港龍中國地產
GANGLONG CHINA PROPERTY

Ganglong China Property Group Limited
港龍中國地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6968)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue and recognised GFA delivered for the six months ended 30 June 2023 amounted to approximately RMB7,439 million and 668,798 sq.m., representing a period-on-period increase of approximately 36% and 35% as compared to the six months ended 30 June 2022, respectively.

- Net profit for the six months ended 30 June 2023 amounted to approximately RMB537 million, representing a period-on-period increase of approximately 19% as compared to the six months ended 30 June 2022.

- Profit attributable to owners of the Company for the six months ended 30 June 2023 amounted to approximately RMB190 million, representing a period-on-period increase of approximately 6% as compared to the six months ended 30 June 2022.

- Selling and marketing expenses and general and administrative expenses for the six months ended 30 June 2023 amounted to approximately totalling of RMB411 million, representing a period-on-period decrease of approximately 9% as compared to the six months ended 30 June 2022.

- As of 30 June 2023, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 53% (as at 31 December 2022: 56%).

- As of 30 June 2023, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 22% (as at 31 December 2022: 24%).

- As of 30 June 2023, total cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 1.1 times (as at 31 December 2022: 1.5 times).

The board (the "**Board**") of directors (the "**Directors**") of Ganglong China Property Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 with the comparative figures for the corresponding period in the previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	*4*	**7,438,527**	5,478,713
Cost of sales		**(6,088,714)**	(4,338,019)
Gross profit		**1,349,813**	1,140,694
Other income and other gains, net		**2,603**	25,178
Selling and marketing expenses		**(216,806)**	(209,510)
General and administrative expenses		**(193,695)**	(242,305)
Operating profit		**941,915**	714,057
Finance income	*5*	**7,660**	19,929
Finance costs	*5*	**(81,672)**	(84,148)
Finance costs – net	*5*	**(74,012)**	(64,219)
Share of results of joint ventures and associates		**(10,631)**	49,074
Profit before income tax		**857,272**	698,912
Income tax expenses	*6*	**(319,799)**	(245,656)
Profit and total comprehensive income for the period		**537,473**	453,256
Attributable to:			
Owners of the Company		**190,216**	180,421
Non-controlling interests		**347,257**	272,835
		537,473	453,256
Earnings per share for profit attributable to owners of the Company			
(expressed in RMB per share)			
– Basic and diluted	*7*	**0.12**	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023** **_RMB'000_** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**77,972**	105,965
Investment properties		**183,020**	183,020
Investments accounted for using the equity method		**1,353,632**	1,364,263
Deferred income tax assets		**471,464**	400,971
Total non-current assets		**2,086,088**	2,054,219
Current assets			
Properties under development		**24,286,804**	30,736,363
Completed properties held for sale		**4,142,005**	2,142,458
Trade and other receivables and prepayments	*8*	**2,588,372**	2,475,755
Amounts due from associates		**129,970**	129,976
Amounts due from joint ventures		**163,334**	170,957
Amounts due from non-controlling interests		**3,617,258**	3,740,880
Financial assets at fair value through profit or loss		**–**	3,952
Tax recoverable		**945,031**	917,210
Restricted cash		**2,467,617**	2,914,221
Pledged time deposits		**10,005**	55,116
Cash and cash equivalents		**746,765**	1,172,191
Total current assets		**39,097,161**	44,459,079
Total assets		**41,183,249**	46,513,298

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*10*	**14,838**	14,838
Reserves		**4,095,996**	3,935,734
		4,110,834	3,950,572
Non-controlling interests		**7,031,288**	7,176,974
Total equity		**11,142,122**	11,127,546
LIABILITIES			
Non-current liabilities			
Borrowings		**2,755,406**	4,024,602
Deferred income tax liabilities		**234,205**	236,650
Lease liabilities		**52,377**	56,422
Total non-current liabilities		**3,041,988**	4,317,674
Current liabilities			
Trade payables, bills payables and other payables	*9*	**3,727,896**	4,053,621
Lease liabilities		**7,934**	9,561
Contract liabilities		**17,265,938**	21,294,053
Amounts due to associates		**798,877**	653,711
Amounts due to joint ventures		**656,003**	680,499
Amounts due to non-controlling interests		**1,187,667**	1,465,986
Tax payable		**405,287**	169,045
Borrowings		**2,949,537**	2,741,602
Total current liabilities		**26,999,139**	31,068,078
Total liabilities		**30,041,127**	35,385,752
Total equity and liabilities		**41,183,249**	46,513,298

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 October 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the development of real estate projects in the People's Republic of China (the "**PRC**"). The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2020.

The interim condensed consolidated financial information are presented in Renminbi ("**RMB**"), unless otherwise stated. This interim condensed consolidated financial information have been approved for issue by the Board on 22 August 2023.

This interim condensed consolidated financial information for the six months ended 30 June 2023 has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules (amendments)
HKFRS 17	Insurance Contracts (new standard)
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

(b) **Impact of standards issued but not yet applied by the Group**

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretation.

4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company (the "**Executive Directors**") have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are then submitted to the Executive Directors for performance assessment and resources allocation.

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

For the six months ended 30 June 2023 and 2022, there were no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

The revenue from contracts with customers recognised during the six months ended 30 June 2023 and 2022 are sales of properties in the PRC, all of which recognised at a point in time.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of properties	**7,438,527**	5,478,713

5. FINANCE COSTS – NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income from bank deposits	**(7,660)**	(19,929)
Finance costs		
– Bank and other borrowings	**289,797**	377,583
– Lease liabilities	**2,381**	3,502
– Amounts due to non-controlling interests	**26,888**	17,205
– Less: capitalised interest	**(237,394)**	(314,142)
	81,672	84,148
Finance costs, net	**74,012**	64,219

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC corporate income tax	**345,794**	187,130
– PRC land appreciation tax	**46,655**	73,363
	392,449	260,493
Deferred income tax	**(72,650)**	(14,837)
	319,799	245,656

PRC corporate income tax

The income tax provision of the Group in respect of operations in PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

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

PRC land appreciation tax ("LAT")

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

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

PRC withholding tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

On 21 December 2020 and 2 June 2023, the immediate holding companies of the PRC subsidiaries obtained the Certificate of Resident Status from the Inland Revenue Department and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong. Therefore, a lower 5% withholding tax rate shall be applied to dividend distribution thereafter.

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the six months ended 30 June 2023 (six months ended 30 June 2022: same).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "**BVI**") was incorporated under the Business Companies Act of the BVI and is exempted from BVI income tax.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company during the periods *(RMB'000)*	**190,216**	180,421
Weighted average number of ordinary shares in issue (in thousand)	**1,621,799**	1,630,011
Basic earnings per share *(RMB)*	**0.12**	0.11

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 June 2023 and 2022. Accordingly, diluted earnings per share is the same as the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables from third parties *(Note (a))*	**45,491**	65,269
Other receivables	**1,071,666**	784,526
Prepayments	**1,471,215**	1,625,960
Total trade and other receivables and prepayments	**2,588,372**	2,475,755

Notes:

(a) Trade receivables from third parties

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

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-30 days	**45,491**	65,269

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

9. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables *(Note (a))*	**3,607,093**	3,734,166
Bills payables	**24,585**	4,394
Other payables	**96,218**	315,061
Total trade and other payables	**3,727,896**	4,053,621

(a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**2,705,320**	2,906,145
31–60 days	**432,851**	374,935
61–90 days	**288,567**	360,487
Over 90 days	**180,355**	92,599
	3,607,093	3,734,166

10. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$
Authorised:		
At 1 January 2023 and 30 June 2023	10,000,000,000	100,000,000

	Number of shares	**Share capital**
		RMB'000
Issued:		
At 1 January 2023 and 30 June 2023	1,621,799,000	14,838

11. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

Review of the first half 2023

In just half a year after the relaxation of the anti-pandemic measures in China, the economic cycle as well as the income and consumption of the residents have shown positive improvements. The real estate market has shown a stable trend in general with an increase in the GDP of 5.5% in the first half of the year. All regions upheld the direction of "houses are for living in and not for speculative investment" and implemented city-based policies to support rigid and upgrade reasonable demand for housing, in order to proactively ensure project delivery, people's livelihood and stability. In the first quarter, the previously backlogged demand for housing was released intensively, leading to an improvement in the real estate market, and in the second quarter, the real estate market gradually returned to normalized operation. The growth of medium and long-term loan continued to rise in the real estate industry. As at the end of June, the growth of medium and long-term loan in the real estate industry reached 7.1%, which has been rising for 11 consecutive months.

The People's Bank of China and the Administration of Financial Regulation jointly issued a notice to extend the applicable period of two of the "16 Supportive Financial Measures" to the end of December 2024, guiding financial institutions to continue to extend the maturity of the existing loans of real estate enterprises, increase the financial support for guaranteed delivery of housing, satisfy the industry's reasonable financing needs and create a favorable financial environment for the resolution of industry risks in an orderly manner.

In the face of the severe situation of the industry, the Group adheres to the principle of "customer orientation, quality assurance and delivery assurance" and the corporate culture of "responsibility, pragmatism, simplicity and efficiency", uniting in its efforts to achieve sustainable development by fighting and coexisting together.

In the first half of the year, the Group's operations were generally stable. Through the adoption of a marketing strategy of precise categorization with reasonable pricing, the Group was able to achieve satisfactory sales and collection of repayment. Through quality control and modelling the trial, quality of the project is firmly guaranteed. Through optimizing the quality of services delivered and continuously improving customer satisfaction, on-time delivery is realized. By streamlining the organization and optimizing the processes, the Group has been able to focus more on production and operation and respond quickly to market changes; and by comprehensively sorting out the projects with minimal residual delivery, the Group has been actively pushing forward the settlement of projects and the completion and clearance of cooperative projects.

For the six months ended 30 June 2023, the Group recorded a revenue of RMB7,439 million for the projects delivered. During the Reporting Period, the Group has recorded a stable earning and continued to maintain as "green" under the "three red lines" requirements with stable asset size.

Future outlook for the second half 2023

"Houses are not for speculation" determines that the overall keynote of the property market shall be of stability. Whether it is stabilizing land prices, housing prices, or expectations, it is all for the stable and sound development of the real estate market, and for the people to have a home to live in.

In the second half of the year, the market is likely to gradually improve in line with the economic upturn, but housing prices will remain stable. With the easing of policies and economic recovery, the market will gradually be picking up, with an expected positive year-on-year growth in both transaction volume and prices.

Upholding the vision of "becoming a city builder for a better life", the Group spares no effort to achieve its business targets by deepening its presence in the Yangtze River Delta region and Greater Bay Area to achieve its annual performance targets. Firstly, we will continue to focus on customer needs, enhance our product capabilities, strengthen our quality management and honor our customer commitments with our craftsmanship. Secondly, we will optimize our cost management capabilities, refine our operations and focus on reducing costs and increasing efficiency on a project-by-project basis. Thirdly, we will build up the capability of new digitalized media marketing, so that good houses can reach more customers. Fourthly, we will enhance our capability in serving property owners, consolidate their sense of identity and trust in our services and create higher value for them.

The real estate industry has undergone profound changes but is still facing considerable challenges. The market has become more demanding than ever in terms of quality, professionalism and services. The only way we can survive the new cycle is to stay united, pragmatic, aggressive and hardworking. With gratitude and the concept of open to mutual benefit, we will work together with property owners, employees, investors and suppliers to create common prosperity.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties. For the six months ended 30 June 2023, the Group recorded a total revenue of approximately RMB7,439 million, representing a period-on-period increase of approximately 36%.

Contracted sales

For the six months ended 30 June 2023, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB6,801 million. Contracted gross floor area ("**GFA**") sold was approximately 570,542 sq.m.. The average selling price ("**ASP**") of our contracted sales for the six months ended 30 June 2023 was approximately RMB11,920 per sq.m..

As of 30 June 2023, the Group had contract liabilities of approximately RMB17,266 million, as compared to approximately RMB21,294 million as of 31 December 2022.

Sales of properties

For the six months ended 30 June 2023, the revenue of the Group from sales of properties increased by approximately 36% period-on-period to approximately RMB7,439 million. The Group recognised total GFA of approximately 668,798 sq.m., representing an increase of approximately 35% as compared to the corresponding period in 2022. The ASP of the properties recognised as property sales was approximately RMB11,122 per sq.m. as compared to approximately RMB11,081 per sq.m. of the corresponding period in 2022.

The following table sets out the recognised sales and GFA sold by type of properties and cities for the six months ended 30 June 2023:

	Recognised GFA *sq.m.*	**Recognised ASP** *RMB/sq.m.*	**Recognised revenue** *RMB'000* (Unaudited)
Residential, retail and commercial			
Changzhou	166,514	12,104	2,015,471
Nantong	134,321	14,578	1,958,070
Wuxi	71,936	12,812	921,629
Wuhu	106,847	6,822	728,861
Chengdu	30,566	20,860	637,630
Suzhou	24,021	12,525	300,862
Hefei	26,226	10,778	282,674
Yancheng	27,006	7,350	198,496
Guizhou	50,636	3,548	179,642
Others	13,619	11,588	157,819
Car parks and garage/storage	17,106	3,354	57,373
Total	668,798	11,122	7,438,527

Land reserves

Leveraging on the Group's deep understanding of the property markets and intensive studies on the target cities, the Group continued to develop the Group's presence in those markets. As of 30 June 2023, the Group (together with its joint ventures and associates) had 62 projects with land reserves amounting to 6,162,504 sq.m., of which 55 projects were located in the cities in Yangtze River Delta region. Moreover, the Group had arranged its layout in the Guangdong-Hong Kong-Macau Greater Bay Area and Southwest China and had successfully retained quality projects in Guangzhou and Chengdu as of 30 June 2023.

The following table sets out the GFA breakdown of the total land reserve of our Group by provinces or cities as of 30 June 2023:

Provinces/Cities	**Total land reserve[1]** *(sq.m.)*	**Percentage of total land bank** *(%)*
Jiangsu	2,606,043	43%
Guangdong	1,665,166	27%
Anhui	1,052,399	17%
Zhejiang	382,980	6%
Henan	192,223	3%
Guizhou	187,447	3%
Sichuan	58,897	1%
Shanghai	17,349	0%
Total	6,162,504	100%

Notes:

(1) Total land reserve equals to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development.

(2) For projects developed by our subsidiaries, joint ventures or associated companies, 100% of total GFA are accounted for the respective projects.

FINANCIAL REVIEW

Overall performance

During the six months ended 30 June 2023, total revenue of the Group was approximately RMB7,439 million, representing a period-on-period increase of approximately 36%. Gross profit was approximately RMB1,350 million, representing a period-on-period increase of approximately 18%. Net profit of the Group was approximately RMB537 million, representing an increment of approximately 19% as compared to the same period of previous year. The profit attributable to owners of the Company was approximately RMB190 million, representing an increment of 6% as compared to the same period of previous year.

Revenue

For the six months ended 30 June 2023, the Group recorded a total revenue of approximately RMB7,439 million, representing a period-on-period increase of approximately 36%. The increase was primarily attributable to the growth in recognised sales of properties, driven by an increase in the Group's property projects delivered during the period.

Cost of sales

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

For the six months ended 30 June 2023, the cost of sales of the Group was approximately RMB6,089 million, as compared to approximately RMB4,338 million in the corresponding period.

Gross profit

For the six months ended 30 June 2023, the gross profit of the Group was approximately RMB1,350 million, as compared to approximately RMB1,141 million in the corresponding period. The increase was due to the increase of property projects delivered. Gross profit margin was primarily affected by selling prices, construction costs and land costs of our properties delivered. For the six months ended 30 June 2023, the Group recorded a gross profit margin of approximately 18%, as compared to approximately 21% in the corresponding period in 2022. The decrease in the gross profit margin was mainly due to the intense market competition and continuously tightened real estate regulatory policies in the industry.

Other income and other gains, net

The Group had other income of approximately RMB3 million for the six months ended 30 June 2023, as compared to approximately RMB25 million for the six months ended 30 June 2022. During the six months ended 30 June 2023, it primarily consisted of rental, management and consulting service income of approximately RMB13 million netted off by loss on disposal of a subsidiary of approximately RMB13 million (six months ended 30 June 2022: rental, management and consulting service income of approximately RMB15 million and gain on disposal of a subsidiary of approximately RMB9 million). The management and consulting services mainly comprise the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to the Group's joint ventures and associates in relation to the property development projects.

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 3% period-on-period from approximately RMB210 million for the six months ended 30 June 2022 to approximately RMB217 million for the six months ended 30 June 2023. The selling and marketing expenses remained stable, which was in line with the level of contracted sales throughout the period.

General and administrative expenses

The Group's general and administrative expenses decreased by approximately 20% period-on-period from approximately RMB242 million for the six months ended 30 June 2022 to approximately RMB194 million for the six months ended 30 June 2023. The decrease was primarily due to organisation streamlining to lift efficiency at a lower cost.

Finance costs – net

Net finance costs of the Group increased by approximately 16% period-on-period from approximately RMB64 million for the six months ended 30 June 2022 to approximately RMB74 million for the six months ended 30 June 2023. The increase was primarily due to less interest income generated by lower average total cash balance.

Share of results of joint ventures and associates

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

Share of results of joint ventures and associates was approximately a loss of RMB11 million and a profit of RMB49 million for the six months ended 30 June 2023 and 2022, respectively. The change was in line with the decrease in revenue from sales of properties of joint ventures and associates.

Income tax expenses

Income tax expenses was approximately RMB320 million and RMB246 million for the six months ended 30 June 2023 and 2022, respectively. Our effective tax rates, excluding the share of results of joint ventures and associates, were 37% and 38% for the period ended 30 June 2023 and 2022, respectively.

Profit and total comprehensive income for the period

The Group's profit and total comprehensive income was approximately at RMB537 million for the six months ended 30 June 2023, representing an increase of 19% as compared to the corresponding period. The profit attributable to owners of the Company was approximately RMB190 million for the six months ended 30 June 2023, representing an increase of 6% as compared to the same period of previous year.

The basic and diluted earnings per share of the Company is RMB0.12 per share for the six months ended 30 June 2023, representing an increment of 9% as compared to the same period of previous year.

Liquidity and financial resources

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

During the six months ended 30 June 2023, the Group had mainly financed its working capital, capital expenditure and other capital requirements primarily through (i) cash generated from operations, including proceeds from the pre-sale and sales of our properties; and (ii) bank loans, trust financing, issuance of senior notes and other financings.

As of 30 June 2023, the Group had total cash (including restricted cash, pledged time deposits and cash and cash equivalents) of approximately RMB3,224 million as compared to approximately RMB4,142 million as of 31 December 2022.

During the six months ended 30 June 2023, the aggregate new borrowings from bank and other trust financing arrangement obtained by the Group amounted to approximately RMB224 million and repayment of borrowings from bank and trust financing arrangement was approximately RMB1,335 million. As of 30 June 2023, the Group's total bank and other borrowings amounted to approximately RMB5,705 million, representing a decrease of approximately 16% compared to approximately RMB6,766 million as of 31 December 2022. Amongst the bank and other borrowings, approximately RMB2,950 million (as at 31 December 2022: approximately RMB2,741 million) will be repayable within one year and approximately RMB2,755 million (as at 31 December 2022: approximately RMB4,025 million) will be repayable after one year. As of 30 June 2023, cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 1.1 times (as at 31 December 2022: 1.5 times).

Senior notes

On 15 November 2021, the Group issued short-term senior notes with principal amount of USD158,000,000 (equivalent to RMB1,010,568,000) ("**2022 Senior Notes**") at par value, at an interest rate of 13.5% per annum and with maturity in November 2022. The 2022 Senior Notes in principal amount of USD145,000,000 (equivalent to RMB1,000,097,000) was cancelled by the Company pursuant to an exchange offer conducted in November 2022, and the balance of USD13,000,000 (equivalent to RMB82,584,000) was fully redeemed by the Company at maturity date.

On 8 November 2022, the Group issued another short-term notes with principal amount of USD145,000,000 (equivalent to RMB1,000,097,000) at par value, at an interest rate of 13.5% per annum and with maturity in November 2023 ("**2023 Senior Notes**").

The issuance of the abovementioned senior notes was for the purpose of general working capital of the Group.

Key financial ratios

As of 30 June 2023, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 22% (as at 31 December 2022: 24%). As of 30 June 2023, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 53% (as at 31 December 2022: 56%). As of 30 June 2023, cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 1.1 times (as at 31 December 2022: 1.5 times). The decrease in liabilities to assets ratio was primarily attributable to the increase in total equity by delivery of more projects and the reduction in total borrowings. The Group actively monitors and manages its cash to short-term debt ratio, net gearing ratio and liabilities to assets ratio. As of 30 June 2023 and 31 December 2022, the Group remained in the "Green" zone by meeting all of the indicators of the "three red lines". The Group will continue to manage its working capital efficiently through working capital management policies and continue to utilise the Group's available financial resources including proceeds from sales and pre-sales of property projects and draw down of banking facilities and other borrowings and optimise the payment schedule to contractors through negotiation based on the latest construction progress.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had increased from approximately 1.43 times as of 31 December 2022 to approximately 1.45 times as of 30 June 2023. The current ratio remained fairly stable and healthy.

Foreign exchange risk

The Group mainly operates its business in China. As of 30 June 2023, other than the 2023 Senior Notes which are denominated in US$, the Group did not have any other material direct exposure to foreign exchange fluctuations for the six months ended 30 June 2023. The Directors expect that any fluctuation of RMB's exchange rate will not have any material adverse effect on the operation of the Group.

As of 30 June 2023, the Group had not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

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

Pledge of assets

As of 30 June 2023, certain of the Group's bank and other borrowings were secured by its pledged time deposit, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of approximately RMB17,684 million (31 December 2022: RMB19,375 million).

Financial guarantees and contingent liabilities

As of 30 June 2023, the Group's total financial guarantees are as follows:

	30 June 2023 ***(RMB'000)*** **(Unaudited)**	31 December 2022 *(RMB'000)* (Audited)
Guarantee in respect of mortgage facilities for certain purchasers	**11,357,942**	13,687,789
Guarantee provided for the borrowings of joint ventures	**272,116**	280,936
Total	**11,630,058**	13,968,725

During the six months ended 30 June 2023, the Group had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, the Group are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by the Group to the bank. The Directors consider that the likelihood of default of payments by the purchasers is minimal and the Group's credit risk is significantly mitigated.

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

As of 30 June 2023, the Group had no other material contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

On 12 January 2023, Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd.* (江蘇正昌眾潤富投資發展有限公司) (the "**JV Partner**"), Anhui Gangfan Real Estate Co., Ltd.* (安徽港帆置業有限公司) (an indirect and wholly-owned subsidiary of the Company), Anhui Ganglong Real Estate Co., Ltd.* (安徽港龍置業有限公司) (an indirect and wholly-owned subsidiary of the Company), Huangshan Ganglong Real Estate Co., Ltd.* (黃山港龍置業有限公司) ("**Huangshan Project Co**") and Guangde Gangxing Real Estate Co., Ltd.* (廣德市港興置業有限公司) ("**Guangde Project Co**") entered into an equity interests swap agreement, pursuant to which JV Partner agrees to transfer its 30% equity interests in Huangshan Project Co to Anhui Ganglong Real Estate Co., Ltd.; and Anhui Gangfan Real Estate Co., Ltd. agrees to transfer the 100% equity interests in Guangde Project Co it held, to the JV Partner (the "**Equity Interests Swap**").

Following the completion of the Equity Interests Swap, (i) the Company no longer held any equity interests in the Guangde Project Co, which ceased to be a subsidiary of the Company and the Guangde Project Co was no longer consolidated into the financial statements of the Group; and (ii) the Huangshan Project Co became a wholly-owned subsidiary of the Group.

On 2 April 2023, Jiangsu Ganglong Huayang Real Estate Co., Ltd.* (江蘇港龍華揚置業有限公司) (the "**Vendor**") (an indirect and wholly-owned subsidiary of the Company), Nantong Jiuhe Property Development Co., Ltd.* (南通久和房地產開發有限公司) (the "**Purchaser**") and Nantong Jiuhe Real Estate Co., Ltd.* (南通久和置業有限公司) (the "**Target Company**"), among others, entered into the equity transfer agreement, pursuant to which the Vendor agrees to sell, and the Purchaser agrees to purchase the 35% equity interests in the Target Company held by the Vendor, at a consideration of RMB173,000,000 (the "**Disposal**").

Following the completion of the Disposal, the Company no longer held any interest in the Target Company and the Target Company ceased to be a subsidiary of the Group.

Save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

Future plans for material investments

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

Human resources

As of 30 June 2023, the Group had a total of 573 employees (31 December 2022: 744 employees). Total expenditure on salary and welfare of the Group's employees for the six months ended 30 June 2023 amounted to approximately RMB115 million (for the six months ended 30 June 2022: approximately RMB196 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and other related fields.

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

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

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code of the Appendix 14 to the Listing Rules (the "**CG Code**"), as its own code to govern its corporate governance practices. Save for the deviation in relation to the chairman of the Board and chief executive officer being the same individual, the Board considers that, the Company has complied with, to the extent applicable and permissible, the CG Code during the six months ended 30 June 2023.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lui Ming is currently the chairman of the Board and the chief executive officer of the Group, responsible for strategic planning and managing of the Group's overall business and operations. Mr. Lui Ming has been responsible for the overall management of the Group since the establishment of the Group. The Board believes that the current structure enables the Group to make and implement business decision swiftly and effectively which promotes the Group's development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision making under the present arrangement will not be impaired because of the diverse background and experience of the non-executive Directors and independent non-executive Directors. Further, the audit committee of the Company, which consists of a majority of independent non-executive Directors, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the six months ended 30 June 2023, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities. The Directors and the Group's senior management have complied with the Model Code during the six months ended 30 June 2023.

SIGNIFICANT SUBSEQUENT EVENT

Save as disclosed elsewhere in this announcement, there were no other material subsequent events took place after 30 June 2023 and up to the date of this announcement.

REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

Audit Committee

The audit committee of the Company, comprising Mr. Chan Pak Hung, Mr. Lui Wing Nam, Mr. Guo Shaomu and Ms. Tang Lo Nar, has discussed with the management and the Board, reviewed unaudited interim financial information of the Group for the six months ended 30 June 2023 and this interim results announcement and confirmed that it has complied with all applicable accounting principles, standards and requirements.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.glchina.group). The interim report of the Company for the six months ended 30 June 2023 will be despatched to the shareholders and published on the aforesaid websites in due course.

By Order of the Board
Ganglong China Property Group Limited
Lui Ming
Chairman and executive director

Hong Kong, 22 August 2023

As of the date of this announcement, the executive directors of the Company are Mr. Lui Ming (Chairman), Mr. Lui Jin Ling, and Mr. Lui Chi Chung Jimmy. The non-executive directors of the Company are Mr. Lui Wing Mau and Mr. Lui Wing Nam. The independent non-executive directors of the Company are Mr. Guo Shaomu, Ms. Tang Lo Nar and Mr. Chan Pak Hung.

* *For identification purposes only*