB'000
Operating lease commitments disclosed as at December 31, 2018	2,832
Lease liabilities discounted at relevant incremental borrowing rates	2,711
Less: Recognition exemption – short-term leases	(1,584)
Lease liabilities relating to operating leases recognized upon application of IFRS 16 as at January 1, 2019	1,127
Analyzed as	
Current	171
Non-current	956
	1,127

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	Notes	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognized upon application of IFRS 16		1,127
Reclassified from prepaid lease payments	(a)	275,466
Reclassified from prepaid lease payments-current portion	(a)	6,035
		282,628
By class:		
Leasehold lands		281,501
Land and buildings		1,127
		282,628

- (a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB6,035,000 and RMB275,466,000 respectively were reclassified to right-of-use assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at January 1, 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at January 1, 2019. However, effective from January 1, 2019, lease payments relating to the revised lease term after modification are recognized as income on straight-line basis over the extended lease term.
- (b) Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.
- (c) Effective on January 1, 2019, the Group has applied IFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2018 RMB'000	Adjustments RMB'000	Carrying amounts under IFRS 16 at January 1, 2019 RMB'000
Non-current Assets			
Prepaid lease payments	275,466	(275,466)	-
Right-of-use assets	-	282,628	282,628
Current Assets			
Prepaid lease payments	6,035	(6,035)	-
Current Liabilities			
Lease liabilities	-	1,127	1,127

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

3. REVENUE

Disaggregation of revenue from contracts with customers

For the six months ended June 30, 2019

	Property development <i>RMB'000</i> (Unaudited)	Primary land construction and development services <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Geographical market					
Mainland China	3,411,722	66,477	–	11,593	3,489,792
Timing of revenue recognition					
A point in time	3,411,722	–	–	–	3,411,722
Over time	–	66,477	–	11,593	78,070
Total	3,411,722	66,477	–	11,593	3,489,792

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

	Property development <i>RMB'000</i> (Unaudited)	Primary land construction and development services <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue disclosed in segment information					
External customers	3,411,722	66,477	285,120	11,593	3,774,912
Less: rental income	–	–	(285,120)	–	(285,120)
Revenue from contracts with customers	3,411,722	66,477	–	11,593	3,489,792

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

3. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

For the six months ended June 30, 2018

	Property development <i>RMB'000</i> (Unaudited)	Primary land construction and development services <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
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 <i>RMB'000</i> (Unaudited)	Primary land construction and development services <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

4. SEGMENT INFORMATION

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

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

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

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

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

Segment revenue and results

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

	Property development <i>RMB'000</i> (Unaudited)	Primary land construction and development services <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Six months ended June 30, 2019					
Revenue from external customers and segment revenue	3,411,722	66,477	285,120	11,593	3,774,912
Segment profit	459,450	1,267	204,143	6,951	671,811
Six months ended June 30, 2018					
Revenue from external customers and 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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Segment profit	671,811	502,178
Other gains and losses	(17,993)	(28,532)
Other income	76,110	74,943
Change in fair value of investment properties	531,751	539,592
Unallocated administrative expenses	(29,881)	(31,716)
Other expenses	(21,977)	(29,675)
Share of losses of associates	(5,364)	(6,029)
Share of losses of joint ventures	(5,992)	(1,039)
Finance costs	(201,971)	(108,826)
Consolidated profit before tax	996,494	910,896

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

4. SEGMENT INFORMATION (Continued)

Other segment information

Amounts included in the measurement of segment profit:

	Property development RMB'000 (Unaudited)	Primary land construction and development service RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Unallocated amount RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended June 30, 2019						
Depreciation and amortization	(11,952)	-	(2,276)	(4,329)	(19,926)	(38,483)
Depreciation of right-of-use assets	(130)	-	(41)	(13)	(2,964)	(3,148)
Six months ended June 30, 2018						
Depreciation and amortization	(12,856)	-	(2,514)	(2,419)	(19,206)	(36,995)
Release of prepaid lease payments	-	-	(41)	(13)	(2,964)	(3,018)

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

Geographical information

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

Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the six months ended June 30, 2019 and 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net foreign exchange losses	(17,382)	(152,779)
Losses (gains) on disposal of property, plant and equipment	(611)	2,997
Gain from remeasurement of previously held equity interest	–	121,250
	(17,993)	(28,532)

6. FINANCE COSTS

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on bank borrowings	631,606	570,032
Interest on trust borrowings	293,370	181,985
Interest on loans from financial institutions	70,424	30,591
Interest on corporate bonds	22,158	141,235
Interest on senior notes	278,640	143,393
Interest on significant financing component of contract liabilities	279,412	108,345
Interest on lease liabilities	41	–
Total	1,575,651	1,175,581
Less: Amounts capitalized to properties under development, investment properties under construction	(1,373,680)	(1,066,755)
	201,971	108,826

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 10.80% (six months ended June 30, 2018: 4.75% to 9.60%) and general borrowings pool calculated by applying a capitalization rate of 9.61% (six months ended June 30, 2018: 6.97%) per annum on expenditure on the qualifying assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax	235,358	130,423
Under provision in prior year	608	242
Land appreciation tax ("LAT")	164,067	108,080
Deferred tax	400,033	238,745
	26,614	113,932
Income tax expense	426,647	352,677

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

8. PROFIT FOR THE PERIOD

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

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Directors' remunerations		
– Salaries and other benefits	7,396	5,590
– Retirement benefit contributions	103	68
Other staff costs		
– Salaries and other benefits	153,480	137,024
– Retirement benefit contributions	12,963	11,960
Total staff costs	173,942	154,642
Less: Amounts capitalized to properties under development	(69,576)	(75,350)
	104,366	79,292
Cost of properties sold recognized as expense	2,607,140	1,394,625
Interest income	(71,435)	(71,392)
Depreciation of property, plant and equipment	37,416	35,731
Depreciation of right-of-use assets	3,148	–
Release of prepaid lease payment	–	3,018
Amortization of intangible assets (included under other non-current assets)	1,067	1,264
Rental income from investment properties	(285,120)	(207,085)
Less: Direct operating expenses	80,977	49,830
	(204,143)	(157,255)

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

9. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	428,576	410,446

	Six months ended June 30,	
	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,444,418	4,444,154
Effect of dilutive potential ordinary shares:		
Share options	6,556	21,164
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,450,974	4,465,318

10. DIVIDENDS

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Dividends for ordinary shareholders of the Company recognized as distribution during the reporting period:		
2018 Final – HK5.64 cents (2018: 2017 Final dividend HK8.07 cents) per share	220,000	300,000

During the current interim period, part of the dividend amounting to HK\$132,914,000 (equivalent to approximately RMB117,230,000) (six months ended June 30, 2018: HK\$117,550,000, equivalent to approximately RMB95,811,000) was paid.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

11. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Fair value			
As at January 1, 2018 (Audited)	15,947,269	2,361,000	18,308,269
Additions	–	263,503	263,503
Transfer from properties held for sale	76,897	–	76,897
Transfer from properties under development for sale	–	228,818	228,818
Change in fair value of investment properties	839,112	68,679	907,791
Transfer to property, plant and equipment	(240,206)	–	(240,206)
As at December 31, 2018 (Audited)	16,623,072	2,922,000	19,545,072
Additions	–	138,870	138,870
Transfer from properties under development for sale	55,307	–	55,307
Change in fair value of investment properties	502,149	29,602	531,751
As at June 30, 2019 (Unaudited)	17,180,528	3,090,472	20,271,000

The investment properties are all situated in the PRC. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties, as at June 30, 2019 and December 31, 2018 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("Colliers"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

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

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

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

The fair value of the Group's investment properties at June 30, 2019 and December 31, 2018 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the both the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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

During the six months ended June 30, 2019, additions to property, plant and equipment amounted to RMB138,087,000 (six months ended June 30, 2018: RMB90,687,000), consisted of construction in progress, motor vehicles and electronic equipment and furniture.

During the current interim period, there is no new lease agreement come to commencement.

13. 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, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Trade receivables		
– Receivables for property sales	553,106	385,494
– Others	1,561	3,188
Lease receivables	88,696	78,052
	643,363	466,734
Less: Allowance for credit losses		
– Lease receivables	(3,027)	(3,027)
	640,336	463,707
Advances to contractors and suppliers	1,057,257	586,337
Other receivables from independent third parties (Note)	17,261	17,261
Other receivables and prepayment	221,368	336,227
Deposits	353,583	886,913
	2,289,805	2,290,445

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

13. 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, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
0 to 60 days	313,697	244,145
61 to 180 days	81,816	65,626
181 to 365 days	154,246	83,568
1-2 years	72,706	61,359
Over 2 years	20,898	12,036
	643,363	466,734

Trade receivables with an amount of approximately RMB128,105,000 and RMB74,298,000 as at June 30, 2019 and December 31, 2018, respectively, are past due but not impaired. The Group does not hold any collateral over these balances except the rental deposits.

14. CONTRACT ASSETS

	At June 30, 2019 RMB'000	At December 31, 2018 RMB'000
Construction and development services	1,244,836	1,176,365
Property sales	39,565	47,205
	1,284,401	1,223,570

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

15. TRADE AND OTHER PAYABLES

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Trade payables	4,161,391	4,294,422
Deposits received	542,260	450,352
Rental received in advance	116,272	58,650
Payable for acquisition of partial interest in a subsidiary	–	12,000
Accrued payroll	23,353	54,460
Business and other tax payable	353,174	333,240
Other payables and accruals	1,376,645	1,510,203
Dividends	150,000	150,000
	6,723,095	6,863,327
Analyzed for reporting purposes as:		
Non-current (Note (a))	128,503	106,312
Current	6,594,592	6,757,015
	6,723,095	6,863,327

Note:

- (a) Pursuant to the relevant rental agreements, rental deposits of approximately RMB128,503,000 as at June 30, 2019 (December 31, 2018: RMB106,312,000) will be refundable after twelve months from the end of the reporting period and is therefore classified as non-current liability.

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

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

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
0 to 60 days	1,313,085	2,071,849
61-365 days	1,334,923	728,126
1-2 years	471,947	520,522
Over 2 years	1,041,436	973,925
	4,161,391	4,294,422

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

16. BORROWINGS

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Bank borrowings, secured	16,438,532	13,968,042
Trust borrowings, secured	7,073,401	8,292,132
Loans from financial institutions, secured	1,166,411	1,038,810
	24,678,344	23,298,984
Less: Amount due within one year shown under current liabilities	(7,803,927)	(9,037,963)
Amount due after one year	16,874,417	14,261,021

As at June 30, 2019, the borrowings with carrying amount of RMB8,456,224,000 (December 31, 2018: RMB8,770,342,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 4.75% to 9.03% (December 31, 2018: 4.75% to 8.50%) per annum. The remaining borrowings are arranged at fixed rates, ranging from 5.94% to 13.00% (December 31, 2018: 4.75% to 12.00%) per annum as at June 30, 2019.

17. 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

17. CORPORATE BONDS (Continued)

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

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

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

The carrying amount and related interest of 2015 Corporate Bonds are amounting to approximately RMB54,350,000 (December 31, 2018: RMB54,670,000) and RMB2,521,000 (December 31, 2018: RMB551,000), respectively, as at June 30, 2019.

(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 and related interest of 2016 Corporate Bonds are amounting to RMB999,377,000 (December 31, 2018: RMB998,765,000) and RMB39,786,000 (December 31, 2018: RMB13,504,000), respectively, as at June 30, 2019.

2016 Corporate Bonds are subject to the redemption at the option of the bondholders in 2019 and have been classified as current liabilities as at June 30, 2019.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

18. SENIOR NOTES

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
2017 Senior Notes (Note (a))	211,993	2,056,004
2018 First Tranche Senior Notes (Note (b))	–	1,712,360
2018 Second Tranche Senior Notes (Note (c))	685,670	677,419
2019 Senior Notes (Note (d))	3,118,601	–
2019 Private Placement Notes (Note (e))	671,245	–
	4,687,509	4,445,783
Less: Amount due within one year shown under current liabilities	(1,699,713)	(3,768,364)
Amount due after one year	2,987,796	677,419

Notes:

(a) 2017 Senior Notes

On March 21, 2017, the Company issued senior notes with an aggregate nominal value of United States dollars (“**US\$**”) 300,000,000 (“**2017 Senior Notes**”) at face value. The 2017 Senior Notes, bearing interest at 7.00% per annum, payable semi-annually from September 21, 2017 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

18. SENIOR NOTES (Continued)

(a) 2017 Senior Notes (Continued)

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.

On March 21, 2019, the Company completed redemption of US\$269,810,000 of the 2017 Senior Notes whose holders exercised their redemption options at a redemption price equal to 100% of principal plus accrued interest to such redemption date and US\$30,190,000 of the aggregate principal amount of the 2017 Senior Notes remain outstanding. After the completion of redemption, the 2017 Senior Notes whose holders exercised their redemption options have been cancelled.

The fair value of 2017 Senior Notes as at June 30, 2019 is approximately RMB201,122,000 based on quoted market price and classified as level 1 of fair value hierarchy.

(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, matured 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 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.

On March 1, 2019, the Company completed the full redemption of the 2018 First Tranche Senior Notes with cash. The aggregate redemption price is equivalent to the principal amount plus accrued interest to the maturity date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

18 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, 2019.

The fair value of 2018 Second Tranche Senior Notes as at June 30, 2019 is approximately RMB672,689,000 based on quoted market price and classified as level 1 of fair value hierarchy.

(d) 2019 Senior Notes

On February 27, 2019, the Company issued senior notes with an aggregate nominal value of US\$160,000,000 ("**2019 Original Notes**") at 97.0% of the principal amount of the 2019 Original Notes. 2019 Original Notes bearing interest at 13.50% per annum, payable semi-annually in arrears on February 28 and August 28 of each year, commencing on August 28, 2019, will mature on February 28, 2022. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2019 Original Notes are listed on the Stock Exchange.

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

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

- (1) At any time prior to February 28, 2022, the Company may at its option redeem the 2019 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2019 Senior Notes plus the applicable premium as of, and accrued but unpaid interest, if any, to (but not including) the redemption date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

18. SENIOR NOTES (Continued)

(d) 2019 Senior Notes (Continued)

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

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

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at June 30, 2019.

The fair value of 2019 Senior Notes as at June 30, 2019 is approximately RMB3,202,278,000 based on quoted market price and classified as level 1 of fair value hierarchy.

(e) 2019 Private Placement Notes

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

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

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

19. PLEDGE OF ASSETS

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

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Investment properties	17,957,300	17,675,155
Property, plant and equipment	825,300	814,801
Right-of-use assets	228,452	–
Prepaid lease payments	–	278,637
Properties under development for sale	17,960,346	15,378,746
Properties held for sale	753,285	473,279
Restricted bank deposits	–	11
	37,724,683	34,620,629

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

19. PLEDGE OF ASSETS (Continued)

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

	As at June 30, 2019 % (Unaudited)	As at December 31, 2018 % (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 ”)	80	80
Glory Xingye (Beijing) Investment Co., Ltd 國瑞興業(北京)投資有限公司 (“ Glory Investment ”)	100	100
Beijing Wenhushengda Real Estate Development Co., Ltd 北京文華盛達房地產開發有限公司 (“ Beijing Wenhushengda ”)	80	80
Foshan Guohua Properties Co., Ltd. 佛山市國華置業有限公司 (“ Foshan Guohua ”)	44	44
Shantou Glory Real Estate Development Co., Ltd. 汕頭市國瑞房地產開發有限公司 (“ Shantou Glory ”)	80	80
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 ”)	80	80
Suzhou Glory Real Estate Co., Ltd. 蘇州國瑞地產有限公司 (“ Suzhou Glory ”)	80	80
Beijing Deheng Real Estate Development Co., Ltd. 北京國瑞德恒房地產開發有限公司 (“ Beijing Deheng ”)	80	80
Shenzhen Glory Technology Investment Co., Ltd. 深圳國瑞科技投資有限公司 (“ Shenzhen Glory Technology ”) (Former name: Shenzhen Wanji Pharmaceutical Co., Ltd 曾用名: 深圳萬基藥業有限公司 (“ Shenzhen Wanji ”))	60	60
Hainan Junhe Industrial Co., Ltd. 海南駿和實業有限公司 (“ Hainan Junhe ”)	40.8	40.8
Glory Xingye (Beijing) Industrial Co., Ltd. 國瑞興業(北京)實業股份有限公司 (“ Glory Industrial ”)	91	91
Guangdong Hongtaiguotong Real Estate Co., Ltd. 廣東宏泰國通地產有限公司 (“ Guangdong Hongtai ”)	35	35
Shanxi Huawei Shida Industrial Co., Ltd. 陝西華威世達實業有限公司 (“ Shanxi Huawei ”)	80	-
Langfang Guoxing Real Estate Development Co., Ltd 廊坊國興房地產開發有限公司 (“ Langfang Guoxing ”)	80	-
Beijing Ruixin Management Co., Ltd. 北京睿欣企業管理有限公司 (“ Ruixin Management ”)	100	-
Guoyang Holdings Co., Ltd. 國洋股份有限公司 (“ Guoyang Holdings ”)	100	-
Guochi Holdings Co., Ltd. 國馳控股有限公司 (“ Guochi Holdings ”)	100	-

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, 2019 and December 31, 2018. The pledge shall be released within 10 days after the completion of the construction contract. The Group had released its equity interest in Beijing Ruimao Real Estate Co., Ltd. 北京瑞茂房地產開發有限公司 (“**Ruimao Real Estate**”), that was 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**”) in 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

20. COMMITMENTS

As at June 30, 2019 and December 31, 2018, the Group had the following commitments:

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Contracted but not provided for		
– Expenditure in respect of investment properties under development	182,757	242,421
– Construction of properties for own use	620,353	644,841
– Investment in a joint venture	–	1,173,000
	803,110	2,060,262

In addition to the above capital commitments, the Group has contracted expenditure in respect of properties under development for sale of RMB10,412,549,000 as at June 30, 2019 (December 31, 2018: RMB7,202,418,000), which have not been provided for in the condensed consolidated financial statements.

21. CONTINGENT LIABILITIES

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers (Note)	8,775,204	7,651,650
– corporate property buyers	54,640	43,366
	8,829,844	7,695,016

Note:

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

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

Pursuant to the construction contract signed between Hainan Glory Real Estate Development Co., Ltd. 海南國瑞房地產開發有限公司 ("Hainan Glory") and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory Investment to Hai Kou New City, the details of the pledge are disclosed in note 19.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

22. SHARE-BASED PAYMENTS

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 grantees 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. 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. 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

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

	Outstanding as at January 1, 2019	Exercised during the period	Lapsed during the period (Note)	Forfeited during the period	Outstanding as at June 30, 2019
Pre-IPO Share Option					
– Directors	10,500,000	–	–	–	10,500,000
– Other employees	42,592,804	–	(4,386,667)	–	38,206,137
	53,092,804	–	(4,386,667)	–	48,706,137
Exercisable at the end of the period					48,706,137
Weighted average exercise price (HKD)	1.428	–	1.428	–	1.428

	Outstanding as at January 1, 2018	Exercised during the period	Lapsed during the period (Note)	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	–	1.428

Note: Certain share options granted under Pre-IPO Share Option were lapsed during the six months ended June 30, 2019 and 2018 because of the resignation of the employees.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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 Ruida Properties Co., Ltd. * ("Ruida Zhiye") 北京銳達置業有限公司	Associate
Beijing Maorui Zhiye Co.,Ltd. * ("Maorui Zhiye") 北京茂瑞置業有限公司	Joint venture
Beijing Ruimao Real Estate Co.,Ltd. * ("Ruimao Real Estate") 北京瑞茂房地產開發有限公司	Joint venture
Shantou Chenghai Garden Hotel Co.,Ltd. * ("Shantou Chenghai") 汕頭市澄海花園酒店有限公司	Controlled by Mr. Zhang Zhangsun
Xian Ruihe Xingda Commercial Management Co., Ltd.* ("Xian Ruihe") 西安瑞和興達商業管理有限公司	Controlled by Ms. Zhang Jin
Wuxi Glory Real Estate Development Co., Ltd.* ("Wuxi Glory") 無錫國瑞房地產開發有限公司	Associate
Shantou guoxia Real Estate Development Co., Ltd.* ("Shantou guoxia") 汕頭市國廈地產開發有限公司	Controlled by Mr. Zhang Zhangqiao
Shenzhen Guokesheng Robot Technology Co., Ltd.* ("Shenzhen guokesheng robot") 深圳國科盛機器人科技有限公司	Controlled by Ms. Zhang Jin
Hainan Glory Commercial Management Co.,Ltd.* ("Hainan Glory Commercial Management") 海南國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin
Shantou Garden Property Services Co., Ltd.* ("Shantou Garden Services") 汕頭市花園物業管理有限公司	Controlled by Ms. Zhang Jin

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (b) As at June 30, 2019 and December 31, 2018, 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, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Trade nature (Note(i)):		
Foshan Yinhe	16,772	16,772
Glory Commercial Management	725	–
	17,497	16,772
Non-trade nature (Note(ii)):		
Ruida Zhiye	1,754,592	970,520
Shantou Guoxia	1,030,253	462,224
Wuxi Glory	147,850	124,439
Longhu Huamu	94,712	4,000
Maorui Zhiye	65,054	511,390
Ruimao Real Estate	25,099	458,376
Foshan Yinhe	16,901	14,645
Glory Commercial Management	15,425	12,855
Glory Services	9,329	6,360
Shenzhen Glory Industrial	9,000	5,000
Xian Ruihe	1,971	440
Alltogether Land	1,688	145
Hainan Glory Commercial Management	1,264	847
Shenyang Xingda	1,160	860
	3,174,298	2,572,101
Total	3,191,795	2,588,873

Notes:

- (i) Balances of trade nature are unsecured, interest free, and aged within one year.
- (ii) Balances of non-trade nature are unsecured and repayable on demand. Included in the balances were RMB1,476,655,000 (2018:RMB1,836,479,000) bearing interest ranging from 4.35% to 9.30% (2018: 4.35% to 9.30%).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (c) As at June 30, 2019 and December 31, 2018, the Group has amounts due to the following related parties and the details are set out below:

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Trade nature (Note (i)):		
Glory Services	12,018	12,055
Shenyang Xingda	385	347
Glory Commercial Management	9,707	45
	22,110	12,447
Non-trade nature (Note (ii)):		
Shantou guoxia	1,418,073	1,415,906
Longhu Huamu	752,992	1,528,011
Alltogether Land (Note (iii))	634,598	1,225,142
Ruimao Real Estate	348,688	82,820
Shantou Chenghai	235	–
Jinming Wujin	190	190
Foshan Yinhe	148	–
Shenzhen guokesheng robot	98	–
Shantou Garden Services	–	650
	3,155,022	4,252,719
Total	3,177,132	4,265,166

Notes:

- (i) Balances of trade nature are unsecured, interest free, and aged within one year.
- (ii) Balances of non-trade nature are unsecured, interest free, and repayable on demand.
- (iii) The amount represented dividend payable and advance from shareholder of the Company recorded under amounts due to related parties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (d) During the six months ended June 30, 2019 and 2018, the Group entered into the following transactions with its related parties:

Name of related party	Nature of transaction	Six months ended June 30,	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Glory Commercial Management	Property management services fee	9,706	2,773
Foshan Yinhe	Property management services fee	-	1,563
Shenyang Xingda	Property management services fee	-	1,249
Glory Services	Property management services fee	3,533	1,326

- (e) Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2019, the Group has borrowings guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB12,255,993,000 (December 31, 2018: RMB10,030,182,000).

Mr. Zhang Zhangqiao and his spouse have provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2019, the Group has borrowings guaranteed by Mr. Zhangqiao and his spouse amounting to RMB484,324,000 (December 31, 2018: RMB564,700,000).

Longhu Huamu has provided guarantees for certain borrowings granted to the Group for nil consideration. As at June 30, 2019, the Group has borrowings guaranteed by Longhu Huamu amounting to RMB459,693,000 (December 31, 2018: RMB1,389,132,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2019

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 include the directors of the Company and other key management of the Group. The key management personnel compensation are as follows:

	Six months ended June 30	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Short-term employee benefits	13,399	11,860
Retirement benefit contributions	303	261
	13,702	12,121



GLORY 国瑞

GUORUI PROPERTIES LIMITED

國瑞置業有限公司