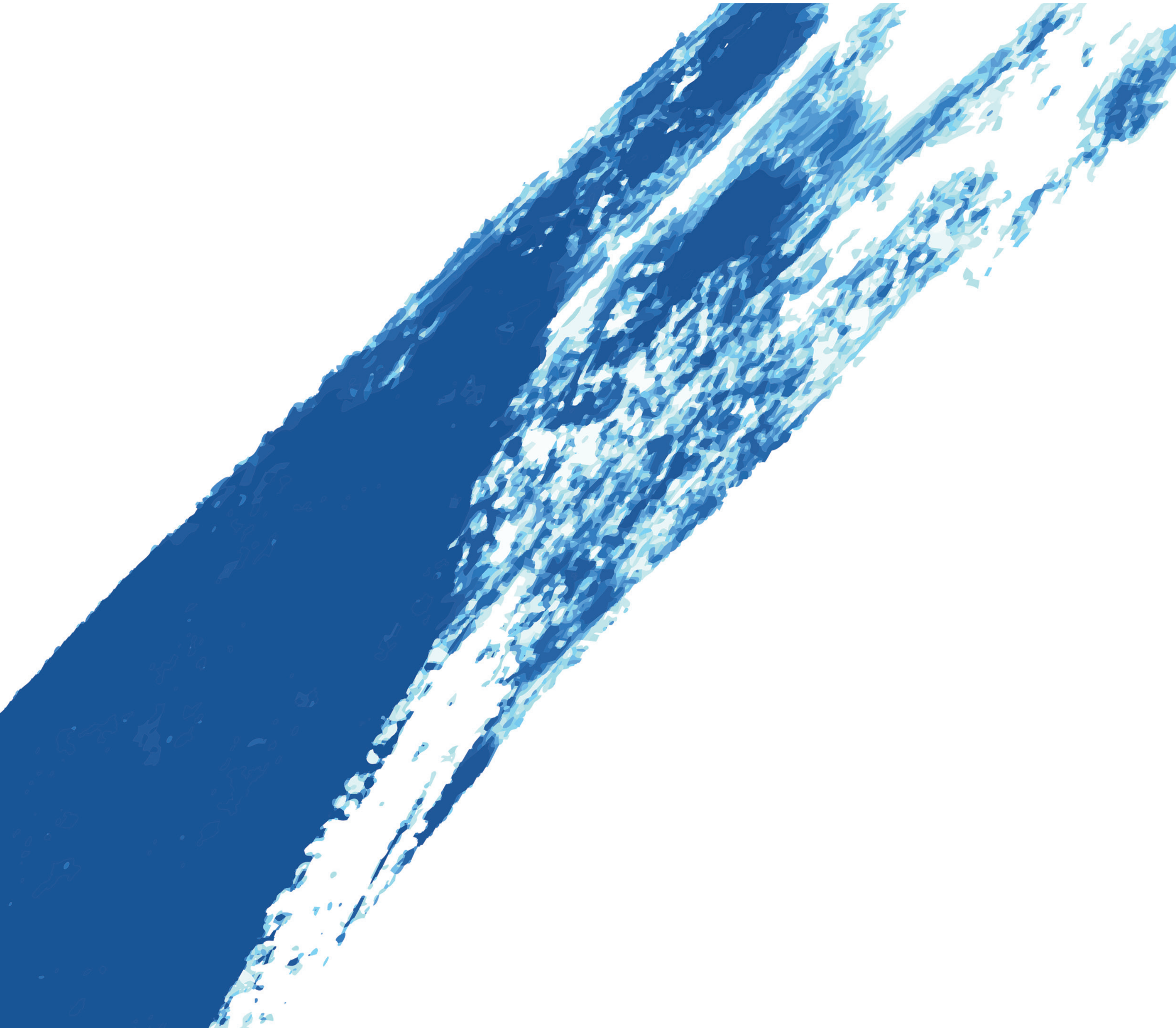
China Properties Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1838

Interim Report 2020

POWER VISION



CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Wang Shih Chang, George *(Chairman)*
Mr. Wong Sai Chung *(Managing Director)*
Mr. Xu Li Chang

Non-executive Director

Mr. Kwan Kai Cheong

Independent Non-executive Directors

Mr. Warren Talbot Beckwith
Mr. Luk Koon Hoo
Dr. Garry Alides Willinge

COMMITTEES

Audit Committee

Mr. Warren Talbot Beckwith *(Chairman)*
Mr. Luk Koon Hoo
Dr. Garry Alides Willinge

Remuneration Committee

Dr. Garry Alides Willinge *(Chairman)*
Dr. Wang Shih Chang, George
Mr. Luk Koon Hoo

Nomination Committee

Dr. Wang Shih Chang, George *(Chairman)*
Mr. Warren Talbot Beckwith

AUTHORIZED REPRESENTATIVES

Dr. Wang Shih Chang, George
Mr. Wong Sai Chung

COMPANY SECRETARY

Ms. Yu Ling Ling

STOCK CODE

1838

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14th Floor, Wheelock House
20 Pedder Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

www.cpg-group.com

BUSINESS REVIEW AND OUTLOOK

Former U.S. President Nixon, who won the election again in 1968, lost his presidency due to the Watergate scandal. In his farewell speech, he said: people's achievements do not depend on how to succeed in good times, but on how they face failures and setbacks and whether they can endure disappointments and injuries. COVID-19 is a rare encounter in a century; as a sizable enterprise with superior assets, we shall, in face of temporary difficulties resulting from policy changes, resolutely take the bull by the horns: humans use "vaccine" to defeat COVID-19; and the Group reorganized its business model and indebtedness with an external debt ratio of 12% calculated based on total assets to regain profits for the shareholders.

BUSINESS ENVIRONMENT

Overview of the Mainland Property Market

China's GDP in 2020 Q2 saw a speedy recovery of 3.2% quarter-on-quarter amid the COVID-19 pandemic. In overall, the GDP of China in 2020 H1 was recorded at RMB45,661.4 billion.

The residential property market of China demonstrated modest growth in 2020 H1 as the investment amount of residential properties grew by 2.6% year-on-year according to the National Statistics Bureau. Sales volume of residential properties steadily improved from mid-February and recorded at RMB5,963.3 billion in 2020 H1. The Chinese government has repeatedly reiterated the importance of reforming the residential property market while promoting housing stability, and therefore the stability in the housing market would not be sacrificed in exchange for short-term stimulus to the economy. The leasing market were generally quiet due to travel restrictions imposed on international travellers.

The retail property market of China has been recovering progressively from the trough in early 2020 as the total retail sales amounted to RMB17,225.6 billion in 2020 H1. Despite temporary suspension of operation of some physical stores amid COVID-19 outbreak, the e-commerce market maintained a robust growing momentum. In 2020 H1, the national online retail sales amounted to RMB5,150.1 billion, representing an increment of 7.3% year-on-year. The online retail sales of commodities in 2020 H1 increased by 14.3% year-on-year to RMB4,348.1 billion.

The office property market of China experienced some turbulence in 2020 H1 amid macroeconomic headwinds and outbreak of COVID-19, but has been gradually recovering as companies resumed work since the first quarter. Many companies have adopted the working from home ("WFH") policy during the lockdown period. Different online working tools scrambled to transition of WFH, and therefore the IT sector saw a promising growth as a result of the COVID-19 outbreak. While the travel, leisure and hospitality industries may unavoidably be affected in short term, the healthcare and pharmaceutical sectors would be driven up in response to the growing awareness of healthcare. The demand for office spaces remained relatively stable in 2020 H1.

Overview of the Shanghai Property Market

Shanghai's economy has been recovering steadily as the pandemic came under control. As of 2020 H1, Shanghai's GDP was recorded at RMB1,735.7 billion.

The residential property market in Shanghai was generally dynamic in 2020 H1 as the average price of first-hand commodity residential property grew by 11.7% year-on-year, returning to its pre-COVID-19 level. Amid the COVID-19 outbreak, the investment amount in the residential sector remained relatively stable in 2020 H1. Shanghai government announced several detailed regional plans in 2020 H1 including Hongqiao, North Bund and Lingang. New projects in decentralized areas has been popular as new metro lines will be open in the coming two years.

The retail market was temporarily disturbed by the lockdown in early 2020 but has gradually improved ever since the control of the pandemic. The retail sales in 2020 Q2 went up by 27.0% quarter-on-quarter and were recorded at RMB694.7 billion in 2020 H1. The solid recovery of retail sales was a positive indicator of the retail property market. As international travel restrictions are still active amid the COVID-19 outbreak in overseas, focuses have been shifted to the domestic market. Growing online activities during the lockdown increased the demand for electronic devices, while some domestic cosmetic brands expanded as a result of increasing popularity of livestreaming.

According to the Shanghai Statistics Bureau, tertiary industry contributed about 75.3% of the total GDP in 2020 H1 and was recorded at RMB1,306.6 billion. Despite the COVID-19 pandemic, the real estate investment amount in office sector rose by 13.5% year-on-year, and two office projects were completed in 2020 H1. The vacancy rate in general stood at a steady level as landlords offered temporary rental concessions to tenants. Demand for flexible working spaces was strong as companies looked to take advantage of the flexibility and to save fit-out cost.

Overview of the Chongqing Property Market

Chongqing's economy continued to grow gently amid the COVID-19 outbreak. Chongqing's GDP was recorded at a rise of 0.8% year-on-year to RMB1,121.0 billion in 2020 H1.

The new supply of residential property surged by 45.0% quarter-on-quarter in 2020 Q2 after COVID-19 had been controlled in the city. Amid a strong new supply, the average price of residential properties returned to the pre-COVID-19 level in 2020 H1. The Chongqing government has implemented policies to facilitate population flows between Chongqing and Chengdu by allowing housing provident fund loans to flow between the cities. It is anticipated that more residents in Sichuan Province may move to Chongqing, thereby supporting the development of the city's residential property market.

In view of the COVID-19 pandemic, there are no new retail projects completed in 2020 H1. Vacancy rate was relatively stable as landlords offered temporary rental concessions during the lockdown period. Meanwhile, they have been coping with the pandemic by adjusting the tenant mix as well. Several well-known brands and foreign catering retailers first established the presence in Chongqing in 2020 H1. Landlords were also keen on organizing different festivals and events to catch an eye from consumers.

According to the Chongqing Statistics Bureau, tertiary industry grew by 0.5% year-on-year to RMB619.2 billion in 2020 H1. Demand remained stable as companies slowed down their expansion or relocation plans. Yet, the vacancy rate was generally levelled as landlords were willing to offer temporary rental concessions to tenants during the pandemic. While finance and professional services sectors remained the key drivers of office demand, the TMT industry grew steadily as its presence since the launch of “Innovating China in Chongqing”. With the implementation of different policies at city-level, cross-border traders would continue triggering the growth of office demand.

Outlook of the Mainland Property Market

After reiterating the importance of “Houses are built to be lived in, not for speculation,” which was first raised by President Xi in 2017, the determination of suppressing the investment sentiment of housing market by the central government is anticipated to stay unchanged in 2020 H2, the last half-year of the 13th Five-Year Plan.

More stringent policies are unlikely to be imposed amid concerns about slowing demand. The outlook of the residential property market remains positive, especially first-tier cities and regional capital cities whose economies are diversified and resilient. The supply and investment of residential properties quickly picked up in 2020 Q2 after the outbreak of COVID-19, and a relatively higher growth for the next half year is anticipated. Meanwhile, the rental market is expected to get a boost going forward, fueled by the current market stabilization policy on purchasing market. Opening of different sectors of the economy of China will create new sources of expats and generate demand for rental once the international travel restrictions are loosened.

The retail leasing momentum is expected to rebound as the outbreak of COVID-19 has been controlled. Before the reopening of international travel, domestic tourism would be the key demand driver. While landlords continue to adjust the tenant mix regularly to cope with the latest trend, they shall pay attention to the potential risk of overreliance on a single retail category. The popularity of new industries such as e-gaming and livestreaming will generate demand for physical stores for e-games arenas, pop-up stores and experience centres. All in all, the retail property market in China is anticipated to be developed at a steady rate.

The office leasing sentiment is expected to remain generally optimistic amid the sustainable economic growth. While the popularity of WFH policy is expected to increase in the future, flexible workspace operators are expected to benefit from this changing trend. Companies may look for a more flexible lease term and better fit-out and management quality. These operators, however, will have to be more creative in enriching the working experience and optimization of space in order to stay competitive.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's loss attributable to owners of the Company for the six months ended June 30, 2020 amounted to approximately RMB1,513 million (profit attributable to owners for six months ended June 30, 2019: RMB160 million), decreased by 1,046% when compared to the same period of 2019. Basic loss per share were RMB0.84 (earning per share for six months ended June 30, 2019: RMB0.09).

As at June 30, 2020, the total assets decreased to RMB60,470 million from RMB61,605 million as at December 31, 2019. Net assets, the equivalent of shareholders' funds, decreased to RMB35,754 million (December 31, 2019: RMB37,267 million). In terms of value per share, net assets value per share is RMB19.76 at the end of the reporting period, as compared to RMB20.60 as at December 31, 2019.

The Group's revenue of RMB101 million (six months ended June 30, 2019: RMB178 million) decreased by 43% when compared with the corresponding period last year, which was mainly due to the decrease in revenue from sales of properties.

The revenue from sales of properties amounted to RMB95 million (six months ended June 30, 2019: RMB172 million), decreased by 45% as compared with the corresponding period last year. The Group sold properties with total gross floor area of approximately 165,788 sq. ft. for the six months ended June 30, 2020 as compared to 137,037 sq. ft. in the corresponding period last year.

Gross profit margin for sales of properties was 29% (six months ended June 30, 2019: 61%), which was mainly due to decrease in sale of residential properties of Shanghai Concord City with higher margin.

Income from property leasing was RMB1.1 million (six months ended June 30, 2019: RMB1.7 million). Property management income was RMB4.5 million (six months ended June 30, 2019: RMB4.4 million).

During the period under review, the Group generated income of RMB1 million, RMB23 million, RMB3 million and RMB68 million from sales of residential properties of Shanghai Concord City, residential properties of Chongqing Manhattan City Phase I, residential properties of Chongqing Manhattan City Phase II and residential properties of Chongqing Manhattan City Phase III, respectively.

Contract liabilities decreased to RMB622 million as at June 30, 2020 from RMB725 million as at December 31, 2019. This was primarily due to the decrease in deposits received on sales of Shanghai Concord City Phase I and Chongqing Manhattan City Phase I and II and the pre-sale of residential properties of Chongqing Manhattan City Phase III during the period under review.

Other income, gains and losses, net were loss of RMB300.1 million (six months ended June 30, 2019: gain of RMB0.2 million). Significant decrease in balance was mainly due to loss on disposal of investment properties and properties under development of RMB300.5 million.

During the period under review, selling expenses were RMB1 million (six months ended June 30, 2019: RMB3 million).

Administrative expenses during the six months ended June 30, 2020 were RMB459 million (six months ended June 30, 2019: RMB39 million) which increased by 1,076.9%. It was mainly attributable to the provision for settlement fee and other relevant cost incurred in respect of the litigations with certain lenders of RMB419 million.

Finance costs represent mainly interest expenses and other borrowing costs in relation to bank and other borrowings, effective interest of convertible note and the fixed-rate senior notes. Since finance costs of approximately RMB377 million (six months ended June 30, 2019: RMB380 million) were capitalized on various projects, finance costs of RMB0.4 million (six months ended June 30, 2019: RMB0.5 million) were charged to the profit or loss during the period under review.

The changes in fair value of investment properties were loss of RMB1,124 million (six months ended June 30, 2019: gain of RMB175 million), a decrease of 742% when compared to the same period last year. The downward adjustments in the re-valuation of the property portfolio as of June 30, 2020 was initiated by the compression of commercial property market sentiments and the slowdown of mainland China's economic growth amid the COVID-19 Pandemic in the first half of 2020. The changes in fair value of investment properties in Shanghai experienced a decrease of RMB705 million (six months ended June 30, 2019: increase of RMB47 million) which was mainly contributed from valuation depreciation of the project of Shanghai Concord City. The changes in fair value of investment properties in Chongqing experienced a decrease of RMB419 million (six months ended June 30, 2019: increase of RMB128 million) which was mainly contributed from the valuation depreciation of the projects of Chongqing Manhattan City and Chongqing International Commerce Centre.

Income tax credit was RMB385 million (six months ended June 30, 2019: expense of RMB64 million), a decrease of 701.6%. The decrease in income tax expense was due to the deferred tax credit resulting from the fair value loss of investment properties for the period under review in comparison to the same period last year.

LIQUIDITY AND FINANCING

The Group monitors its liquidity requirements on a short to medium-term basis and arranges refinancing of the Group's borrowing when appropriate. During the period, the Group raised net external borrowings totaling of approximately RMB5 million (six months ended June 30, 2019: repaid net external borrowing totaling of approximately RMB146 million); on the other hand, the Group also received an advance from a shareholder amounted to RMB210 million (six months ended June 30, 2019: received an advance from a shareholder of RMB185 million) during the period.

At the end of the reporting period, the Group's senior notes, other borrowings and amount due to a shareholder amounted to RMB1,646 million (December 31, 2019: RMB1,606 million), RMB5,546 million (December 31, 2019: RMB5,307 million) and RMB4,107 million (December 31, 2019: RMB3,898 million) respectively, and the Group's total borrowings were RMB11,299 million (December 31, 2019: RMB10,811 million), an increase of RMB488 million when compared to December 31, 2019 and it is repayable within one year.

The gearing ratio of the Group as at June 30, 2020 was 31.5% (December 31, 2019: 28.9%), determined as proportion of the Group's net borrowings (after deducting bank balances and cash and pledged/restricted bank deposits) to the shareholders' funds.

With bank balances and cash in hand, banking facilities available and those financing plans, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

There was no material acquisition and disposal of group companies during the period.

TREASURY POLICIES

At the end of the reporting period, approximately 85% (December 31, 2019: 85%) of the Group's borrowings were maintained in RMB. The Group derives its revenue mainly in RMB. Bank balances are maintained mainly in RMB and HK$.

The other borrowings and senior notes are on a fixed-rate basis.

The Group has not used any interest rate or foreign currency derivative instrument to hedge its exposure to interest rate and foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

During the period, the Group has complied with all borrowings covenants.

CHARGE ON ASSETS

As at June 30, 2020, the Group pledged assets with an aggregate carrying value of RMB51,998 million (December 31, 2019: RMB54,575 million) to secure loan facilities utilized.

CONTINGENT LIABILITIES

As at June 30, 2020, the Group guaranteed mortgage loans to purchasers of its properties in the aggregate outstanding principal amount of RMB416 million (December 31, 2019: RMB421 million). During the six months ended June 30, 2020, there was no default case.

Legal disputes

As at June 30, 2020, the Group is subjected to several legal claims mainly in relation to disputes under construction contracts in respect of its various property development projects which arose during the normal course of business. In these legal proceedings, the Group has received court orders to restrict the disposition of certain investment properties, properties under development for sale and properties held for sale in an aggregate amount of approximately RMB14 million (December 31, 2019: RMB13 million) and the withdrawal of bank deposits of approximately RMB48,000 (December 31, 2019: RMB1,430,000) as at June 30, 2020. In the opinion of the directors of the Company, the claims made by the construction contractors are mainly related to construction works that did not meet the required standards and pursuant to the terms of the construction contracts, the Group has the right not to certify those construction work claimed by the contractors. In addition, the Group has already made or is in the process of making counter claims for compensation from the construction contractors for causing delay in delivering of the properties to the end customers of the Group.

The management has sought advice from the independent legal advisors or internal legal counsel on these matters. As at June 30, 2020, the Group has provided construction cost liabilities amounting to RMB56 million (December 31, 2019: RMB52 million) in relation to the above mentioned construction contracts under dispute.

Outstanding legal claims that are subjected to legal proceedings and/or appeal amounted to approximately RMB88 million (December 31, 2019: RMB94 million) in aggregate. No further provision has been made in the consolidated financial statements in respect of these claims. The directors of the Company are of the opinion that the Group has reasonable ground to defense those legal claims and consider that those legal claims would not result in any material adverse effects on the financial position of the Group.

Except for the matters disclosed elsewhere in the condensed consolidated interim financial statements, the Group has the following litigations with some of its lenders:

1) On August 28, 2015, Shanghai Jingan-Concord Real Estate Co., Ltd. ("Shanghai Jingan") and Shanghai Minhang Concord Property Development Co., Ltd.) ("Shanghai Minhang"), each a wholly-owned subsidiary of the Company, as borrowers entered into an entrusted loan agreement with 平安大華匯通財富管理有限公司 ("PinganDahua") whereby an entrusted loan in the aggregate amount of RMB1.3 billion was granted (the "PinganDahua Entrusted Loan"), originally repayable by August 31, 2018 and extended verbally to October 15, 2018. Since then, the above parties have been in negotiations on new repayment arrangements.

   On November 17, 2017, Chongqing Riverside Real Estate Co., Ltd. ("Chongqing Riverside"), a wholly-owned subsidiary of the Company, as borrower entered into an entrusted loan agreement with 深圳市平安德成投資有限公司 ("PinganDecheng"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted to Chongqing Riverside (the "PinganDecheng Entrusted Loan") repayable by February 2, 2020. The PinganDecheng Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. PinganDecheng without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 15, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the PinganDecheng Entrusted Loan together with interest and legal costs incurred. Since then, the above parties have been in negotiations on new repayment arrangements.

   On January 26, 2016, Chongqing Riverside as borrower entered into an entrusted loan agreement with 深圳市思道科投資有限公司 ("SSI"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted (the "SSI Entrusted Loan") to Chongqing Riverside repayable by January 27, 2020. The SSI Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. SSI without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 16, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the SSI Entrusted Loan together with interest and legal costs incurred. Since then, the above parties have been in negotiations on new repayment arrangements.

The Company is in the process of obtaining a new loan from an independent financial institution for the repayment of the PinganDahua Entrusted Loan, the PinganDecheng Entrusted Loan and the SSI Entrusted Loan and is of the view that the abovementioned is unlikely to have any material adverse impact on the performance and financial condition of the Group. The Company will take appropriate measures to resolve the above situation.

2) On November 9, 2016, Shanghai Jingan as borrower entered into an entrusted loan agreement (the "Lujiazui Entrusted Loan Agreement") with 陸家嘴國際信託有限公司 ("Lujiazui") whereby an entrusted loan in the total aggregate amount of RMB1.3 billion was granted. Three tranches of loan will be due on May 23, 2019, June 6, 2019 and June 15, 2019. Pursuant to the Lujiazui Entrusted Loan Agreement, Shanghai Jingan was required to pay a deposit of RMB124 million to Lujiazui by December 15, 2018, failing which Lujiazui can demand the immediate repayment of the total loan together with liquidated charges and interest. The full RMB124 million was not paid by due date and since December 4, 2018, Shanghai Jingan and Lujiazui have been in discussion to make a partial prepayment of the loan principal by utilising proceeds from sale of certain residential properties which have been charged to Lujiazui as security for the loan. Without notice to Shanghai Jingan, Lujiazui filed a civil claim claiming the amount of RMB1.24 billion against Shanghai Jingan with the High Court of Shanghai on December 20, 2018. Shanghai Jingan filed an appeal to the Supreme People's Court against the decision of the High Court of Shanghai on August 7, 2019. The appeal was dismissed by the Supreme People's Court on December 27, 2019, and Shanghai Jingan was ordered to repay RMB1.24 billion to Lujiazui together with interest and legal costs incurred (the "Lujiazui Entrusted Loan"). Since then, the above parties have been in negotiations on repayment arrangements. The Company is in the process of obtaining a new loan from an independent financial institution for the repayment of the Lujiazui Entrusted Loan.

The Company is of the view that the abovementioned incident is unlikely to have any material adverse impact on the performance and financial condition of the Group. The Company will take appropriate measures to resolve the above situation.

3) On September 27, 2017, Shanghai Jingan as a borrower entered into an entrusted loan agreement (the "JIC Trust Entrusted Loan Agreement") with 中建投信託股份有限公司 ("JIC Trust") whereby an entrusted loan in the aggregate amount of RMB1.2 billion (the "JIC Trust Entrusted Loan") was granted in twelve tranches. The loan tenure for each tranche is 24 months and will be due from October 13, 2019 to December 29, 2019 (the "Loan Term"). Pursuant to the JIC Trust Entrusted Loan Agreement, the lender has the right to demand immediate repayment of the loan if the lender has doubt over the borrower's financial ability to repay the loan. On February 14, 2019, Shanghai Jingan received a notice from JIC Trust informing that the JIC Trust Entrusted Loan Agreement would be terminated on February 18, 2019 and the loan would be due on the same day. As the Loan Term has not yet expired, Shanghai Jingan did not repay the loan as demanded. On February 22, 2019, JIC Trust filed a civil claim against Shanghai Jingan and the Company declaring the termination of the JIC Trust Entrusted Loan Agreement and the loan due. The amount of claim is RMB1,452.35 million. Since then, the above parties have reached settlement whereby Shanghai Jingan will repay the principal amount of RMB1.2 billion under the JIC Trust Entrusted Loan together with interest and legal costs incurred.

The Company is in the process of obtaining a new loan from an independent financial institution for the repayment of the JIC Trust Entrusted Loan and is of the view that the abovementioned incident is unlikely to have any material adverse impact on the performance and financial condition of the Group. The Company will take appropriate measures to resolve the above situation.

In respect of each of the above litigations, the parties have arrived at a consensus in principle to the payment of certain fees or interest and the Group has provided settlement fee and other relevant costs in the aggregate amount of RMB1,033,390,000 up to the period ended June 30, 2020 under administrative expenses. Mr. Wong Sai Chung, a substantial shareholder of the Company, will, to the extent where necessary, support the Company in respect of the above litigations.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the period.

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2020, the Group had approximately 380 employees (June 30, 2019: 356 employees) in Hong Kong and the PRC. There is no significant change in the Group's emolument policies.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

Directors' and Chief Executives' Interests in Securities of the Company

As at June 30, 2020, the interests and/or short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken 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, pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of HK$0.1 each of the Company

As at June 30, 2020, the long position in ordinary shares and underlying shares of the Company of the directors and the chief executives are as follows:

Name of director	**Nature of interest**	**Number of issued ordinary shares held**	**Percentage of the issued share capital of the Company**	*Note*
Mr. Wong Sai Chung ("Mr. Wong")	Corporate	1,356,800,000 shares	75.00%	*(i)*

Note:

(i) Of these shareholding interests, 1,356,800,000 shares of the Company are directly held by Hillwealth Holdings Limited ("Hillwealth") whose entire issued share capital is owned by Mr. Wong.

(b) Long position in shares of associated corporations of the Company

Name of director	Nature of interest	Name of associated corporation	Number of issued ordinary shares held	Percentage of the issued share of the same class in the associated corporation	*Note*
Mr. Wong	Corporate	Concord Properties Holding (Shanghai) Limited ("CPH (Shanghai)")	100 non-voting deferred class "B" shares of HK$1.00 each	100%	*(ii)*
	Personal	Hillwealth	1 share of US$1.00	100%	*(iii)*

Notes:

(ii) CPH (Shanghai) is an indirectly owned subsidiary of the Company. It has in issue 100 non-voting deferred class "B" shares (the rights attached to which are set out in the Prospectus), all of which are beneficially owned by Concord China Land Holdings Limited which is in turn beneficially and wholly owned by Pacific Concord Holding Limited ("PCH") (which is wholly owned by Mr. Wong).

(iii) As Hillwealth directly holds approximately 75% of the total issued share capital of the Company and thus being the holding company of the Company, Hillwealth is an associated corporation of the Company under the SFO. The entire issued share capital of Hillwealth is owned by Mr. Wong.

As at June 30, 2020, Mr. Wong was a director of Hillwealth, Concord China Land Holdings Limited and PCH, and Dr. Wang Shih Chang, George and Mr. Kwan Kai Cheong were also directors of PCH.

Save as disclosed herein, as at June 30, 2020, none of the directors or chief executives nor their associates had or deemed to have any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations.

ADDITIONAL INFORMATION REQUIRED UNDER LISTING RULES

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in "Directors' and Chief Executives' Interests in Shares and Underlying Shares and Debentures", the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued capital of the Company as at June 30, 2020 and as at the date of this report.

SHARE OPTION SCHEME

The share option scheme which was adopted by the Company on February 5, 2007 had a term of 10 years and had expired on February 5, 2017, and all options which were granted under that scheme had also lapsed.

On June 29, 2017, the Company by ordinary resolution approved the adoption of a new share option scheme with terms in line with the provisions of Chapter 17 of the Listing Rules. No options have yet been granted under such new share option scheme.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE COMPLIANCE

Throughout the six months ended June 30, 2020, the Company had complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiries by the Company, that they had complied with the required standard of dealings as set out in the Model Code and the Company's Code of Conduct during the six months ended June 30, 2020.

AUDIT COMMITTEE

The Company has established the Audit Committee and has formulated its written terms of reference in accordance with the provisions set out in the Corporate Governance Code. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Warren Talbot Beckwith (Chairman of the Audit Committee), Mr. Luk Koon Hoo and Dr. Garry Alides Willinge. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management and internal control systems, review of the Group's financial information and review of the relationship with the external auditor of the Company. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2020.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with majority of the members being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman of the Board, Dr. Wang Shih Chang, George and two Independent Non-executive Directors, namely Mr. Luk Koon Hoo and Dr. Garry Alides Willinge (Chairman of Remuneration Committee).

The principal duties of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management and on the establishment of formal and transparent procedures for developing policy on such remunerations.

APPRECIATION

The Directors would like to take this opportunity to express sincere gratitude to all shareholders for their continued support and to thank all staff members of the Group for their dedication and contribution to the Group.

By Order of the Board
CHINA PROPERTIES GROUP LIMITED
Dr. Wang Shih Chang, George
Chairman

Hong Kong, August 31, 2020

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** **RMB'000** **(unaudited)**	2019 RMB'000 (unaudited)
Revenue	5 & 6	**100,565**	177,697
Cost of sales		**(73,665)**	(72,452)
Gross profit		**26,900**	105,245
Other income, gains and losses, net	6	**(300,078)**	224
Net exchange loss		**(40,705)**	(12,598)
Selling expenses		**(1,356)**	(3,498)
Administrative expenses		**(459,023)**	(39,251)
Finance costs	7	**(365)**	(525)
(Loss)/profit from operation before changes in fair value of investment properties		**(774,627)**	49,597
Changes in fair value of investment properties		**(1,123,709)**	174,519
(Loss)/profit before tax		**(1,898,336)**	224,116
Income tax credit/(expense)	8	**385,464**	(63,809)
(Loss)/profit and total comprehensive income for the period attributable to owners of the Company	9	**(1,512,872)**	160,307
		RMB	RMB
(Loss)/earnings per share			
Basic and diluted	10	**(0.84)**	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	NOTES	**June 30, 2020 RMB'000 (unaudited)**	December 31, 2019 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**525,354**	520,446
Investment properties	12	**53,071,601**	54,142,956
		53,596,955	54,663,402
Current assets			
Properties under development for sale		**5,271,647**	6,242,285
Properties held for sale		**1,332,464**	435,805
Other receivables, deposits and prepayments	13	**243,288**	212,304
Pledged/restricted bank deposits		**24,886**	32,542
Bank balances and cash		**761**	18,682
		6,873,046	6,941,618
Current liabilities			
Contract liabilities		**622,017**	725,309
Construction costs accruals		**285,167**	293,485
Other payables and accruals		**1,252,635**	864,733
Amount due to a shareholder	19(i)	**4,107,184**	3,897,576
Lease liabilities		**790**	2,577
Tax payables		**750,102**	749,404
Borrowings	14	**5,545,887**	5,306,704
15.0% fixed-rate senior notes	15	**1,645,751**	1,606,390
		14,209,533	13,446,178
Net current liabilities		**(7,336,487)**	(6,504,560)
Total assets less current liabilities		**46,260,468**	48,158,842
Non-current Liabilities			
Lease liabilities		**494**	251
Deferred tax liabilities		**10,506,266**	10,892,011
		10,506,760	10,892,262
Net assets		**35,753,708**	37,266,580
EQUITY			
Capital and reserves			
Share capital	16	**170,073**	170,073
Share premium and reserves		**35,583,635**	37,096,507
Total equity		**35,753,708**	37,266,580

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2020

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Revaluation reserve RMB'000	Special reserve RMB'000 (Note a)	Other reserve RMB'000 (Note b)	General reserve RMB'000 (Note c)	Shareholder contribution reserve RMB'000 (Note d)	Retained earnings RMB'000	Total RMB'000
At January 1, 2019 (audited)	170,073	1,331,968	6,259	782,789	2,468,576	51,223	188,137	32,550,540	37,549,565
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	160,307	160,307
At June 30, 2019 (unaudited)	170,073	1,331,968	6,259	782,789	2,468,576	51,223	188,137	32,710,847	37,709,872
At January 1, 2020 (audited)	170,073	1,331,968	6,259	782,789	2,468,576	51,223	188,137	32,267,555	37,266,580
Loss and total comprehensive income for the period	—	—	—	—	—	—	—	(1,512,872)	(1,512,872)
At June 30, 2020 (unaudited)	170,073	1,331,968	6,259	782,789	2,468,576	51,223	188,137	30,754,683	35,753,708

Notes:

(a) Special reserve represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the corporate reorganisation ("Corporate Reorganisation") to rationalise the Group structure prior to the listing of the Company's share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

(b) Other reserve arose from the acquisition by Mr. Wong Sai Chung ("Mr. Wong"), the ultimate controlling shareholder of the Company, of the interests in the Company's subsidiaries owned by other shareholders and the implementation of the Corporation Reorganisation.

(c) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the subsidiaries established in the PRC may make an allocation to the general reserve from its profit for the year (prepared under the generally accepted accounting principles in the PRC) at a rate determined by directors of the relevant subsidiaries. The general reserve can only be used upon approval by the board of directors of the relevant subsidiaries to offset accumulated losses or increase capital.

(d) Shareholder contribution reserve represents the deemed contribution arising from the loan from a shareholder, Mr. Wong.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2020

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(82,196)**	154,687
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,710)**	(1,000)
Additions to investment properties	**(109,483)**	(39,718)
Proceeds received from disposal of property, plant and equipment	**49**	—
Proceeds received from disposal of investment properties and properties under development	**92,266**	7,637
Withdrawal of pledged/restricted bank deposits	**7,656**	—
Interest received	**24**	38
NET CASH USED IN INVESTING ACTIVITIES	**(11,198)**	(33,043)
FINANCING ACTIVITIES		
New borrowings raised	**105,470**	70,695
Repayment of borrowings	**(100,000)**	(216,606)
Repayment of lease liabilities	**(2,037)**	(2,307)
Advance from a shareholder	**209,608**	184,876
Interest paid	**(137,568)**	(174,333)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**75,473**	(137,675)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(17,921)**	(16,031)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**18,682**	37,163
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash	**761**	21,132

1. GENERAL INFORMATION AND BASIS OF PREPARATION

China Properties Group Limited (the "Company") is a public limited company incorporated in Cayman Islands and its shares are listed on the Stock Exchange. Its parent and ultimate holding company is Hillwealth Holdings Limited ("Hillwealth"), a limited company incorporated in British Virgin Islands. Its ultimate controlling shareholder is Mr. Wong, who is also Managing Director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is 14th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Company acts as an investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property development and property investment in the PRC.

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

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These condensed consolidated interim financial statements do not include all the information and disclosures required in a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2019.

In preparing the condensed consolidated interim financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of RMB1,512,872,000 for the period ended June 30, 2020. As of June 30, 2020, the Group has net current liabilities of RMB7,336,487,000 including construction costs accruals of RMB285,167,000, other payables and accruals of RMB1,252,635,000, amount due to a shareholder of RMB4,107,184,000, borrowings of RMB5,545,887,000 and 15.0% fixed-rate senior notes of RMB1,645,751,000 (with the exception of amount due to a shareholder, who has confirmed that he would not demand repayment until the Group has excess cash to repay) are due to be repaid within one year from the end of the reporting period.

In addition, certain of the borrowings referred to above amounting to RMB5,327,912,000 were due pursuant to the borrowing agreements. These lenders have taken legal action to demand repayment of these borrowings, details of which are set out in note 17. The Group also had commitments for future construction contracted but not provided for in the condensed consolidated interim financial statements of approximately RMB1,435,692,000 as set out in note 18.

Nevertheless, the condensed consolidated interim financial statements have been prepared on the going concern basis because the directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from June 30, 2020, after taking into consideration of the following factors:

(1) the Group is in final stage of negotiation with a financial institution to refinance its borrowings with a loan for a term of three years amounting to around RMB7,000,000,000. The directors consider that the Group will be able to obtain this loan to meet the Group's working capital requirements;

1. GENERAL INFORMATION AND BASIS OF PREPARATION — continued

(2) confirmation from a shareholder, Mr. Wong, that he would not demand repayment of the amount due to him of RMB4,107,184,000 until the Group has excess cash to repay; and

(3) the estimated proceeds from sales of properties held for sale and pre-sale of properties under development for sale of projects in Shanghai and Chongqing.

There is a material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the condensed consolidated interim financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in the condensed consolidated interim financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended June 30, 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2019.

The application of the new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period has had no material effect on the amounts reported in these condensed consolidated interim financial statements and/or disclosures set out in these condensed consolidated interim financial statements, unless otherwise stated.

3. SIGNIFICANT EVENTS AND TRANSACTION IN CURRENT INTERIM PERIOD

The significant events and transactions that have occurred since December 31, 2019 relate to the effects of the global pandemic of COVID-19 on the Group's condensed consolidated financial statements for the six months ended June 30, 2020. As such, the financial positions and performance of the Group were affected in different aspects.

Under the strict pandemic implementation of prevention and controlling measures, Shanghai and Chongqing were lockdown and thus hand-over schedules to the buyers was delayed. In addition, temporary suspension of operation and social activities in first quarter of 2020 led to slow down of the development progress which impact of the construction schedules for properties under development. In the second quarter, the outbreak in the PRC has entered a controllable period, construction progress is in the course of catching up but the outbreak also creates uncertainties, customers were more cautious and remain wait-and-see sentiment in buying decision.

3. SIGNIFICANT EVENTS AND TRANSACTION IN CURRENT INTERIM PERIOD — continued

The downward adjustments in the re-valuation of the property portfolio as of June 30, 2020 was initiated by the compression of commercial property market sentiments and the slowdown of mainland China's economic growth amid the COVID-19 Pandemic in the first half of 2020.

In addition, the Group also considered the potential impairment loss on the properties under development for sale and properties held for sale which are significant to the Group's condensed consolidated financial statements. There was no impairment of properties under development for sale and properties held for sale as the fair value were higher than the respective carrying amounts of properties under development for sale and properties held for sale.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended December 31, 2019.

Regarding the significant judgement in applying accounting policies on land use right, on November 6, 2019, Shanghai Jingan District Planning and Natural Resources Bureau ("Jingan Bureau") published on its official website that Jingan Bureau issued a determination letter of idle land identification on July 15, 2018 (the "Letter") to a subsidiary of the Company, Shanghai Jingan Concord Real Estate Co., Ltd ("Shanghai Jingan") (the "Determination"). The Determination referred to a parcel of land (lot #4) with total site area of 19,800 square meters which is located in the southern portion of Shanghai Concord City Phase II (the "Target Land"). The Determination identified the Target Land as idle land for the reason that the land parcel has not been developed and constructed by Shanghai Jingan to at least 60% of the construction area by June 30, 1997.

However, the directors of the Company did not at any time receive the Letter, which is a critical part of the legal procedure under the Rules and only became aware of this matter when Jingan Bureau published the Determination on its website on November 6, 2019. In addition the directors consider the requirement to complete at least 60% of construction on Target Land by June 30, 1997 to be invalid because amongst other things the land Lot #4 was significantly enlarged by way of supplementary agreement with Shanghai authorities in 2000, invalidating the original land transfer agreement and the Target Land was only handed over to the Group in 2003.

With the advice of its legal advisors, the directors of the Company are of the view that the Group has sound legal grounds to argue the Target Land does not constitute idle land as alleged in the Determination and is in the process of dealing with Jingan Bureau to resolve the Determination.

During the period, although the directors of the Company cannot implement the plan of travelling to the PRC due to the travel restriction in the situation of the COVID-19 pandemic, negotiation is still in the process of dealing with Jingan Bureau to resolve the Determination. However, the final outcome of the Determination is uncertain and there is no guarantee that the Group will be successful in this matter. If the Group is not successful in this regard, the Group may need to recognise a loss before tax amounting to approximately RMB22,703,900,000 being the carrying value of the Target Land recognised within investment properties under construction in the Statement of Financial Position at June 30, 2020.

5. SEGMENT INFORMATION

(a) The Group determines its operating segments based on the reports reviewed by the executive directors, who are the chief operating decision-makers that make strategic decisions about the Group's operations and future directions and objectives. The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended June 30, 2020 (unaudited)

	Property development		**Property investment**			
	Shanghai RMB'000	**Chongqing RMB'000**	**Shanghai RMB'000**	**Chongqing RMB'000**	**Others RMB'000**	**Total RMB'000**
Revenue						
External revenue	**1,324**	**93,567**	**299**	**826**	**4,549**	**100,565**
Segment profit/(loss)	**905**	**26,207**	**(704,841)**	**(417,743)**	**(1,337)**	**(1,096,809)**
Other income, gains and losses, net						**(300,078)**
Net exchange loss						**(40,705)**
Finance cost						**(365)**
Unallocated items						**(460,379)**
Loss before tax						**(1,898,336)**

For the six months ended June 30, 2019 (unaudited)

	Property development		Property investment			
	Shanghai RMB'000	Chongqing RMB'000	Shanghai RMB'000	Chongqing RMB'000	Others RMB'000	Total RMB'000
Revenue						
External revenue	92,801	78,828	684	1,029	4,355	177,697
Segment profit/(loss)	75,937	28,808	47,835	128,397	(1,213)	279,764
Other income, gains and losses, net						224
Net exchange loss						(12,598)
Unallocated items						(43,274)
Profit before tax						224,116

5. SEGMENT INFORMATION — continued

(b) In the following table, revenue under HKFRS 15 is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Disaggregation of revenue

For the six months ended June 30, (unaudited)

	Sales of properties				Property management income		Total	
	Shanghai		Chongqing					
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Timing of revenue recognition								
At a point in time	**1,324**	92,801	**93,567**	78,828	**—**	—	**94,891**	171,629
Transferred over time	**—**	—	**—**	—	**4,549**	4,355	**4,549**	4,355
	1,324	92,801	**93,567**	78,828	**4,549**	4,355	**99,440**	175,984

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 2. Segment result represents the profit earned by (loss incurred from) each segment including the changes in fair value of investment properties without allocation of other income, gains and losses, net, finance costs, selling expense, net exchange loss and administrative expenses including directors' emoluments. This is the measure reported to the Company's Managing Director for the purposes of resource allocation and performance assessment.

6. REVENUE AND OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue		
Sales of properties	**94,891**	171,629
Property rental income	**1,125**	1,713
Property management income	**4,549**	4,355
	100,565	177,697
Other income, gains and losses, net		
(Loss)/gain on disposal of investment properties and properties under development	**(300,548)**	154
Interest on bank deposits	**24**	37
Others	**446**	33
	(300,078)	224
Total revenue and other income, gains and losses, net	**(199,513)**	177,921

Contract liabilities mainly relate to the deposits received from customers for sales of properties. RMB93,244,000 (six months ended June 30, 2019: RMB57,000,000) of the contract liabilities as of January 1, 2020 were recognised as revenue for the six months ended June 30, 2020.

As at June 30, 2020, contract liabilities or the aggregated amount of the deposits received from the remaining performance obligations under the Group's existing contracts was RMB622,017,000 (2019: 725,309,000). This amount represents revenue expected to be recognised in the future from acceptance of properties by customers. The Group will recognise the expected revenue in future, which is expected to occur in the next 5 to 12 months.

7. FINANCE COSTS

	Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Interest on other borrowings	**250,829**	261,690
Interest on bank borrowings	**—**	491
Effective interest expense on 15.0% fixed-rate senior notes	**126,226**	117,625
Interest on lease liabilities	**365**	525
Total finance costs	**377,420**	380,331
Less: Amount capitalised in construction in progress included in property, plant and equipment, investment properties under construction and properties under development for sales	**(377,055)**	(379,806)
	365	525

7. FINANCE COSTS — continued

Borrowing costs capitalised during the period arising on specific borrowings amounted to approximately RMB51,580,000 (six months ended June 30, 2019: RMB232,657,000). Borrowing costs capitalised during the period which arose on the general borrowing pool of approximately RMB325,475,000 (six months ended June 30, 2019: RMB147,149,000) are calculated by applying a capitalisation rate of 11.66% per annum (six months ended June 30, 2019: 16.39%) to expenditure on qualifying assets.

8. INCOME TAX CREDIT/(EXPENSE)

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
Enterprise income tax/Land Appreciation Tax ("LAT") in the PRC	**(281)**	(20,179)
Deferred tax:		
Current period	**385,745**	(43,630)
	385,464	(63,809)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC group entities is 25% for both periods.

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on January 27, 1995, all gains arising from transfer of real estate property in the PRC effective from January 1, 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land costs, borrowings costs and all property development expenditures.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated interim financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB815,202,000 (December 31, 2019: RMB789,508,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

9. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after charging/(crediting):		
Directors' emoluments	**556**	639
Other staff costs		
— salaries and other benefits	**14,444**	13,682
— contributions to retirement benefits schemes	**1,641**	2,835
Total staff costs	**16,641**	17,156
Less: Amount capitalised in investment properties under construction and properties under development for sale	**(4,112)**	(4,687)
	12,529	12,469
Auditors' remuneration	**615**	577
Amortisation of prepaid lease payments	**—**	1,574
Less: Amount capitalised in construction in progress under property, plant and equipment	**—**	(1,552)
	—	22
Depreciation of property, plant and equipment	**4,855**	3,133
Less: Amount capitalised in construction in process under property, plant and equipment	**(1,942)**	(694)
	2,913	2,439
Cost of properties sold (included in cost of sales)	**67,780**	66,883
Gross rental income from investment properties	**(1,125)**	(1,713)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	**—**	—
	(1,125)	(1,713)
Provision for settlement fee and other relevant cost incurred in respect of the litigations with certain lenders	**419,270**	—

10. (LOSS)/EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company for the six months ended June 30, 2020 amounted to RMB1,512,872,000 (six months ended June 30, 2019: profit attributable to owners of the Company RMB160,307,000) and the weighted average number of 1,809,077,000 ordinary shares (six months ended June 30, 2019: 1,809,077,000 ordinary shares) in issue during the six months ended June 30, 2020.

(b) Diluted loss per share

For the six months ended June 30, 2020 and 2019, basic and diluted loss per share are equal as there are no potential dilutive ordinary shares in issue for the both periods.

11. DIVIDENDS

No dividend was paid, declared or proposed during the reporting periods. The directors of the Company do not recommend the payment of any dividend for the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

12. INVESTMENT PROPERTIES

	June 30, 2020 RMB'000 (unaudited)	December 31, 2019 RMB'000 (audited)
FAIR VALUE		
Completed properties held for rental purpose (Note a)	**2,487,304**	2,582,935
Investment properties under construction	**50,584,297**	51,560,021
Total	**53,071,601**	54,142,956

Note:

a. As at June 30, 2020, included in the Group's completed properties held for rental purpose, are properties in Shanghai, namely, Phase 1 of Shanghai Concord City with carrying amount of approximately RMB2,204,970,000 (December 31, 2019: RMB2,248,200,000); of which is currently unoccupied and strategically reserved for lease in the future because the Group plans to restructure the mixture of the tenants. For the Group's marketing strategy, upon the completion of the northern portion of Phase 2 of Shanghai Concord City ("Phase 2 North Portion"), the Group will then recruit their target tenants for both Phase 1 and Phase 2 North Portion of Shanghai Concord City.

The fair values of certain of the Group's investment properties at June 30, 2020 and December 31, 2019 were determined with the assistance of Vincorn Consulting and Appraisal Limited ("Vincorn") in respect of the properties situated in Shanghai and Chongqing, the PRC. Vincorn is an independent qualified professional valuer not connected with the Group, a member of the Institute of Valuers and has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The fair values of investment properties in Shanghai and Chongqing as at June 30, 2020 determined with the assistance of independent professional valuer were approximately RMB41,778,711,000 (December 31, 2019: RMB42,477,981,000) and RMB11,292,890,000 (December 31, 2019: RMB11,664,975,000) respectively. For completed investment properties, the valuations have been arrived at using the capitalisation of net income method of valuation, based on the present value of the income to be derived from the properties. For the completed properties which are currently vacant, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. For investment properties under construction, the valuations have been arrived at using the residual approach by making reference to recent sales transactions of completed properties or rental information in the relevant market as publicly available to determine the potential rental income of the completed investment properties, less estimated costs to completion and expected developers profit margin so as to determine the value of the proposed development as if these were completed as at the date of valuation. The rental income included in the residual method was principally based on income approach by taking into account the current rents passing and the reversionary income potential of tenancies. These has been no change in the valuation technique used as compared with 2019.

At June 30, 2020, the overall development areas on two pieces of land plot located in Chongqing is awaiting the government's final approval to develop Chongqing International Commerce Centre ("CQICC") with gross floor area of 2,050,000 square meter. At June 30, 2020, the fair value of these two pieces of land in Chongqing amounted to approximately RMB4,961,655,000 (2019: RMB4,980,935,000).

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

12. INVESTMENT PROPERTIES — continued

For investment properties located in Shanghai

For the six months ended June 30, 2020, in determining the fair values of the investment properties located in Shanghai, Vincorn has adopted the discounted cash flow analysis and residual approach with the following key assumptions:

a. Gross capitalisation rate is ranging from 3% to 6% (December 31, 2019: ranging from 3% to 6%).

b. Rental rate per month per square metre is ranging from RMB393 to RMB1,954 (December 31, 2019: ranging from RMB393 to RMB1,954).

c. Occupancy rate for the investment properties is ranging from 40% to 98% (December 31, 2019: ranging from 40% to 98%).

d. Expected developer profit is ranging from 10% to 20% (December 31, 2019: ranging from 10% to 20%).

e. Discount rate of retail and office portion is ranging from 8% to 9% (December 31, 2019: ranging from 8% to 9%) per annum and 9% (December 31, 2019: 9%) per annum respectively.

f. Rate of finance cost is ranging from 5% to 6% (December 31, 2019: ranging from 5% to 6%).

g. Annual growth rate of rental income is ranging from 5% to 6% (December 31, 2019: ranging from 5% to 6%).

For investment properties located in Chongqing

For the six months ended June 30, 2020, in determining the fair values of the investment properties located in Chongqing, Vincorn has adopted the discounted cash flow analysis and residual approach with the following key assumptions:

i. Gross capitalisation rate is ranging from 7% to 8% (December 31, 2019, ranging from 7% to 8%).

ii. Rental rate per month per square metre is ranging from RMB233 to RMB860 (December 31, 2019: ranging from RMB233 to RMB860).

iii. Occupancy rate for the investment properties is ranging from 65% to 85% (December 31, 2019: ranging from 60% to 85%).

iv. Expected developer profit is ranging from 25% to 30% (December 31, 2019: ranging from 25% to 30%).

v. Discount rate of retail and office portion is 10% (December 31, 2019: 10%) per annum and 5% (December 31, 2019: 5%) respectively.

vi. Rate of finance cost is 5% (December 31, 2019: 5%).

12. INVESTMENT PROPERTIES — continued

For investment properties located in Chongqing — continued

vii. Annual growth rate of rental income is ranging from 5% to 6% (December 31, 2019: ranging from 5% to 6%).

All the Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Considerations in respect of completed properties sold are received from customers in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the agreement date.

Considerations in respect of properties sold under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.

	June 30, 2020 RMB'000 (unaudited)	December 31, 2019 RMB'000 (audited)
Prepayment of business taxes and other PRC taxes	**45,654**	39,523
Other receivables, deposits and prepayments	**197,634**	172,781
	243,288	212,304

14. BORROWINGS

	June 30, 2020 RMB'000 (unaudited)	December 31, 2019 RMB'000 (audited)
Other borrowings, secured	**5,545,887**	5,306,704

Other borrowings

As at June 30, 2020 and December 31, 2019, entire balances of other borrowings represent fixed-rate borrowings. Based on scheduled repayment dates set out in the loan agreements, fixed-rate other borrowings of approximately RMB5,327,912,000 (December 31, 2019: RMB5,095,255,000) which are past due and for which the lenders have demanded repayment and shown under current liabilities.

The weighted average rate of the other borrowings is 10.29% (December 31, 2019: 10.45%) per annum. Other borrowings outstanding as of June 30, 2020 were secured by the following:

a. property, plant and equipment with a carrying value of approximately RMB346,405,000 (December 31, 2019: RMB374,326,000);

b. investment properties with a value of approximately 48,791,445,000 (December 31, 2019: RMB51,110,280,000);

c. properties under development for sale with a carrying value of approximately RMB2,636,193,000 (December 31, 2019: RMB2,878,373,000);

d. properties held for sale with a carrying value of approximately RMB199,707,000 (December 31, 2019: RMB179,211,000); and

e. pledged bank deposits of approximately RMB24,400,000 (December 31, 2019: RMB24,400,000).

As at June 30, 2020, the Group has four (December 31, 2019: four) significant secured fixed rate other borrowings from three lenders (December 31, 2019: three lenders), which are denominated in RMB, carrying interests at fixed rates ranging from 7.2% to 13.9% (December 31, 2019: 7.2% to 13.9%) per annum. At June 30, 2020 and December 31, 2019, the carrying amount of such other borrowings amount to RMB5,327,912,000 and RMB5,095,255,000, respectively.

As at June 30, 2020, included in the borrowings shown above are amounts totaling RMB5,327,912,000 (December 31, 2019: RMB5,095,255,000) which are past due and for which the lenders have demanded repayment.

15. 15.0% FIXED-RATE SENIOR NOTES

On October 11, 2018, the Group issued approximately US$226 million principal amount of the fixed-rate senior notes which contain two components, liability and early redemption options.

The notes bear interest at a fixed-rate of 15.00% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 15.21% per annum. Interest on the notes is payable on April 15 and October 15 of each year. The notes will mature on October 15, 2021. The notes are guaranteed by certain of the Company's subsidiaries and Mr. Wong Sai Chung, the managing director of the Company.

Details of the fixed rate senior notes are set out in the Company's annual report for the year ended December 31, 2019 dated June 3, 2020.

The directors of the Company consider that the fair values of the redemption options, at June 30, 2020 and at December 31, 2019 are insignificant.

16. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At January 1, 2019, June 30, 2019, December 31, 2019, January 1, 2020 and June 30, 2020	5,000,000,000	500,000
Issued and fully paid:		
At January 1, 2019, June 30, 2019, December 31, 2019, January 1, 2020 and June 30, 2020	1,809,077,000	180,907
Presented in condensed consolidated interim financial statements as:		
At January 1, 2019, June 30, 2019, December 31, 2019, January 1, 2020 and June 30, 2020		RMB170,073,000

None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's listed shares during the period.

17. CONTINGENT LIABILITIES

At the end of the reporting period, the contingent liabilities of the Group were as follows:

Guarantee

	June 30, 2020 RMB'000 (unaudited)	December 31, 2019 RMB'000 (audited)
Guarantees given to banks in connection with credit facilities granted to the purchasers of the Group's properties (Note)	**416,009**	421,282

Note: The guarantees were given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loans. In the opinion of the directors of the Company, the fair value of the financial guarantee contracts is not significant. Deposits received on sales of properties prior to the date of revenue recognition are classified as current liabilities in the condensed consolidated statement of financial position.

Legal disputes

As at June 30, 2020, the Group is subjected to several legal claims mainly in relation to disputes under construction contracts in respect of its various property development projects which arose during the normal course of business. In these legal proceedings, the Group has received court orders to restrict the disposition of certain investment properties, properties under development for sale and properties held for sale in an aggregate amount of approximately RMB14 million (December 31, 2019: RMB13 million) and the withdrawal of bank deposits of approximately RMB48,000 (December 31, 2019: RMB1,430,000) as at June 30, 2020. In the opinion of the directors of the Company, the claims made by the construction contractors are mainly related to construction works that did not meet the required standards and pursuant to the terms of the construction contracts, the Group has the right not to certify those construction work claimed by the contractors. In addition, the Group has already made or is in the process of making counter claims for compensation from the construction contractors for causing delay in delivering of the properties to the end customers of the Group.

The management has sought advice from the independent legal advisors or internal legal counsel on these matters. As at June 30, 2020, the Group has provided construction cost liabilities amounting to RMB56 million (December 31, 2019: RMB52 million) in relation to the above mentioned construction contracts under dispute.

Outstanding legal claims that are subjected to legal proceedings and/or appeal amounted to approximately RMB88 million (December 31, 2019: RMB94 million) in aggregate. No further provision has been made in the consolidated financial statements in respect of these claims. The directors of the Company are of the opinion that the Group has reasonable ground to defense those legal claims and consider that those legal claims would not result in any material adverse effects on the financial position of the Group.

17. CONTINGENT LIABILITIES — continued

Legal disputes — continued

Except for the matters disclosed elsewhere in the condensed consolidated interim financial statements, the Group has the following litigations with some of its lenders:

1) On August 28, 2015, Shanghai Jingan-Concord Real Estate Co., Ltd. ("Shanghai Jingan") and Shanghai Minhang Concord Property Development Co., Ltd.) ("Shanghai Minhang"), each a wholly-owned subsidiary of the Company, as borrowers entered into an entrusted loan agreement with 平安大華匯通財富管理有限公司 ("PinganDahua") whereby an entrusted loan in the aggregate amount of RMB1.3 billion was granted (the "PinganDahua Entrusted Loan"), originally repayable by August 31, 2018 and extended verbally to October 15, 2018. Since then, the above parties have been in negotiations on new repayment arrangements.

   On November 17, 2017, Chongqing Riverside Real Estate Co., Ltd. ("Chongqing Riverside"), a wholly-owned subsidiary of the Company, as borrower entered into an entrusted loan agreement with 深圳市平安德成投資有限公司 ("PinganDecheng"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted to Chongqing Riverside (the "PinganDecheng Entrusted Loan") repayable by February 2, 2020. The PinganDecheng Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. PinganDecheng without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 15, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the PinganDecheng Entrusted Loan together with interest and legal costs incurred. Since then, the above parties have been in negotiations on new repayment arrangements.

   On January 26, 2016, Chongqing Riverside as borrower entered into an entrusted loan agreement with 深圳市思道科投資有限公司 ("SSI"), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted (the "SSI Entrusted Loan") to Chongqing Riverside repayable by January 27, 2020. The SSI Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. SSI without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People's Court on April 16, 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the SSI Entrusted Loan together with interest and legal costs incurred. Since then, the above parties have been in negotiations on new repayment arrangements.

   The Company is in the process of obtaining a new loan from an independent financial institution for the repayment of the PinganDahua Entrusted Loan, the PinganDecheng Entrusted Loan and the SSI Entrusted Loan and is of the view that the abovementioned is unlikely to have any material adverse impact on the performance and financial condition of the Group. The Company will take appropriate measures to resolve the above situation.

17. CONTINGENT LIABILITIES — continued

Legal disputes — continued

2) On November 9, 2016, Shanghai Jingan as borrower entered into an entrusted loan agreement (the "Lujiazui Entrusted Loan Agreement") with 陸家嘴國際信託有限公司 ("Lujiazui") whereby an entrusted loan in the total aggregate amount of RMB1.3 billion was granted. Three tranches of loan will be due on May 23, 2019, June 6, 2019 and June 15, 2019. Pursuant to the Lujiazui Entrusted Loan Agreement, Shanghai Jingan was required to pay a deposit of RMB124 million to Lujiazui by December 15, 2018, failing which Lujiazui can demand the immediate repayment of the total loan together with liquidated charges and interest. The full RMB124 million was not paid by due date and since December 4, 2018, Shanghai Jingan and Lujiazui have been in discussion to make a partial prepayment of the loan principal by utilising proceeds from sale of certain residential properties which have been charged to Lujiazui as security for the loan. Without notice to Shanghai Jingan, Lujiazui filed a civil claim claiming the amount of RMB1.24 billion against Shanghai Jingan with the High Court of Shanghai on December 20, 2018. Shanghai Jingan filed an appeal to the Supreme People's Court against the decision of the High Court of Shanghai on August 7, 2019. The appeal was dismissed by the Supreme People's Court on December 27, 2019, and Shanghai Jingan was ordered to repay RMB1.24 billion to Lujiazui together with interest and legal costs incurred (the "Lujiazui Entrusted Loan"). Since then, the above parties have been in negotiations on repayment arrangements. The Company is in the process of obtaining a new loan from an independent financial institution for the repayment of the Lujiazui Entrusted Loan.

   The Company is of the view that the abovementioned incident is unlikely to have any material adverse impact on the performance and financial condition of the Group. The Company will take appropriate measures to resolve the above situation.

3) On September 27, 2017, Shanghai Jingan as a borrower entered into an entrusted loan agreement (the "JIC Trust Entrusted Loan Agreement") with 中建投信託股份有限公司 ("JIC Trust") whereby an entrusted loan in the aggregate amount of RMB1.2 billion (the "JIC Trust Entrusted Loan") was granted in twelve tranches. The loan tenure for each tranche is 24 months and will be due from October 13, 2019 to December 29, 2019 (the "Loan Term"). Pursuant to the JIC Trust Entrusted Loan Agreement, the lender has the right to demand immediate repayment of the loan if the lender has doubt over the borrower's financial ability to repay the loan. On February 14, 2019, Shanghai Jingan received a notice from JIC Trust informing that the JIC Trust Entrusted Loan Agreement would be terminated on February 18, 2019 and the loan would be due on the same day. As the Loan Term has not yet expired, Shanghai Jingan did not repay the loan as demanded. On February 22, 2019, JIC Trust filed a civil claim against Shanghai Jingan and the Company declaring the termination of the JIC Trust Entrusted Loan Agreement and the loan due. The amount of claim is RMB1,452.35 million. Since then, the above parties have reached settlement whereby Shanghai Jingan will repay the principal amount of RMB1.2 billion under the JIC Trust Entrusted Loan together with interest and legal costs incurred.

   The Company is in the process of obtaining a new loan from an independent financial institution for the repayment of the JIC Trust Entrusted Loan and is of the view that the abovementioned incident is unlikely to have any material adverse impact on the performance and financial condition of the Group. The Company will take appropriate measures to resolve the above situation.

17. CONTINGENT LIABILITIES — continued

Legal disputes — continued

In respect of each of the above litigations, the parties have arrived at a consensus in principle to the payment of certain fees or interest and the Group has provided settlement fee and other relevant costs in the aggregate amount of RMB1,033,390,000 up to the period ended June 30, 2020 under administrative expenses. Mr. Wong Sai Chung, a substantial shareholder of the Company, will, to the extent where necessary, support the Company in respect of the above litigations.

18. OTHER COMMITMENTS

	June 30, 2020 RMB'000 (unaudited)	December 31, 2019 RMB'000 (audited)
Construction commitment contracted but not provided for	**1,435,692**	1,489,248

19. RELATED PARTY TRANSACTIONS

(i) Amount due to a shareholder

Amount due to a shareholder, Mr. Wong, is non-trade in nature, unsecured, interest-free and repayable on demand while request for payment will only be made when the Group has excess cash.

(ii) Other transactions

The Group had the following transactions during both periods:

	Six months ended June 30,	
Nature of transactions	**2020 RMB'000 (unaudited)**	2019 RMB'000 (unaudited)
Office premises expenses (Note)	**10**	14

Note: On October 4, 2017, a tenancy agreement (the "Tenancy Agreement") for the use of the principal place of business of the Company in Hong Kong was entered into between the landlord, a subsidiary of Pacific Concord Holding Limited ("PCH") of which ultimate shareholder is Mr. Wong, and the Group. The Tenancy Agreement is effective from August 1, 2017 to July 31, 2020 and a new agreement is entered which is effective from August 1, 2020 to July 31, 2023.

On the same date, a sharing agreement was entered into between a subsidiary of PCH and the Group which both parties agreed that the principal office will be divided into two equal halves and each party will be entitled to occupy, use and possess half of the principal office. The rental and the electricity fee, fixed line telephone charge and other charges will be shared equally by the parties.

19. RELATED PARTY TRANSACTIONS — continued

(iii) Compensation of key management personnel

The directors of the Company considered that the directors are the key management of the Group. The remuneration of key management personnel of the Group during both periods was as follows:

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	**556**	639

The remuneration of directors is determined by the remuneration committee with reference to the involvement and the business performance of the directors of the Company.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities that are not measured on a recurring basis

Except for the fixed-rate senior notes, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair values. At June 30, 2020, the carrying amount of the fixed-rate senior notes was approximately RMB1,645,751,000 (December 31, 2019: RMB1,606,390,000) and the fair values of fixed-rate senior notes was approximately RMB1,482,465,000 (December 31, 2019: RMB1,705,854,000).