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**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 2020**

**FINANCIAL HIGHLIGHTS**

- Contracted sales (including those of joint ventures and associates) amounted to approximately RMB7,811 million for the six months ended 30 June 2020 with a total sales area of approximately 655,000 square meters, representing a period-on-period increase of 132% and 130%, respectively.
- Revenue for the six months ended 30 June 2020 amounted to approximately RMB1,713 million, representing an increase of 190% as compared to the corresponding period in 2019.
- Gross profit for the six months ended 30 June 2020 amounted to approximately RMB656 million, representing an increase of 159% as compared to the corresponding period in 2019.
- Net profit for the six months ended 30 June 2020 amounted to approximately RMB321 million, representing an increase of 361% as compared to the corresponding period in 2019.
- As of 30 June 2020, the Group had contract liabilities of approximately RMB13,993 million, as compared to approximately RMB8,416 million as of 31 December 2019, representing an increase of approximately 66%.
- As of 30 June 2020, the Group had unfulfilled contracts related to sales of properties of approximately RMB17,218 million, as compared to approximately RMB11,619 million as of 31 December 2019, representing an increase of approximately 48%.
- As of 30 June 2020, cash (including restricted cash, pledged time deposits and cash and cash equivalent) amounted to approximately RMB5,400 million (31 December 2019: RMB2,513 million).

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 2020 with the comparative figures for the corresponding period in the previous year as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>1,713,089</b>	590,520
Cost of sales		<u>(1,056,671)</u>	<u>(336,929)</u>
<b>Gross profit</b>		<b>656,418</b>	253,591
Other income		<b>11,107</b>	32,593
Selling and marketing expenses		<b>(160,838)</b>	(51,128)
General and administrative expenses		<b>(177,866)</b>	(71,248)
Fair value gains on investment properties		<u>–</u>	<u>9,700</u>
<b>Operating profit</b>		<b>328,821</b>	173,508
Finance income		<b>8,856</b>	4,357
Finance costs		<b>(44,043)</b>	(19,866)
Finance costs – net	5	<b>(35,187)</b>	(15,509)
Share of results of joint ventures and associates		<u>211,744</u>	<u>(5,100)</u>
<b>Profit before income tax</b>		<b>505,378</b>	152,899
Income tax expenses	6	<u>(184,318)</u>	<u>(83,240)</u>
<b>Profit and total comprehensive income for the period</b>		<u><b>321,060</b></u>	<u>69,659</u>
<b>Attributable to:</b>			
Owners of the Company		<b>472,309</b>	94,057
Non-controlling interests		<u>(151,249)</u>	<u>(24,398)</u>
		<u><b>321,060</b></u>	<u>69,659</u>
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic and diluted	7	<u><b>0.39</b></u>	<u>0.08</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2020	31 December 2019
	<i>Note</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		36,372	36,004
Investment properties		170,800	170,800
Investments accounted for using the equity method		1,315,176	1,103,432
Deferred income tax assets		<u>236,358</u>	<u>151,192</u>
<b>Total non-current assets</b>		<u><b>1,758,706</b></u>	<u>1,461,428</u>
<b>Current assets</b>			
Properties under development		20,519,941	16,052,548
Completed properties held for sale		412,663	732,904
Trade and other receivables and prepayments	8	1,851,791	1,252,942
Amounts due from associates		128,389	124,709
Amounts due from joint ventures		292,735	350,268
Amounts due from non-controlling interests		685,812	198,443
Tax recoverable		135,061	206,629
Restricted cash		2,428,302	1,414,744
Pledged time deposits		101,273	45,920
Cash and cash equivalents		<u>2,870,456</u>	<u>1,052,217</u>
<b>Total current assets</b>		<u><b>29,426,423</b></u>	<u>21,431,324</u>
<b>Total assets</b>		<u><b>31,185,129</b></u>	<u>22,892,752</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	10	–	–
Reserves		<u>1,715,840</u>	<u>1,243,531</u>
		<b>1,715,840</b>	1,243,531
Non-controlling interests		<u>519,380</u>	<u>409,823</u>
<b>Total equity</b>		<u><b>2,235,220</b></u>	<u>1,653,354</u>

		<b>30 June 2020</b>	31 December 2019
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>4,883,705</b>	1,709,099
Lease liabilities		<b>2,229</b>	3,782
Deferred income tax liabilities		<b>136,497</b>	94,699
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>5,022,431</b>	1,807,580
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables, bills payables and other payables	9	<b>3,098,244</b>	2,463,085
Lease liabilities		<b>8,740</b>	8,188
Contract liabilities		<b>13,992,561</b>	8,416,172
Amounts due to associates		<b>1,387,598</b>	1,497,735
Amounts due to joint ventures		<b>894,836</b>	869,944
Amounts due to a Controlling Shareholder		<b>–</b>	23,539
Amounts due to non-controlling interests		<b>2,338,321</b>	4,682,599
Tax payable		<b>155,038</b>	326,356
Borrowings		<b>2,052,140</b>	1,144,200
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>23,927,478</b>	19,431,818
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>28,949,909</b>	21,239,398
		<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>		<b>31,185,129</b>	22,892,752
		<hr/> <hr/>	<hr/> <hr/>

## **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, Cap. 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. The address of the Company's 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 Group is 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.

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 28 August 2020.

This interim condensed consolidated financial information has not been audited.

### **2. BASIS OF PREPARATION**

This interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Standard ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The interim condensed consolidated financial information 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 Accountant's Report set out in Appendix I to the prospectus of the Company dated 29 June 2020 (the "**Prospectus**") and any public announcements made by the Company during the interim period.

### 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those described in the Accountant's Report set out in Appendix I to the Prospectus except for estimation of income tax and the adoption of new and amended standards as set out below. Amendments to HKFRSs effective for the financial year beginning on 1 January 2020 are not expected to have a material impact on the Group.

#### (a) New and amendments to standards adopted by the Group

During the period ended 30 June 2020, the Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1 January 2020;

Amendments to HKFRS 3 (Revised)	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Hedge Accounting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the above HKFRSs did not have any significant financial impact to the interim condensed consolidated financial information.

**(b) New standard and amendments to existing standards issued but not yet effective for the financial year beginning on or after 1 January 2020 and have not been early adopted by the Group;**

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 16	COVID-19 Related Rent Concessions	1 June 2020
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual improvements to HKFRS Standards 2018 to 2020	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets To be determined between an Investor and its Associate or Joint Venture	

The Group has performed assessment of these new and amended standards. None of these is expected to have a significant effect on the Group's result of operations and financial position.

#### 4. REVENUE AND SEGMENT INFORMATION

The Executive Directors has 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 these 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 China, which is considered as one geographical location in an economic environment with similar risk and returns.

For the six months ended 30 June 2020 and 2019, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

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 information.

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales of properties	<b><u>1,713,089</u></b>	<b><u>590,520</u></b>

The revenue from contracts with customers recognised during six months ended 30 June 2020 and 2019 are sales of properties in the PRC, all of which recognised at a point in time.



## 5. FINANCE COSTS – NET

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income		
Interest income from		
– Bank deposits	<u>8,856</u>	<u>4,357</u>
Finance costs		
Interest expenses for		
– Lease liabilities	(426)	(387)
– Bank and other borrowings	(114,406)	(46,662)
– Amounts due to non-controlling interests	<u>(97,600)</u>	<u>(60,727)</u>
	(212,432)	(107,776)
Add: capitalised interest	<u>168,389</u>	<u>87,910</u>
	<u>(44,043)</u>	<u>(19,866)</u>
Finance costs, net	<u><u>(35,187)</u></u>	<u><u>(15,509)</u></u>

## 6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC corporate income tax	159,376	54,256
– PRC land appreciation tax	<u>68,310</u>	<u>37,484</u>
	<u>227,686</u>	<u>91,740</u>
Deferred income tax	<u>(43,368)</u>	<u>(8,500)</u>
	<u><u>184,318</u></u>	<u><u>83,240</u></u>

### **PRC corporate income tax**

The income tax provision of the Group in respect of operations in the PRC has been recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

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 (the "CIT Law").

### **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, building 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 dividend withholding income tax**

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2017, 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.

## 7. EARNINGS PER SHARE

### (a) Basic

In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2020 and 2019, the ordinary shares issued upon the incorporation of the Company, the ordinary shares issued in exchange for the Listing Business in the reorganisation as detailed in Note 1.2 to the Accountant's Report set out in Appendix I to the Prospectus and the capitalisation issue (Note 10), were deemed to be issued on 1 January 2019 as if the Company has been incorporated by then.

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company during the periods <i>(RMB'000)</i>	<b>472,309</b>	94,057
Weighted average number of ordinary shares in issue (in thousand)	<b>1,200,000</b>	<b>1,200,000</b>
Basic earnings per share <i>(RMB)</i>	<b>0.39</b>	0.08

### (b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 June 2020 and 2019. Accordingly, diluted earnings per share is the same as the basic earnings per share.

## 8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables from third parties <i>(Note (a))</i>	<b>5,254</b>	25,970
Other receivables	<b>943,796</b>	376,414
Prepayments	<b>902,741</b>	850,558
	<b>1,851,791</b>	1,252,942

Notes:

(a) Trade receivables

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:

	<b>30 June 2020</b> <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
0-30 days	3,690	22,793
31-60 days	–	3
61-90 days	–	866
Over 91 days	<u>1,564</u>	<u>2,308</u>
	<u><b>5,254</b></u>	<u>25,970</u>

As of 30 June 2020 and 31 December 2019, trade receivables of RMB5,254,000 and RMB25,970,000 were overdue but not impaired and fully relate to certain customers that have good settlement record with the Group.

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

	<b>30 June</b> <b>2020</b> <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Trade payable ( <i>Note (a)</i> )	2,620,285	1,978,499
Bills payables ( <i>Note (b)</i> )	68,321	77,527
Other payables	<u>409,638</u>	<u>407,059</u>
	<u><b>3,098,244</b></u>	<u>2,463,085</u>

- (a) The aging analysis of the trade payables of the Group based on invoice dates is as follows:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
0-30 days	2,239,455	1,780,785
31-60 days	53,041	61,506
61-90 days	151,689	11,690
Over 91 days	176,100	124,518
	<u>2,620,285</u>	<u>1,978,499</u>

- (b) An aging analysis of the bills payables of the Group is as follows:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
0-30 days	68,321	21,400
31-60 days	-	19,100
6-90 days	-	4,400
Over 91 days	-	32,627
	<u>68,321</u>	<u>77,527</u>

## 10. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK\$</b>
<b>Authorised:</b>		
At 31 December 2019	38,000,000	380,000
Changes	<u>9,962,000,000</u>	<u>99,620,000</u>
At 30 June 2020	<u>10,000,000,000</u>	<u>100,000,000</u>
	<b>Number of shares</b>	<b>Share capital RMB</b>
<b>Issued:</b>		
At 31 December 2019 and 30 June 2020	<u>1,000</u>	<u>9</u>

The Company was incorporated on 8 October 2018 with an authorised share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each.

Pursuant to the written resolutions of the Shareholders dated 20 June 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of par value of HK\$0.01 each by the creation of an additional 9,962,000,000 shares of par value of HK\$0.01 each.

**(i) Capitalisation issue**

On 15 July 2020, the capitalisation issue pursuant to the Shareholders' resolution dated 20 June 2020 was effected. The Company issued 1,199,999,000 shares at par value of HK\$0.01 each to holders of shares on the register of members of the Company on 15 July 2020, by way of capitalisation of an amount of HK\$11,999,990 to the credit of the share premium account of the Company.

**(ii) Global offering**

On 15 July 2020, the Company issued a total of 400,000,000 ordinary shares at a price of HK\$3.93 per share as a result of the completion of the global offering.

30,618,000 shares were issued upon the partial exercise of the over-allotment option on 5 August 2020 at a price of HK\$3.93 per share.

Number of total issued shares of the Company was increased to 1,630,618,000 shares upon completion of the capitalisation issue, the global offering and the exercise of over-allotment option.

## **11. DIVIDEND**

No dividend has been paid or declared by the Company for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL OVERVIEW

#### Review of the first half of 2020

The Group is an established property developer in the Yangtze River Delta Region. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 6968.HK) by way of the Global Offering on 15 July 2020 (the “**Listing**”). This marked an important milestone in the development of the Company.

Headquartered in Shanghai, the Group has become an active real estate developer in the Yangtze River Delta region, one of the most prosperous and dynamic regions in China. The Group primarily focused in Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Nantong, Huzhou, Taizhou, Yancheng, etc., and has achieved strategic geographic coverage in those regions. Adhering to our core value of “striving for innovation, building with integrity”, the Group believes that we have developed splendid reputation in our market for constant innovation, excellent quality of our various products and credibility. For the six months ended 30 June 2020, the amount of contracted sales of the Group was approximately RMB7,811 million, representing a year-on-year increase of 132%.

At the beginning of 2020, the real estate market was also severely affected by the impact of COVID-19. With the gradual effectiveness of the central and local policies, such as repeated decrease in interest rate, policy support at both ends of the supply as well as the implementation of major plans, home buyers regained confidence, resulting in active investment in the market arising from the pre-accumulated market demand, and thus the market gradually recovered. At the same time, the Group seized the opportunities of the sales window period, stepped up the promotion efforts, and innovated the marketing model. Thanks to the efforts by all of our employees, the amount of contracted sales in the second quarter of 2020 was RMB5,490 million, representing an increase of 137% as compared with the first quarter of 2020.

#### Future Outlook for the second half of 2020

In terms of macro-economy in the second half of the year, the real estate market will also benefit from the stable financial environment. The reduction of financing costs of real estate enterprises and the reduction of costs of home ownership are conducive to the recovery and development of the market. In terms of policy, the regulation and control of the real estate market will adhere to the position of “housing without speculation”. Although there is pressure of adjustment to the scale of the national real estate market, there is still room for the suppressed demand during the short-term epidemic, the demand for investment value preservation driven by the improvement of the credit environment, and the demand for improvement driven by the epidemic. The Group will seize the opportunities of the sales

window, implement the strategy of “high turnover”, and maintain enthusiasm for construction. In the face of the uncertainty of the epidemic and economic development, based on the national Health 2030 policy, the current situation of real estate products and services, and the trend of demand for home in the post-epidemic era, we will focus on collections of sales proceeds and reach our sales targets, and, at the same time, increase our effort on exploration of gaining foothold in cities with potential and product innovation, so as to better enhance the quality of our products, as well as to achieve sustainable and stable quality growth.

The real estate market in the Yangtze River Delta is a region which recovers quickly during the epidemic period. In the second half of 2020, with the backing of the Yangtze River Delta cities that we have deeply rooted for many years, the Group will continue to actively expand in Anhui, South China, Midwest China and other regional hotspots, to achieve national layout. We will make full use of the listing on the Stock Exchange as a platform to achieve diversified financing channels and promote the business development of our Group to reward all of our Shareholders.

## **BUSINESS REVIEW**

The Group derives its revenue primarily from sales of properties. For the six months ended 30 June 2020, the Group recorded a total revenue of approximately RMB1,713 million, representing a period-on-period increase of approximately 190%.

### **Contracted Sales**

For the six months ended 30 June 2020, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB7,811 million, representing a period-on-period increase of 132%, and contracted gross floor area (“GFA”) sold of approximately 655,000 sq.m., representing a period-on-period increase of 130%. The average selling price (“ASP”) of our contracted sales for the six months ended 30 June 2020 was approximately RMB11,918 per sq.m., representing a period-on-period increase of approximately 1%.

As of 30 June 2020, the Group had contract liabilities of approximately RMB13,993 million, as compared to approximately RMB8,416 million as of 31 December 2019, representing an increase of approximately 66%.

As of 30 June 2020, the Group had unsatisfied contracts related to sales of properties of approximately RMB17,218 million, as compared to approximately RMB11,619 million as of 31 December 2019, representing an increase of approximately 48%.

### **Sales of properties**

For the six months ended 30 June 2020, the revenue from sales of properties increased by approximately 190% period-on-period to approximately RMB1,713 million. For the six months ended 30 June 2020, the Group recognised total GFA of approximately 152,309 sq.m., representing an increase of approximately 134% as compared to the corresponding period in 2019. The ASP of the properties recognised as property sales was approximately RMB11,247 per sq.m., representing an increase of approximately 24% period-on-period.



The following table sets out the recognised sales and GFA sold by type of properties and city for the six months ended 30 June 2020:

	<b>Recognised GFA sq.m.</b>	<b>Recognised ASP RMB/sq.m.</b>	<b>Recognised revenue RMB'000 (unaudited)</b>
<i>Residential, retail and commercial</i>			
Changzhou	91,550	13,037	1,193,559
Changshu	52,349	9,402	492,209
Lianyungang	1,455	9,476	13,788
Yancheng	179	12,911	2,311
<i>Car parks and garage/storage</i>	<u>6,776</u>	<u>1,656</u>	<u>11,222</u>
<b>Total</b>	<b><u>152,309</u></b>	<b><u>11,247</u></b>	<b><u>1,713,089</u></b>

### Land reserves

The Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's presence in those markets.

The following table sets out the GFA breakdown of the total land reserve attributable to our Group by province as of 30 June 2020:

<b>Property projects developed by provinces<sup>(2)</sup></b>	<b>Total land reserve attributable to the Group<sup>(1)</sup> (in sq.m.)</b>	<b>Percentage of total land bank (%)</b>
Jiangsu	3,680,736	68%
Zhejiang	1,126,107	21%
Henan	192,223	4%
Anhui	184,793	3%
Guizhou	141,653	3%
Shanghai	<u>78,095</u>	<u>1%</u>
<b>Total</b>	<b><u>5,403,607</u></b>	<b><u>100%</u></b>

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 wholly-owned and non-wholly owned subsidiaries, 100% of total GFA will be accounted for the respective project as such projects are managed by our Group, and such wholly-owned and non-wholly-owned subsidiaries are consolidated in the financial statements of our Group. For projects held by our joint ventures or our associated companies, GFA are adjusted by our equity interest in the respective project.

For the six months ended 30 June 2020, the Group (together with its joint ventures and associates) acquired five new parcels of quality land in Haimen, Yixing, Wuhu and Changzhou, providing a total saleable GFA of new land reserves of 847,812 sq.m., at an average land cost of approximately RMB3,225 per sq.m..

Particulars of the land parcels are set out in the following table:

Name of Project	City	The Group's Equity Interest	Total GFA (sq.m.)	Total consideration (RMB'000)	Average land cost (RMB/sq.m.)
Nature Image (泊翠瀾境)	Haimen	26%	95,580	635,082	6,645
Ganglong Lakeside Mansion (港龍·湖光龍樾)	Yixing	100%	188,878	672,000	3,558
Shi Dai Tian Jiao (時代天驕)	Wuhu	100%	93,353	120,000	1,285
Hu Shan Ying (湖山映)	Wuhu	30%	304,801	510,000	1,673
Yan Shan Ying (燕山映)	Changzhou	35%	165,200	797,330	4,826
Total			<u>847,812</u>	<u>2,734,412</u>	<u>3,225</u>

## FINANCIAL REVIEW

### Overall performance

During the six months ended 30 June 2020, total revenue of the Group was approximately RMB1,713 million, representing a period-on-period increase of approximately 190%. Gross profit was approximately RMB656 million, representing a period-on-period increase of approximately 159%. Net profit of the Group increased by 361% period-on-period to approximately RMB321 million for the six months ended 30 June 2020. Profit attributable to owners of the Company increased by approximately 402% period-on-period to approximately RMB472 million for the six months ended 30 June 2020.

### Revenue

For the six months ended 30 June 2020, the Group recorded a total revenue of approximately RMB1,713 million, representing a period-on-period increase of approximately 190%. The increase was primarily attributable to the significant 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 construction costs, land costs and capitalised interest.

For the six months ended 30 June 2020, the cost of sales of the Group was approximately RMB1,057 million, representing a period-on-period increase of approximately 214%.

## **Gross profit**

For the six months ended 30 June 2020, the gross profit of the Group was approximately RMB656 million, representing a significant period-on-period increase of approximately 159%. The changes in gross profit margin was primarily affected by the selling prices, the construction costs and land costs of our properties for which control of such was transferred. The relatively high gross profit margin was contributed by relatively low land costs of properties delivered during the periods, as they were developed on lands acquired in earlier years prior to the price hike of average land costs in the PRC.

## **Other income**

The Group had other income of approximately RMB11 million for the six months ended 30 June 2020, as compared to approximately RMB33 million for the six months ended 30 June 2019. Other income primarily consisted of interest income from associates, joint ventures and other third parties, management and consulting service income and rental income. The management and consulting services mainly comprise of 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 215% period-on-period from approximately RMB51 million for the six months ended 30 June 2019 to approximately RMB161 million for the six months ended 30 June 2020. The increase was primarily attributable to the increase in marketing and advertising costs and staff costs, driven by the rapid growth in the Group's contracted sales and the number of sales staff during the period.

## **Administrative expenses**

The Group's administrative expenses increased by approximately 150% period-on-period from approximately RMB71 million for the six months ended 30 June 2019 to approximately RMB178 million for the six months ended 30 June 2020. The significant increase in our general and administrative expenses was primarily due to (i) an increase in employee benefit expenses for our administrative staff as a result of the increase in monthly average headcount of administrative staff to cope with the expansion of our operations; and (ii) the listing expenses recognised during the six months ended 30 June 2020 and 2019, respectively.

## **Finance costs – net**

Net finance costs of the Group increased by approximately 127% period-on-period from approximately RMB16 million for the six months ended 30 June 2019 to approximately RMB35 million for the six months ended 30 June 2020. The increase was primarily attributable to the increase in interest-bearing debts for the purposes of land acquisition and properties development business.

## **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 increased significantly from a loss of approximately RMB5 million for the six months ended 30 June 2019 to a profit of approximately RMB212 million for the six months ended 30 June 2020. The increase was primarily attributable to the increase in revenue from sales of properties of the joint ventures and associates as more projects were completed and delivered during the period by the joint ventures and associates of the Group.

## **Income tax expenses**

Our income tax expenses increased by 121% from RMB83 million for the six months ended 30 June 2019 to RMB184 million for the six months ended 30 June 2020, primarily due to increase in profit before income tax. Our effective tax rates, excluding the share of results of joint ventures and associates, were 63% and 53% for six months ended 30 June 2020 and 2019, respectively.

## **Profit and total comprehensive income for the period**

As a result of the foregoing reasons, the Group's profit and total comprehensive income significantly increased by approximately 361% from approximately RMB70 million for the six months ended 30 June 2019 to approximately RMB321 million for the six months ended 30 June 2020. The profit attributable to owners of the Company increased by 402% from approximately RMB94 million for the six months ended 30 June 2019 to approximately RMB472 million for the six months ended 30 June 2020.

## **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 any demands for capital for future development.

During the six months ended 30 June 2020, the Group had 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 and non-controlling interests and other financings.

As of 30 June 2020, the Group had a total cash (including restricted cash, pledge time deposits and cash and cash equivalent) of approximately RMB5,400 million as compared to approximately RMB2,513 million as of 31 December 2019. The increase was primarily due to the increase in proceeds from sales of properties. Substantially all of the Group's cash and cash equivalents are denominated in RMB.

During the six months ended 30 June 2020, the aggregate new borrowings from bank and other trust financing arrangement obtained by the Group amounted to approximately RMB5,403 million and repayment of borrowings from bank and trust financing arrangement was approximately RMB1,320 million. As of 30 June 2020, the Group's total bank and other borrowings amounted to approximately RMB6,936 million, representing an increase of approximately 143% compared to approximately RMB2,853 million as of 31 December 2019. Amongst the bank and other borrowings, approximately RMB2,052 million (as at 31 December 2019: approximately RMB1,144 million) will be repayable within one year and approximately RMB4,884 million (as at 31 December 2019: approximately RMB1,709 million) will be repayable after one year.

### **Key financial ratios**

As of 30 June 2020, 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 69%, an increase of 48 percentage points as compared with 21% as of 31 December 2019. The increase was primarily attributable to the increase in total borrowings balance as of 30 June 2019 to finance the Group's operation. The outbreaks of COVID-19 had caused a delay of the pre-sale, expected completion date and delivery of certain of our property projects during the period under review. The Group will continue to manage 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 optimised 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 1.10 times as of 31 December 2019 to approximately 1.23 times as of 30 June 2020. The improvement of current ratio was mainly due to the decrease in the proportion of short-term borrowings over total borrowings from bank and other trust financing arrangements from approximately 40% as at 31 December 2019 to approximately 30% as at 30 June 2020.

### **Foreign exchange risk**

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 30 June 2020, the Group has 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. As most of the Group's borrowings are denominated in RMB, the 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 2020, 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 RMB10,439,919,000 (December 31, 2019: RMB6,554,801,000).

## Financial guarantees and contingent liabilities

As of 30 June 2020, the Group's total financial guarantees are as follows:

	<b>30 June 2020 (RMB'000) (unaudited)</b>	31 December 2019 (RMB'000) (audited)
Guarantee in respect of mortgage facilities for certain purchasers	<b>5,495,357</b>	3,294,002
Guarantee provided for the borrowings of joint ventures and associates	<b>226,012</b>	905,447
Total	<b><u>5,721,369</u></b>	<b><u>4,199,449</u></b>

During the six months ended 30 June 2020, 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. 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 our 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 recognized.

As of 30 June 2020, the Group had no other material contingent liabilities.

## MATERIAL ACQUISITION AND DISPOSAL

During the period ended 30 June 2020, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint venture.

## **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 will 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.

## **Significant subsequent events**

- (1) In connection with the Listing, on 15 July 2020, the Company issued 400,000,000 new shares at a price of HK\$3.93 per share for a total cash consideration of HK\$1,572 million, before deducting underwriting fees, commissions and related expenses.
- (2) On 31 July 2020, the over-allotment option was partially exercised and the Company issued 30,618,000 additional shares at HK\$3.93 per share on 5 August 2020.

## **Employee and remuneration policy**

As of 30 June 2020, the Group had a total of 1,421 employees (31 December 2019: 1,012 employees). The employee benefit expenses for the six months ended 30 June 2020 amounted to approximately RMB132 million (for the six months ended 30 June 2019: RMB56 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.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

The shares of the Company were first listed on the Main Board of the Stock Exchange on 15 July 2020 (the “**Listing Date**”). Neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

## USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND THE ISSUE OF THE OVER-ALLOTMENT SHARES

The net proceeds from the Listing amounted to HK\$1,611.7 million after deducting the underwriting fees and commissions and other listing expenses borne by the Company. As at date of this announcement, the Directors are not aware of any material change to the planned use of the proceeds as set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 29 June 2020 (“**Prospectus**”). The Company will use the proceeds raised from the Global Offering in accordance with its development strategies, market conditions and intended use of such proceeds.

An analysis of the planned usage of the net proceeds as stated in the Prospectus and the actual utilization of the net proceeds for the period from the Listing Date up to the date of this announcement and the intended use of the proceeds are set out as below:

Business objective as stated in the Prospectus	Percentage of total net proceeds	Intended use of net proceeds <sup>(Note)</sup> HK\$'000	Actual use of net proceeds	Proceeds	
			as at the date of this announcement HK\$'000	unused HK\$'000	Expected timeline
To fund land costs of potential development projects	60%	967,020	347,252	619,768	Expected to be utilized by December 2020
To finance the construction costs for the development of our existing projects	30%	483,510	43,365	440,145	Expected to be utilized by December 2020
General working capital	10%	161,170	–	161,170	Expected to be utilized by December 2020

*Note:* As disclosed in the Prospectus, the estimated net proceeds from the listing, after deduction of the underwriting fees and commissions and expenses paid by the Company in connection therewith, were approximately HK\$1,432.2 million, which was revised to HK\$1,469.0 million as disclosed in the Company’s allotment results announcement dated 14 July 2020. The actual net proceeds received by the Company were approximately HK\$1,611.7 million after the exercise of the over-allotment option. The Company intends to adjust the difference of approximately HK\$142.7 million to the business strategies in the same proportion as the original funds applied as shown in the Prospectus.

## CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its Shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”), as its own code to govern its corporate governance practices since the Listing.

As the Company was listed on 15 July 2020, the Company was not required to comply with the CG Code during the period.



## **MODEL CODE FOR SECURITIES TRANSACTIONS**

Since the listing, 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.

As the Company was listed on 15 July 2020, the Directors and the Group’s senior management were not required to comply with the Model Code during the period.

## **REVIEW OF FINANCIAL INFORMATION**

### **Audit committee**

The audit committee of the Company, comprising Mr. Wan Ho Yin, Mr. Lui Wing Nam, Mr. Guo Shaomu and Ms. Tang Lo Nar, has discussed with the management and reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2020.

PricewaterhouseCoopers, the independent auditor of the Company, has reviewed the unaudited interim financial information for the six months ended 30 June 2020, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## **PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim result announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.glchina.group](http://www.glchina.group)). The interim report of the Company for the six months ended 30 June 2020 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board  
**Ganglong China Property Group Limited**  
**Lui Wing Wai**  
*Chairman and Executive Director*

Hong Kong, 28 August 2020

*As of the date of this announcement, the executive directors of the Company are Mr. Lui Wing Wai (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. Wan Ho Yin, Mr. Guo Shaomu, and Ms. Tang Lo Nar.*