GLORY国瑞

GUORUI PROPERTIES LIMITED
國瑞置業有限公司

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

(Stock Code: 2329)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2020

FINANCIAL HIGHLIGHTS

– Achieved contracted sales for the six months ended June 30, 2020 (the "**Reporting Period**") was RMB7,478.8 million with corresponding gross floor area ("**GFA**") of approximately 375,746 sq.m.;

– Revenue for the Reporting Period was RMB3,322.4 million, of which the revenue from property development was RMB2,915.4 million;

– Gross profit for the Reporting Period was RMB871.4 million, of which the gross profit from property development was RMB605.0 million;

– Net profit for the Reporting Period was RMB281.0 million;

– Basic earnings per share for the Reporting Period were RMB1.6 cents;

– Land reserves reached a total GFA of 15,028,090 sq.m. and the average cost of land reserves was RMB2,890.0 per sq.m. as at June 30, 2020;

– Contracted average selling price ("**ASP**") for the Reporting Period was RMB19,904.0 per sq.m. The average cost of land reserves accounted for 14.5% of the ASP for the Reporting Period.

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

The board (the "**Board**") of directors (the "**Directors**") of Guorui Properties Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce to the Group's shareholders (the "**Shareholders**") the interim results of the Group for the six months ended June 30, 2020, together with comparative figures for the corresponding period in 2019. The Group's interim results have not been audited but have been reviewed by the Company's audit committee and the Company's auditors, Deloitte Touche Tohmatsu. The auditor's review report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2020

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

	NOTE	Six months ended June 30, 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Other comprehensive income:			
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
Income tax relating to items that will not be reclassified to profit or loss		–	(973)
Other comprehensive income for the period, net of tax		–	2,920
Total comprehensive income for the period		281,023	572,767
Profit for the period attributable to:			
Owners of the Company		71,306	428,576
Non-controlling interests		209,717	141,271
		281,023	569,847
Total comprehensive income for the period attributable to:			
Owners of the Company		71,306	431,233
Non-controlling interests		209,717	141,534
		281,023	572,767
EARNINGS PER SHARE	7		
– Basic (RMB cents)		1.6	9.6
– Diluted (RMB cents)		1.6	9.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	NOTE	**As at June 30, 2020** *RMB'000* *(Unaudited)*	**As at December 31, 2019** *RMB'000* *(Audited)*
Non-current Assets			
Investment properties		20,996,000	21,150,000
Property, plant and equipment		1,985,294	1,885,865
Right-of-use assets		274,205	279,824
Other non-current assets		1,572,511	1,566,745
Interests in joint ventures		25,371	30,089
Interests in associates		7,800	5,000
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")		32,400	32,400
Deposit paid for acquisition of a subsidiary		210,770	169,620
Deferred tax assets		714,418	536,185
Amounts due from related parties		2,033,669	–
Restricted bank deposits		475,158	719,615
Value added tax and tax recoverable		1,837,909	1,666,559
		30,165,505	28,041,902
Current Assets			
Inventories		95	61
Deposits paid for land acquisition		388,296	369,301
Properties under development for sale		38,849,863	37,333,243
Properties held for sale		4,820,050	5,361,690
Trade and other receivables, deposits and prepayments	*9*	2,458,673	2,811,721
Contract assets		1,551,003	1,442,134
Contract cost		90,509	76,919
Value added tax and tax recoverable		792,721	791,981
Amounts due from related parties		2,835,109	4,440,856
Restricted bank deposits		623,067	959,615
Cash and bank balances		1,855,676	536,926
		54,265,062	54,124,447
Total assets classified as held for sale		631,360	–
		54,896,422	54,124,447

	NOTES	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	10	6,360,921	6,439,342
Contract liabilities		19,144,946	17,332,702
Amounts due to related parties		5,671,096	5,322,007
Lease liabilities		1,666	1,600
Tax payable		3,125,305	2,948,144
Bank and trust borrowings – due within one year		6,048,341	6,317,710
Corporate bonds		88,723	65,787
Senior notes		1,139,760	1,734,974
		41,580,758	40,162,266
Liabilities associated with assets classified as held for sale		482,180	–
		42,062,938	40,162,266
Net Current Assets		12,833,484	13,962,181
Total Assets less Current Liabilities		42,998,989	42,004,083
Non-current Liabilities			
Rental deposits received	10	118,062	122,063
Lease liabilities		2,175	2,974
Bank and trust borrowings – due after one year		17,026,083	15,748,894
Corporate bonds		500,000	500,000
Senior notes		2,831,146	3,076,320
Deferred tax liabilities		3,788,997	3,925,302
		24,266,463	23,375,553
Net Assets		18,732,526	18,628,530
Capital and Reserves			
Share capital		3,520	3,520
Reserves		12,462,815	12,541,509
Equity attributable to owners of the Company		12,466,335	12,545,029
Non-controlling interests		6,266,191	6,083,501
Total Equity		18,732,526	18,628,530

NOTES

1. GENERAL INFORMATION OF THE GROUP

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

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

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (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 additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2020 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2019.

Application of amendments to IFRSs

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

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

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

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

Accounting policies newly applied by the Group

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

Non-current assets held for sale

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

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

3. REVENUE

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

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

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

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 *RMB'000* *(Unaudited)*	Primary land construction and development services *RMB'000* *(Unaudited)*	Property investment *RMB'000* *(Unaudited)*	Property management and related services *RMB'000* *(Unaudited)*	Total *RMB'000* *(Unaudited)*
Six months ended June 30, 2020					
Revenue from external customers and segment revenue	2,915,435	116,418	278,817	11,695	3,322,365
Segment profit	358,419	2,218	168,294	3,243	532,174
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

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

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

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

Other segment information

Amounts included in the measurement of segment profit:

	Property development	**Primary land construction and development service**	**Property investment**	**Property management and related services**	**Unallocated amount**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Six months ended June 30, 2020						
Depreciation and amortization	(11,012)	–	(2,086)	(5,404)	(19,930)	(38,432)
Depreciation of right-of-use assets	(701)	–	(24)	(13)	(2,964)	(3,702)
Impairment losses under expected credit loss model	(5,178)	–	–	–	–	(5,178)
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)

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 ventures' operation, as appropriate.

Revenue from major customers

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

5. FINANCE COSTS

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

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

6. INCOME TAX EXPENSE

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

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

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

7. EARNINGS PER SHARE

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

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

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

8. DIVIDENDS

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

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

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

10. TRADE AND OTHER PAYABLES

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

Note:

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

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

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

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

11. CONTINGENT LIABILITIES

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

RESULTS AND REVIEW FOR THE FIRST HALF OF 2020

Interim Results

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

Market Review

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

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

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

Property Development

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

In the first half of 2020, under the macro environment of regulation policies which were not eased and strict capital supervision, the Group is committed to promoting the high-quality corporate development by balancing the three driving forces, namely sales, investment and financing. In February of the year, the Group explored the online marketing model, with the launch of "Fangyun (房雲)", which initiated its Linked Huichun Plan for 16 Projects (十六盤聯動惠春計劃), thus overcoming the difficulties of real estate enterprises during the pandemic. During the Reporting Period, the contracted sales were approximately RMB7,478.8 million; the contracted GFA sold was 375,746 sq.m.; the average contracted selling price was RMB19,904 per sq.m. In terms of contribution by cities, performance in Beijing, Foshan and Suzhou was brilliant, with a month-by-month growth trend. The contracted sales for the first half of 2020 were approximately RMB4,057.8 million, RMB865.5 million and RMB556.5 million respectively, accounting for 54.3%, 11.6% and 7.4% of the Group's total contracted sales respectively. Through the implementation of policies in line with the conditions of cities and the optimization of its product mix, the Group met market demands at different levels, thus increasing its market share.

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

Investment Properties

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

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

Beijing Glory Shopping Mall, a mature shopping mall with an area of 130,000 sq.m. accessible by subway and located in the core area of Chongwai Business District, Second Ring Road, Beijing, aims to create a gathering place for fine life and culture. Hademen Plaza adjacent to Glory Shopping Mall, located in the most glamorous Chongwen Commercial District in Beijing and just 1 km away from Tian'anmen Square, is included in the "China New Hundred Urban Landmark Architecture" project; Glory Xi'an Financial Center with an area of 290,000 sq.m. and the height of 350 meters is the highest building in Northwest China as well as a super high-rise class A office building, and a new landmark for Xi'an CBD Silk Road; Foshan Glory Commercial Center, a Lingnan cultural landmark, highlights a commercial block with characteristics of Lingnan culture. Eight main ancient historical and cultural buildings in Foshan were restored to create the exquisite life experience with Lingnan characteristics of "old-meets-new".

Land Reserves

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

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

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

Capital Structure

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

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

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

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

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

OUTLOOK FOR THE SECOND HALF OF 2020

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

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

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

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

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

ACKNOWLEDGEMENT

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

Zhang Zhangsun
Chairman

Beijing, the PRC
August 31, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Contracted Sales

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

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

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

Property Projects

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

As at June 30, 2020, the Group had completed a total GFA of 7,827,786 sq.m. and had land reserves with a total GFA of 15,028,090 sq.m., comprising (a) a total GFA of 1,112,176 sq.m. completed but remaining unsold, (b) a total GFA of 7,011,071 sq.m. under development, and (c) a total planned GFA of 6,904,843 sq.m. held for future development.

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

Properties under development and properties held for future development

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

Project	Project Type	Site Area	Under Development: GFA Under Development	Under Development: Saleable/ Rentable GFA	Under Development: GFA Pre-sold	Held for Future Development: Planned GFA	Held for Future Development: GFA in Respect of Which Land Use Rights Certificates Have Not Been Obtained	Ownership Interest
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Beijing								
1 Beijing Glory Villa East	Residential	45,713	167,497	124,177	–	–	–	100
2 Beijing Glory Villa West	Residential	26,335	91,316	77,676	–	–	–	80
3 Daxing Yinghai Project	Residential	63,030	203,071	193,912	108,141	–	–	80
4 Fengtai Xitieying	Residential	65,650	335,456	285,069	114,923	–	–	16
5 Haidian Cuihu (海澱翠湖)	Residential	82,336	271,381	264,854	113,986	–	–	28
6 Fengtai Xiaowayao (豐台小瓦窯)	Residential	27,200	149,196	129,237	93,712	–	–	40.8
Haikou								
1 Hainan Yunlong	Mixed-use	1,084,162	140,640	130,342	4,048	646,972	–	80
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	87,194	–	–	782,877	–	80
2 Yongqing Glory City (Phase IV (partial))	Residential	143,717	–	–	–	423,031	–	100
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	181,414	420,109	380,447	134,277	73,342	–	80

Project	Project Type	Site Area	Under Development: GFA Under Development	Under Development: Saleable/ Rentable GFA	Under Development: GFA Pre-sold	Held for Future Development: Planned GFA	Held for Future Development: GFA in Respect of Which Land Use Rights Certificates Have Not Been Obtained	Ownership Interest
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Foshan								
1 Foshan Guohua New Capital (Phase II)	Residential	16,237	30,531	23,454	–	–	–	44
2 Foshan Glory Shengping Commercial Center	Mixed-use	79,311	310,420	220,237	11,791	–	–	80
3 Foshan Xiqiao	Residential	63,952	265,241	255,965	24,034	–	–	80
4 Canglonghuafu (藏瓏華府)	Mixed-use	139,755	411,419	281,162	–	–	–	35
Xi'an								
1 Glory • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	31,998	–	–	80
Shantou								
1 Convention Hotel	Mixed-use	28,439	186,799	136,357	46,708	–	–	100
2 Shantou Glory Hospital	Hospital	100,001	313,597	–	–	38,749	–	100
Shenzhen								
1 Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	–	274,213	–	80
Suzhou								
1 Suzhou Glory Villa	Mixed-use	51,205	168,745	160,909	58,740	–	–	80
Qidong								
1 Chongming Island	Residential	1,211,544	321,438	292,722	280,428	761,358	–	72
2 Butterfly Hotel	Hotel	64,000	53,656	–	–	–	–	100
Wuxi								
1 Glory Luoshe Xincheng (國瑞洛社新城)	Residential	30,726	90,438	90,381	63,527	–	–	39
Tongren								
1 Guorui Intelligent Eco-town Project (國瑞智慧生態城項目)	Mixed-use	780,430	270,157	176,204	101,043	1,604,098	1,436,370	80

Project	Project Type	Site Area	Under Development: GFA Under Development	Under Development: Saleable/ Rentable GFA	Under Development: GFA Pre-sold	Held for Future Development: Planned GFA	Held for Future Development: GFA in Respect of Which Land Use Rights Certificates Have Not Been Obtained	Ownership Interest
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Tianjin								
1 Ruichengjiayuan (瑞城嘉園)	Residential	80,385	162,697	139,413	–	–	–	35
Chongqing								
1 Elegant Villa (書香溪墅)	Residential	48,866	89,359	88,493	–	–	–	51
Jiangmen								
1 Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	373,571	150,868	136,595	47,083	543,988	–	52
Handan								
1 Handan Glory City (邯鄲國瑞城)	Mixed-use	161,736	844,696	713,325	188,797	–	–	35
Enping								
1 Sijiquancheng (四季泉城)	Residential	106,091	92,854	92,854	34,888	250,801	–	68
2 Wenquancheng (温泉城)	Residential	49,313	–	–	–	98,520	–	68
3 Wenquan Garden (溫泉花园)	Residential	69,626	–	–	–	139,252	–	68
Sanya								
1 Hongtangwan (紅塘灣)	Mixed-use	96,737	183,318	107,435	15,643	–	–	35
Shijiazhuang								
1 Fuguicheng (富貴城)	Mixed-use	431,927	818,502	399,937	210,771	1,059,758	1,059,758	51
Total		**6,308,098**	**7,011,071**	**5,202,906**	**1,684,538**	**6,904,843**	**2,496,128**	
Total Attributable GFA		**4,404,576**	**4,154,591**	**2,963,092**	**968,568**	**5,037,047**	**1,689,573**	

Investment Properties

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

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

* Projects currently under construction

Completed Properties

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

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

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use By Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Shenyang									
1 Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	357,189	920,895	77,724	12,436	109,813	718,544	14,814	80
Foshan									
1 Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	104,576	485,514	105,484	101,509	–	316,719	63,312	44
2 Foshan Glory Shengping Commercial Center	Mixed-use	10,920	41,847	376	376	34,989	1,505	4,977	80
3 Canglonghuafu (藏瓏華府)	Residential	62,856	335,660	79,641	31,451	–	201,625	54,394	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	1,988	1,988	–	31,649	158	100
3 Yu Garden	Residential	8,292	25,767	–	–	–	25,767		100
4 Star Lake Residence	Residential	3,589	12,132	–	–	–	12,132	–	100
5 Yashi Garden	Residential	9,472	48,054	56	56	–	47,223	775	100
6 Guan Haiju	Residential	25,922	171,450	46,133	11,818	–	124,361	956	100
7 Siji Garden	Residential	42,155	203,549	13,639	13,639	–	147,931	41,979	80
8 Glory Garden (Phase II)	Residential	14,482	78,619	563	563	–	66,690	11,366	80
Suzhou									
1 Glory Villa	Mixed-use	22,991	72,823	13,049	13,049	–	59,587	187	80
Jiangmen									
1 Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	43,652	32,059	9,997	32,049	–	22,062	–	52
Chongqing									
1. Elegant Villa (書香溪墅)	Residential	157,083	340,786	84,599	84,332	–	256,187	–	51
Tianjin									
1 Ruichengjiayuan (瑞城嘉園)	Residential	57,431	120,063	55,529	55,529	–	55,805	8,729	35
Total		**2,923,590**	**7,827,786**	**1,178,343**	**562,340**	**549,835**	**5,736,768**	**362,843**	
Total Attributable GFA		**2,275,988**	**6,057,383**	**869,034**	**366,274**	**449,333**	**4,495,038**	**243,980**	

Land Reserves

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

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves	Average Land Cost
	Saleable/ Rentable GFA Remaining Unsold	**GFA Under Development**	**Planned GFA**	**Total GFA**		
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*	*(RMB/sq.m.)*
Beijing	405,863	1,217,916	–	1,623,779	10.8	16,605.4
Haikou	33,373	140,640	646,972	820,985	5.5	1,353.0
Wanning	1,767	17,201	207,886	226,854	1.5	332.1
Langfang	100,991	87,194	1,205,908	1,394,093	9.3	256.9
Zhengzhou	4,186	30,535	–	34,721	0.2	405.5
Shenyang	122,249	420,109	73,342	615,700	4.1	979.7
Foshan	168,325	1,017,610	–	1,185,935	7.9	3,503.3
Xi'an	–	289,978	–	289,978	1.9	1,551.8
Shantou	90,463	500,396	38,749	629,608	4.2	1,000.1
Shenzhen	–	42,763	274,213	316,976	2.1	2,673.7
Suzhou	13,049	168,745	–	181,794	1.2	17,100.6
Chongming Island	–	375,094	761,358	1,136,452	7.6	1,294.0
Wuxi	–	90,438	–	90,438	0.6	4,865.2
Tongren	–	270,157	1,604,098	1,874,255	12.5	501.2
Chongqing	84,332	89,359	–	173,691	1.2	386.5
Tianjin	55,529	162,697	–	218,226	1.5	2,182.1
Sanya	–	183,318	–	183,318	1.2	5,002.2
Jiangmen	32,049	150,868	543,988	726,905	4.8	524.6
Enping	–	92,854	488,572	581,426	3.9	147.1
Handan	–	844,696	–	844,696	5.6	401.3
Shijiazhuang	–	818,502	1,059,758	1,878,260	12.5	371.7
Total	**1,112,176**	**7,011,071**	**6,904,843**	**15,028,090**(1)	**100**	**2,890.0**
Total Attributable GFA	**815,607**	**4,154,591**	**5,037,047**	**10,007,245**		

Note:

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

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

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold	GFA Under Development	Planned GFA	Total GFA	
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Residential	352,069	4,250,365	5,690,628	10,293,062	68.5
Commercial for sale	121,434	879,932	707,598	1,708,964	11.4
Commercial held or intended to be held for investment	549,835	423,209	–	973,044	6.5
Hotel	–	161,888	–	161,888	1.1
Car parking spaces	88,838	706,236	174,759	969,833	6.5
Ancillary	–	275,159	293,109	568,268	3.8
Hospital	–	313,597	38,749	352,346	2.3
Others	–	685	–	685	–
Total	**1,112,176**	**7,011,071**	**6,904,843**	**15,028,090**[(1)]	**100**
Total Attributable GFA	**815,607**	**4,154,591**	**5,037,047**	**10,007,245**	

Note:

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

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

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

Urban Redevelopment Project in Beijing

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

Urban Redevelopment Project in Shantou

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

Urban Redevelopment Project in Shenzhen

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

Financial Review

Revenue

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

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

Cost of Sales and Services

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

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

Gross Profit

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

Net Profit Attributable to Owners of the Company

For the six months ended June 30, 2020, the net profit attributable to owners of the Company was RMB71.3 million, representing a decrease of 83.4% from RMB428.6 million for the six months ended June 30, 2019.

Changes in Fair Value Gains on Investment Properties

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

Other Gains and Losses

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

Other Income

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

Selling Expenses

Selling expenses decreased by 21.8% from RMB164.0 million for the six months ended June 30, 2019 to RMB128.3 million for the six months ended June 30, 2020.

Administrative Expenses

Administrative expenses decreased by 9.2% from RMB268.7 million for the six months ended June 30, 2019 to RMB243.9 million for the six months ended June 30, 2020.

Finance Costs

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

Income Tax Expenses

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

Total Comprehensive Income

As a result of the foregoing reasons, the Group's total comprehensive income decreased from RMB572.8 million for the six months ended June 30, 2019 to RMB281.0 million for the six months ended June 30, 2020.

Liquidity, Financial and Capital Resources

Cash Position

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

Net Operating Cash Flow

The Group recorded positive net operating cash flow in the amount of RMB2,427.9 million for the six months ended June 30, 2020, while we had recorded positive net operating cash flow of RMB2,438.3 million for the six months ended June 30, 2019.

Borrowings

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

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

Charge over Assets

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

Financial Guarantees and Contingent Liabilities

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

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

Future Plans for Material Investments or Capital Assets

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

Subsequent Event of Material Acquisition and Significant Investments

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

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

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

Employees and Remuneration Policies

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

Interim Dividend

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

Full Redemption of the Outstanding Portion of US$300,000,000 7% Senior Notes due on March 21, 2020

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

Full Redemption of US$100,000,000 10.0% Senior Notes due on June 7, 2020

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

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

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

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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

Purchase, Sale or Redemption of Listed Securities of the Company

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

Subsequent Events

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

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

Audit Committee

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

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

Publication of the Unaudited Condensed Consolidated Interim Results and Interim Report for the Six Months Ended June 30, 2020 on the Websites of the Stock Exchange and the Company

This announcement is published on the website of the Stock Exchange and the Company's website. In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the interim report for the six months ended June 30, 2020 containing all the information about the Company set out in this announcement of results for the six months ended June 30, 2020 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Guorui Properties Limited
Zhang Zhangsun
Chairman

Beijing, the PRC, August 31, 2020

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Lin Yaoquan, Ms. Dong Xueer and Mr. Li Bin, as executive directors and Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru, as independent non-executive directors.