



# GLORY 国瑞

GLORY HEALTH INDUSTRY LIMITED  
國瑞健康產業有限公司



中期報告  
Interim Report  
**2022**

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

(formerly known as "Glory Land Company Limited (国瑞置业有限公司)"  
and carrying on business in Hong Kong as "Guorui Properties Limited")  
(Incorporated in the Cayman Islands with limited liability)

香港聯合交易所股份代號 Stock Code : 2329

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Zhang Zhangsun (*Chairman*)  
Ms. Ruan Wenjuan  
Ms. Dong Xueer  
Mr. Hao Zhenhe  
Mr. Sun Xiaodong

### Independent Non-Executive Directors

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

## JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)  
Ms. Kwong Yin Ping, Yvonne (HKFCG, FCG)

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Zhangsun  
Ms. Zheng Jin

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## INTERNAL CONTROL COMMITTEE

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

## AUDITOR

Moore Stephens CPA Limited  
*Registered Public Interest Entity Auditor*

## PRINCIPAL BANKERS

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

## REGISTERED OFFICE

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

## CORPORATE HEAD OFFICE IN HONG KONG

RM2802, 28/F, Harbour Centre  
25 Harbour Road, Wan Chai  
Hong Kong

## CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

East Block, Hademen Plaza  
8-1# Chongwenmenwai Street  
Dongcheng District, Beijing  
PRC

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## LISTING INFORMATION

### Share Listing

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

## WEBSITE

<http://www.glorypty.com/>

# Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Glory Health Industry Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce to the Group’s shareholders (the “**Shareholders**”) the interim results of the Group for the six months ended June 30, 2022, together with comparative figures for the corresponding period in 2021. The Group’s interim results have not been audited but have been reviewed by the Company’s audit committee.

- Achieved contracted sales for the six months ended June 30, 2022 (the “**Reporting Period**”) was RMB2,303.6 million with corresponding contracted gross floor area (“**GFA**”) of approximately 77,773 sq.m.;
- Revenue for the Reporting Period was RMB2,946.27 million, of which the revenue from property development was RMB2,649.55 million;
- Land reserves reached a total GFA of 7,560,071 sq.m. as at June 30, 2022;
- Contracted average selling price (“**ASP**”) for the Reporting Period was RMB29,619.53 per sq.m.;
- 55% of the Company’s saleable land reserve was distributed in Beijing as at June 30, 2022.



# Chairman's Statement

Dear Shareholders,

On behalf of the Board, I hereby present the interim results of the Group for the six months ended June 30, 2022.

## Interim Results

During the Reporting Period, the revenue of the Group was RMB2,946.27 million. Revenue from property development was RMB2,649.55 million. For the six months ended June 30, 2022, the Group's net loss was RMB777.82 million.

## I. MARKET REVIEW

In 2022, the real estate market generally showed a downward trend. Affected by a combination of factors including the COVID-19 pandemic, the real estate market and policies, the investment scale recorded the deceleration of growth, and the properties sales in the real estate industry dropped. National fixed asset investment (excluding rural households) was RMB27,143.0 billion, representing a year-on-year increase of 6.1%. In terms of segments, infrastructure investment increased by 7.1%, manufacturing investment increased by 10.4%, and real estate development investment decreased by 5.4%. Domestically, the sales area of commercial residential housing was 689.23 million sq.m., representing a decrease of 22.2%; and the sales volume of commercial residential housing amounted to RMB6,607.2 billion, representing a decline by 28.9%. The real estate industry suffered obvious setbacks, with a significant drop in both of the national sales area and sales volume of commercial residential housing.

### 1. Policies – The general principle of regulation remains unchanged, with diversified measures to fine tune and stabilise the market

#### **Financial policy – Macro-prudential Management System for Real Estate Finance**

The past two years witnessed the tightening macro policies and market downturn, which imposed tremendous pressure on the operations of real estate companies. Worsen by the pandemic, several real estate companies have been overwhelmed and subject to structural risks. In April 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly held a symposium on financial support for the real economy, at which it was proposed that "differentiated housing credit policies shall be implemented based on city-specific policies to better meet the reasonable housing demands of home buyers. It is necessary to implement the macro-prudential management system for real estate finance, and distinguish project risks and enterprise group risks, without blind withdrawal, termination or pressurisation of loans, so as to maintain stable and orderly real estate financing".

#### **Property purchase curb policy – the overarching keynote remains unchanged, with relaxation of the policy featuring targeted policy for specific city**

As the overarching keynote of "residential properties are for accommodation, not for speculation" remains unchanged, despite partial relaxation of the purchase curb policy, restrictions on property purchase have been loosened due to the introduction of the system featuring targeted policy for specific city. Several cities have introduced policies to relax purchase restrictions at varying degrees from shortening the social security payment period, reducing the down payment ratio for the purchase of second homes, to the complete relaxation of purchase restrictions by some cities. In the future, as the pressure on the real estate industry continues, it is expected that other cities will successively introduce such relaxation policies.

### **Land policy – adjustment of land supply method**

Private real estate companies lost their ability to purchase land, which caused the land market recession. The supply and demand of residential land in 300 cities shrank significantly year-on-year, with the decreases in the supply of 44.3% and the transaction of 55.6%. A large number of cities have conducted land abortive auction, with tight land finance; thereby, the land supply policy of various cities has been adjusted, and the method of formal sale after the advance announcement of enterprises that have confirmed their intention to purchase is widely applied.

### **2. Price – the price is stagnant with a plunge in the saleable area**

In the first half of 2022, the prices of new residential properties in 100 cities rose by only 0.04%, with price stagnation; the saleable area of residential properties in key cities decreased by 42.1% year-on-year, which reflected that a plunge in the saleable area with market slowdown.

### **3. Supply and demand – supply and demand dropped with fierce market competition**

The supply of new commercial residential housing in key 100 cities plummeted by 44% year-on-year, with a year-on-year plunge in the transaction volume of 42.1%. Coupled with the widespread impact of the pandemic on various industries, which resulted in a significant drop in customers' purchasing power and willingness to purchase, and a massive decline in the number of potential customers, various projects available in market are scrambling for customers, reflecting fierce market competition.

### **4. Assets – a large amount of assets flood into the market, and selection conditions of investors are increasingly stringent**

Affected by debt pressure, a considerable number of real estate companies are selling their assets. Currently, a great number of large-scale assets are flooding into the market. A huge number of assets are available for selection by investors, which has led to stricter selection conditions for investors, and made it is more difficult to sell large-scale assets, thus causing the declined sales prices.

### **5. Enterprises – a large number of enterprises have defaulted on their debts, and actively strived for debt structure adjustment**

Under multiple pressures, a large number of enterprises are overwhelmed, and subject to debt defaults on the open market. The large-scale debt risk has also caused the government's focus, and relevant policies have been issued to require banks and financial institutions to not withdraw, terminate and pressurise loans, so as to promote financial institutions to negotiate debt solutions with companies with various problems, and ensure the smooth resolution of debt risks.

## II. CORE COMPETITIVENESS OF THE GROUP

With adherence to the overall positioning of “residential properties are for accommodation, not for speculation” and the requirements of “stabilisation of land prices, housing prices and expectations”, various new policies have been introduced successively. Coupled with the impact of local policies such as purchase and loan restrictions, the resonance of central regulation and local policies has fundamentally changed the development logic of the real estate industry. The days are gone when companies achieve their scale development through high leverage, high debt and high turnover.

Amid the new situation, how to prevent and control systemic risks, how to promote the transformation of enterprises from high-speed and sprawling development to stable and high-quality development, and how to achieve sustainable development have become the top three issues that major real estate companies need to solve immediately. After reviewing the current market environment, the Group believes that maintaining and continuously strengthening the five characteristics of two-wheel drive, high-quality resources, financial stability, diversified product structure, and active transformation and breakthrough are important guarantees for the Group to achieve stable development.

### 1. The principal business model with two-wheel drive

The Group adheres to the principal business model with two-wheel drive of “development and sales of real estate + operation and management of investment property”, and implements the development strategy of “combination of long term and short term” to actively promote the stable development of the Group. The “long term” refers to the long-term development of investment properties; the “short-term” refers to the development model of short, adaptable and fast sales of properties. The Group will remain committed to and continue to optimise the principal business model with two-wheel drive, to enable the Group to calmly respond to the ever-changing market environment and go through the industry cycle, thus creating sustainable and stable value returns.

### 2. High-quality resource reserves

The Group's land reserves are mainly located in Shenzhen and Beijing, most of which are primary land development projects. Such projects have lower land costs and better income expectations; the large scale of a single project is conducive to the long-term development in phases and beneficial to the realisation of the Group's brand; and represents a strong support for the long-term, stable development of the Group.

### 3. Diversified product types available for sale

The Group's saleable products cover various types of properties including commercial properties, office, residential properties for rigid demands, residential properties for upgrade housing demand, healthcare residential properties to meet the needs of different customers; at the same time, the sales and payment cycles of different types of products are matched to build a stable sales payment collection system in response to ever-changing market demands.

#### 4. Robust financial structure

Under the requirements of prevention and resolution of systemic financial risks, a stable financial structure has increasingly become the ballast stone for escorting the stable development of the Group. In view of this, the Group has actively reduced its debt since 2018, and the current debt level is much lower than that of similar real estate companies.

#### 5. Active transformation and breakthrough

The Group is optimistic about the market opportunities and potential of the health industry. In line with the developing needs of times, the Group will be committed to exploring the innovation of habitation business forms and developing new industries, such as healthy living community, online healthy life and regenerative medical incubation. On one hand, the Group will be continuously upgrading the smart home and healthy life products of Guorui, and achieving comprehensive reshaping of the Group's product form and service model. On the other hand, the Group will be committed to providing more online services for healthy life through the establishment of innovative businesses such as Guorui hospitals and medical online, online health care services, insurance services etc., in order to improve the comprehensive operation and service level of the Group and realize the comprehensive transformation of the Group to the health industry.

To cope with the business transformation and development of the Group, the name of the Company was changed to Glory Health Industry Limited in June 2022.

### III. OPERATION DURING THE REPORTING PERIOD

#### 1. Real Estate Development and Sales

In the first half of 2022, in response to market changes, the Group adjusted its investment and sales strategies in a timely manner, steadily promoted the resumption of work and production, and thereby achieved stable business development. In the first half of the year, the Group made efforts to further downsize its real estate development, remained committed in debt reduction and accelerated asset disposal to improve liquidity. These efforts had achieved good results. The Company went to great lengths to ensure the completion and delivery of the properties. During the Reporting Period, the achieved contracted sales was approximately RMB2,303.6 million; the contracted GFA sold was 77,773 sq.m.; and the contracted average selling price was RMB29,619.53 per sq.m.. The Group adopted city-specific policies to meet market demands at different levels.

#### 2. Investment Properties

During the Reporting Period, the total rental income of the Group was RMB229.23 million. With the effective control of the pandemic and the recovery of consumption, the Group's rental income will grow steadily. The Group owns 9 self-owned investment properties in the core areas of first-and second-tier cities including Beijing and Shenzhen, with a total planned GFA of approximately 769,379 sq.m..



### 3. Land Reserves

As at June 30, 2022, the total planned GFA of the land reserves of the Group was 7.56 million sq.m.. The Group has high-quality primary land development projects and urban renewal projects in Shenzhen and Beijing. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects without affirmed ownership of the Group was 5.811 million sq.m., 51.6% of which was in Shenzhen. Accelerating urban renewal and improving renovation and upgrade of available housing are new directions for inventory market. The urban renewal projects, which features low investment and high profit margin, are the important source for the Group to replenish the land reserve in the Greater Bay Area. In the next few years, the Group's urban redevelopment projects and urban renewal projects will turn into sales and become its new profit growth drivers.

Furthermore, 55% of the short-term saleable land reserves is located in Beijing, which is less exposed to market fluctuations. In addition, most of such reserves has been close to the state of existing housings, and the investment in subsequent projects has been greatly reduced, which will help the Group to return short-term funds.

### 4. Capital Structure

In the first half of 2022, the strict supervision policy on real estate investment and financing continued. Sustained efforts made by the Group to proactively reduce debt, adjust debt structure, optimise fund management and resolve debt risks, achieved good results. The overall debt level of the Group was much lower than that of similar real estate companies.

In the first half of 2022, the Company completed the exchange offering of senior notes with a total amount of US\$315 million.

During the Reporting Period, the Group's domestic interest-bearing liabilities decreased by RMB810 million in the first half of the year.

## OUTLOOK FOR THE SECOND HALF OF 2022

In the second half of the year, as the national real estate policy further improves, the downward trend of the real estate market is expected to slow down, and consumption demand will gradually recover. The Group will intensify efforts to ensure the completion and delivery of the properties, promote the sale of inventory and revitalise existing projects and commercial assets. It will also work to further optimize the debt structure to ensure the stable development of the Group.

The Group will accelerate the transformation to the health industry, speed up the construction of hospitals, regenerative medical health and health care projects, and expand the broad market for the health industry, which is expected to create greater income and profits for the Group.

## Chairman's Statement

### ACKNOWLEDGEMENT

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

**Zhang Zhangsun**

*Chairman*

Beijing, the PRC  
August 31, 2022

# Management Discussion and Analysis

## BUSINESS REVIEW

For the six months ended June 30, 2022, the Group's revenue was RMB2,946.27 million. Revenue from property development was RMB2,649.55 million. For the six months ended June 30, 2022, the Group's gross loss was RMB176.32 million, and the net loss was RMB777.82 million.

### Contracted Sales

The contracted sales of the Group for the first half of 2022 amounted to approximately RMB2,303.6 million due to the impact of repeated pandemic outbreaks. The total contracted GFA was approximately 77,773 sq.m.. Contracted sales of the Group in the first half of 2022, by geographical location, were mainly from Beijing, Foshan and Xi'an, and the contracted sales amounting to approximately RMB1,817.4 million, RMB123.8 million and RMB109.2 million, respectively, representing 78.9%, 5.4% and 4.8% of the Group's total contracted sales, respectively.

The following table sets out the Group's contracted sales by region for the six months ended June 30, 2022 and 2021:

City	2022		2021	
	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)
Beijing	1,817.4	78.9	4,177.8	59.6
Haikou	62.2	2.7	133.3	1.9
Langfang	41.7	1.8	280.4	4.0
Zhengzhou	25.2	1.1	14.9	0.2
Shenyang	60.8	2.6	239.3	3.4
Foshan	123.8	5.4	710.6	10.1
Shantou	10.0	0.4	44.6	0.6
Suzhou	17.2	0.8	445.7	6.4
Chongming Island	7.8	0.3	151.5	2.2
Xi'an	109.2	4.8	754.5	10.8
Guizhou	4.5	0.2	8.4	0.1
Wuxi	23.8	1.0	46.2	0.7
<b>Total</b>	<b>2,303.6</b>	<b>100.0</b>	<b>7,007.2</b>	<b>100.0</b>

Note: The sales in the first half of 2021 were RMB7,007.2 million. The sales in the first half of 2022 were RMB2,303.6 million, representing a year-on-year decrease of 67.12%.

## Management Discussion and Analysis

### Property Projects

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

As at June 30, 2022, the Group had completed a total GFA of 1,274,738 sq.m. and had land reserves with a total GFA of 7,560,071 sq.m..

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at June 30, 2022, the Group had investment properties in Beijing Fugui Garden, Beijing Glory City, Beijing Bei Wu Lou, Shenyang Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen Nanshan, Haikou Glory City and Foshan Glory Shengping Commercial Center.

### Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at June 30, 2022:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	Total GFA (%)
Beijing	824,087	220,354	–	1,044,441	13.8
Haikou	32,005	140,640	863,338	1,035,983	13.7
Langfang	56,713	290,054	1,016,680	1,363,447	18.0
Zhengzhou	1,006	30,535	–	31,541	0.4
Shenyang	116,356	325,598	–	441,954	5.9
Foshan	142,436	375,892	–	518,328	6.9
Xi'an	–	289,978	–	289,978	3.8
Shantou	24,892	314,224	38,749	377,865	5.0
Shenzhen	–	42,763	274,213	316,976	4.2
Suzhou	932	76,783	–	77,715	1.0
Chongming Island	60,538	14,158	766,685	841,381	11.1
Wuxi	4,649	7,227	–	11,876	0.2
Tongren	11,124	270,313	927,149	1,208,586	16.0
<b>Total</b>	<b>1,274,738</b>	<b>2,398,519</b>	<b>3,886,814</b>	<b>7,560,071</b>	<b>100.0</b>
<b>Total Attributable GFA</b>	<b>812,040</b>	<b>1,938,014</b>	<b>3,113,778</b>	<b>5,863,832</b>	

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

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

#### **Urban Redevelopment Project in Beijing**

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian’anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at June 30, 2022, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

#### **Urban Redevelopment Project in Shenzhen**

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



### FINANCIAL REVIEW

#### Revenue

For the six months ended June 30, 2022, the Group's revenue was RMB2,946.27 million, representing a decrease of 55.19% from RMB6,574.55 million for the six months ended June 30, 2021.

Revenue from property development for the six months ended June 30, 2022 was RMB2,649.55 million, representing a decrease of 57.10% as compared to the corresponding period of last year. The decrease in revenue during the Reporting Period was primarily due to the decrease in completion and delivery areas in the property development segment and reduced sales.

#### Cost of Sales and Services

For the six months ended June 30, 2022, the Group's cost of sales and services was RMB3,122.59 million, representing a decrease of 43.50% as compared to the corresponding period of last year. The decrease in cost of sales and services during the Reporting Period was primarily due to the decrease in completion and delivery areas in the property development segment.

The Group's cost of property development decreased by 37.83% from RMB4,999.7 million for the six months ended June 30, 2021 to RMB3,108.50 million for the six months ended June 30, 2022.

#### Gross (Loss)/Profit

For the six months ended June 30, 2022, the Group's gross loss was RMB176.32 million, as compared to the gross profit of RMB1,047.87 million in corresponding period of last year, which was primarily due to the decreased sales, increased costs caused by the delayed commencement of projects and provision for impairment of properties.

#### Net Profit Attributable to Owners of the Company

For the six months ended June 30, 2022, the loss attributable to owners of the Company was RMB682.48 million, representing a decrease of RMB949.03 million from the net profit attributable to owners of the Company of RMB266.55 million for the six months ended June 30, 2021, which was primarily due to the decrease in the gross profit from properties delivered and carried forward during the Reporting Period.

#### Other (Losses)/Gains

Other gains were RMB10.00 million for the six months ended June 30, 2021, while other losses were RMB27.44 million for the six months ended June 30, 2022.

### Other Income

Other income decreased from RMB77.21 million for the six months ended June 30, 2021 to RMB70.80 million for the six months ended June 30, 2022, which was mainly due to the decrease in the recognised royalty income from associates and joint ventures.

### Distribution and Selling Expenses

Distribution and selling expenses decreased by 33.09% from RMB100.20 million for the six months ended June 30, 2021 to RMB67.04 million for the six months ended June 30, 2022.

### Administrative Expenses

Administrative expenses decreased by 12.68% from RMB190.15 million for the six months ended June 30, 2021 to RMB166.04 million for the six months ended June 30, 2022.

### Finance Costs

Finance costs increased by 257.63% from RMB92.62 million for the six months ended June 30, 2021 to RMB331.24 million for the six months ended June 30, 2022, which was primarily due to the decrease in capitalised financing expenses of the Group as of the end of the Reporting Period.

### Income Tax Credit/(Expense)

Income tax expenses decreased from RMB454.11 million for the six months ended June 30, 2021 to income tax credit of RMB76.90 million for the six months ended June 30, 2022. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2022 were RMB27.74 million and RMB34.67 million, respectively.

### Total Comprehensive (Loss)/Income

As a result of the foregoing reasons, the Group's total comprehensive income decreased from RMB370.56 million for the six months ended June 30, 2021 to the total comprehensive loss of RMB777.82 million for the six months ended June 30, 2022.

### LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

#### Cash Position

As at June 30, 2022, the Group's cash, restricted bank deposits and bank balances were approximately RMB706.84 million, representing a decrease of 24.4% as compared to RMB935.02 million as at December 31, 2021.

#### Net Operating Cash Flow

The Group recorded net operating cash flow in the amount of RMB1,028.86 million for the six months ended June 30, 2022, while we had recorded net operating cash flow of RMB2,487.87 million for the six months ended June 30, 2021.

#### Borrowings

As at June 30, 2022, the Group had outstanding borrowings of RMB20,686.55 million, consisting of bank borrowings of RMB15,048.68 million, other borrowings of RMB2,845.25 million and senior notes of RMB2,792.62 million. As at June 30, 2022, the net gearing ratio or net debt to equity ratio (i.e. total bank and other borrowings and senior notes less bank balances and cash and restricted deposits, divided by total equity and multiplied by 100%) of the Group was approximately 136%, as compared to 130% as at 31 December, 2021.

#### Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at June 30, 2022, the assets pledged to secure certain borrowings granted to the Group amounted to RMB30,475.43 million.

#### Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on its customers, but relies on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the banks receive the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at June 30, 2022, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB4,466.04 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at June 30, 2022.

#### Capital and Other Commitments

As at June 30, 2022, the Group had certain contracted but not-provided-for commitments in connection with expenditure in respect of properties under development for sale. For details, please refer to note 21 to the condensed consolidated financial statements.

### FOREIGN EXCHANGE RISK

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. As at June 30, 2022, the balance of the Company's senior notes amounted to RMB2,792.62 million. As a result of the issuance of such senior notes, the Group would be subject to foreign currency risk arising from the exchange of RMB against US\$.

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

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have any future plans for material investments or capital assets as at the date of this report.

### EMPLOYEES AND REMUNERATION POLICIES

For the six months ended June 30, 2022, the Group had approximately 537 employees, and incurred employee costs of approximately RMB100.6 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medication, maternity, occupational injury and unemployment benefit plans.

### INTERIM DIVIDEND

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

### ISSUANCE OF SENIOR NOTES

On February 23, 2022, the Company completed the exchange offering of US\$315,159,000 of the 2021 senior notes (the "**2021 Senior Notes**") with US\$334,790,000 of new issue of senior notes due on August 23, 2024 (the "**2022 Senior Notes**") which bearing interest at 14.25% per annum. After the completion of the exchange offering, the 2021 Senior Notes with the remaining aggregate principal amount of US\$8,586,000 and the 2022 Senior Notes with an aggregate principal amount of US\$334,790,000 remain outstanding. Further details regarding the issue of the senior notes are disclosed in the announcements of the Company dated February 11, February 17, February 21, and February 28, 2022.

# Disclosure of Interests

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

As at June 30, 2022, the interests or short positions of the Directors and the chief executive in the shares, and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under relevant provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

### (a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company <sup>2</sup>
Zhang Zhangsun (“Chairman Zhang”) <sup>1</sup>	Interest of a controlled corporation	3,409,431,570	76.71%
Ruan Wenjuan	Interest of spouse	3,409,431,570	76.71%

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

*Note 2:* The percentage is based on the total number of issued shares of the Company of 4,444,417,986 as at June 30, 2022.



**(b) Interest in shares of associated corporation**

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%
Ruan Wenjuan	Interest of spouse	Alltogether	100%

**(c) Interest in debentures of the Company****2022 Senior Notes:**

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of interest of 2022 Senior Notes as at June 30, 2022
Chairman Zhang <sup>(1)</sup>	Interest of a controlled corporation	US\$8,036,000	2.4% <sup>(2)</sup>
Ruan Wenjuan	Interest of spouse	US\$8,036,000	2.4% <sup>(2)</sup>

*Notes:*

<sup>(1)</sup> Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the debentures held by Alltogether

<sup>(2)</sup> Proportionate interests is calculated based on the principal amount in aggregate of 2022 Senior Notes.

All interests in the Shares of the Company and its associated corporations are long positions.

Save as disclosed above, as at June 30, 2022, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at June 30, 2022, the following persons had an interest or short position in shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Interest in Shares of the Company

<b>Name of substantial Shareholder</b>	<b>Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of interest in the Company</b>
Chairman Zhang <sup>(1)</sup>	Interest of a controlled corporation	3,409,431,570	76.71%
Ruan Wenjuan	Interest of spouse	3,409,431,570	76.71%
Alltogether	Beneficial owner	3,409,431,570	76.71%

Note:

<sup>(1)</sup> Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the shares held by Alltogether under the SFO.

<sup>(2)</sup> All the above interests in the Shares of the Company are long positions.

Save as disclosed above, as at June 30, 2022, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

# Corporate Governance Practices and Other Information

## CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun (“**Chairman Zhang**”) is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of both chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises five executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the six months ended June 30, 2022. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the six months ended June 30, 2022.

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

Save as disclosed in this report, for the six months ended June 30, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### SHARE AWARD SCHEME

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

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

No further shares have been awarded under the Share Award Scheme for the six months ended June 30, 2022.

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

### PRE-IPO SHARE OPTION SCHEME

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

The total number of shares which may be issued upon the exercise of all options granted on or before June 16, 2014 to 54 grantees under the Pre-IPO Share Option Scheme is 67,076,800, representing approximately 1.51% of the issued share capital of the Company as at June 30, 2022. Save for the options which have been granted on or before June 16, 2014, no further options has been granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK\$2.38. The share options granted had been vested in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options have been expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme is 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at June 15, 2021, all options granted under the Pre-IPO Share Option Scheme were automatically lapsed upon expiry. As at the date of this report, there were no other options granted under the Pre-IPO Share Option Scheme which had not been exercised.

Further details of the Pre-IPO Share Option Scheme are set out in note 24 to the condensed consolidated financial statements.

## POST-IPO SHARE OPTION SCHEME

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

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

Pursuant to the Post-IPO Share Option Scheme, the Company offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.21% of the issued share capital of the Company) in two tranches, all of which have lapsed as at June 30, 2022. As at June 30, 2022, there were no outstanding options granted under the Post-IPO Share Option Scheme by the Company.

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



## Corporate Governance Practices and Other Information

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company satisfied the minimum percentage as prescribed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08 of the Listing Rules.

### SUBSEQUENT EVENT

Save as disclosed in this report, there is no material post balance sheet event undertaken by the Group after June 30, 2022 up to the date of this report.

### AUDIT COMMITTEE

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

The Audit Committee has reviewed with the management, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed internal control and financial reporting matters (including the review of the interim results for the six months ended June 30, 2022) of the Group. The Audit Committee considered that the interim results for the six months ended June 30, 2022 are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

### INTERNAL CONTROL

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

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2022

	Notes	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue</b>			
Contract with customers		2,717,043	6,319,675
Leases		229,225	254,878
<b>Total revenue</b>	<b>3</b>	<b>2,946,268</b>	6,574,553
Cost of sales and services		(3,122,585)	(5,526,682)
Gross (loss)/profit		(176,317)	1,047,871
Other (losses)/gains	5	(27,441)	10,003
Other income	5	70,801	77,213
Change in fair value of investment properties	11	–	94,620
Impairment losses under expected credit loss model, net		(69,254)	(2,694)
Distribution and selling expenses		(67,043)	(100,204)
Administrative expenses		(166,035)	(190,150)
Other expenses		(86,921)	(10,016)
Share of profit/(losses) of associates		943	(4,437)
Share of losses of joint ventures		(2,223)	(4,909)
Finance costs	6	(331,235)	(92,622)
(Loss)/profit before income tax		(854,725)	824,675
Income tax credit/(expense)	7	76,901	(454,112)
(Loss)/profit and total comprehensive (loss)/income for the period	8	(777,824)	370,563
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(682,484)	266,546
Non-controlling interests		(95,340)	104,017
		(777,824)	370,563
<b>(Loss)/earnings per share</b>			
– Basic and diluted (RMB cents)	9	(15.4)	6.0

# Condensed Consolidated Statement of Financial Position

As at June 30, 2022

	<b>Notes</b>	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	<b>As at December 31, 2021 RMB'000 (Audited)</b>
<b>Non-current assets</b>			
Investment properties	<b>11</b>	<b>20,480,186</b>	20,430,500
Property, plant and equipment	<b>12</b>	<b>2,282,756</b>	2,268,730
Right-of-use assets	<b>12</b>	<b>258,580</b>	262,522
Other non-current assets		<b>1,389,471</b>	1,373,571
Interests in joint ventures		<b>157,190</b>	159,413
Interests in associates		<b>17,676</b>	14,571
Equity instruments at fair value through other comprehensive income ("FVTOCI")	<b>13</b>	<b>13,481</b>	13,481
Deferred tax assets		<b>426,242</b>	367,421
Restricted bank deposits		<b>33,266</b>	12,062
Value added tax and tax recoverable		<b>468,046</b>	1,031,070
		<b>25,526,894</b>	25,933,341
<b>Current assets</b>			
Inventories		<b>1,251</b>	1,415
Deposits paid for land acquisition		<b>100,152</b>	97,250
Properties under development for sale		<b>20,106,021</b>	21,976,751
Properties held for sale		<b>2,350,369</b>	4,174,623
Trade and other receivables, deposits and prepayments	<b>14</b>	<b>2,337,938</b>	1,926,918
Contract assets	<b>15</b>	<b>1,850,019</b>	1,798,868
Contract costs		<b>46,683</b>	59,535
Value added tax and tax recoverable		<b>441,378</b>	787,674
Amounts due from related parties	<b>25(b)</b>	<b>2,790,563</b>	2,410,702
Restricted bank deposits		<b>368,083</b>	462,731
Bank balances and cash		<b>305,487</b>	460,225
		<b>30,697,944</b>	34,156,692
Assets classified as held for sale	<b>16</b>	<b>1,094,591</b>	983,248
		<b>31,792,535</b>	35,139,940

## Condensed Consolidated Statement of Financial Position

As at June 30, 2022

	<b>Notes</b>	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	<b>As at December 31, 2021 RMB'000 (Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	<b>17</b>	<b>3,883,318</b>	5,088,577
Contract liabilities		<b>6,965,891</b>	9,101,673
Amounts due to related parties	<b>25(c)</b>	<b>4,366,710</b>	3,876,942
Tax payable		<b>2,985,434</b>	2,969,343
Lease liabilities		<b>124</b>	812
Bank and other borrowings – due within one year	<b>18</b>	<b>4,681,387</b>	5,084,974
Senior notes	<b>19</b>	<b>698,214</b>	2,541,048
		<b>23,581,078</b>	28,663,369
Liabilities associated with assets classified as held for sale	<b>16</b>	<b>1,085,977</b>	972,608
		<b>24,667,055</b>	29,635,977
<b>Net current assets</b>		<b>7,125,480</b>	5,503,963
<b>Total assets less current liabilities</b>		<b>32,652,374</b>	31,437,304
<b>Non-current liabilities</b>			
Rental deposits received	<b>17</b>	<b>135,213</b>	84,026
Bank and other borrowings – due after one year	<b>18</b>	<b>13,212,544</b>	13,319,016
Senior notes	<b>19</b>	<b>2,094,407</b>	–
Deferred tax liabilities		<b>2,553,052</b>	2,599,280
		<b>17,995,216</b>	16,002,322
<b>Net assets</b>		<b>14,657,158</b>	15,434,982
<b>Capital and reserves</b>			
Share capital		<b>3,520</b>	3,520
Reserves		<b>12,020,650</b>	12,703,134
Equity attributable to owners of the Company		<b>12,024,170</b>	12,706,654
Non-controlling interests		<b>2,632,988</b>	2,728,328
<b>Total equity</b>		<b>14,657,158</b>	15,434,982

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 (note (i))	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000 (note (ii))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2022 (Audited)	3,520	8,027	133,379	194,970	(10,143)	194,725	-	1,342,396	10,839,780	12,706,654	2,728,328	15,434,982
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	-	(682,484)	(682,484)	(95,340)	(777,824)
Transfer of revaluation reserve upon disposal of investment properties	-	-	-	(18,184)	-	-	-	-	18,184	-	-	-
At June 30, 2022 (Unaudited)	3,520	8,027	133,379	176,786	(10,143)	194,725	-	1,342,396	10,175,480	12,024,170	2,632,988	14,657,158
At January 1, 2021 (Audited)	3,520	8,027	133,379	194,970	4,554	194,725	35,740	1,314,953	10,603,150	12,493,018	2,615,509	15,108,527
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	266,546	266,546	104,017	370,563
Lapse of share option (note 24)	-	-	-	-	-	-	(35,740)	-	35,740	-	-	-
At June 30, 2021 (Unaudited)	3,520	8,027	133,379	194,970	4,554	194,725	-	1,314,953	10,905,436	12,759,564	2,719,526	15,479,090

## Notes:

- (i) Other reserve mainly represents (a) the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group (as defined in note 1) in acquiring or disposal of partial interests in existing subsidiaries or capital contribution from non-controlling equity holders of subsidiaries; and (b) deemed contribution from a related party of approximately RMB187,460,000 arising from acquisition of businesses during the year ended December 31, 2018.
- (ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China, those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Net cash from operating activities</b>	<b>1,028,860</b>	2,487,872
<b>Cash flows from investing activities</b>		
Placement of restricted bank deposits	<b>(152,503)</b>	(245,670)
Withdrawal of restricted bank deposits	<b>225,947</b>	20,969
Purchase of property, plant and equipment and other non-current assets	<b>(79,120)</b>	(245,118)
Proceeds from disposal of property, plant and equipment	<b>673</b>	2,983
Interest received	<b>1,321</b>	24,024
Payments for construction of investment properties	<b>(78,327)</b>	(129,806)
Disposal of investment properties	<b>28,641</b>	–
Net cash outflow on disposal of subsidiaries	<b>(36,784)</b>	–
Advances to related parties	<b>(1,061,439)</b>	(877,146)
<b>Net cash used in investing activities</b>	<b>(1,151,591)</b>	(1,449,764)

## Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Cash flows from financing activities</b>		
New bank loans raised	320,000	1,680,864
New trust loans raised	-	640,000
New borrowings from financial institutions	73,054	202,470
Repayments of bank loans	(416,541)	(791,234)
Repayments of trust loans	-	(386,280)
Repayments of borrowings from financial institutions	(60,600)	(1,551,488)
Repayment of senior notes	-	(1,509,616)
New senior note raised	-	325,000
Repayments of leases liabilities	(715)	(797)
Interest paid	(405,688)	(877,186)
Advances from related parties	458,483	1,327,621
<b>Net cash used in financing activities</b>	<b>(32,007)</b>	<b>(940,646)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(154,738)</b>	<b>97,462</b>
<b>Cash and cash equivalents at January 1</b>	<b>460,225</b>	<b>1,584,950</b>
<b>Cash and cash equivalents at June 30, represented by bank balances and cash</b>	<b>305,487</b>	<b>1,682,412</b>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

## 1. GENERAL INFORMATION

The Company was incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited” as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012. The name of the Company was changed to Glory Health Industry Limited (國瑞健康產業有限公司) in June 2022. Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who holds 100% equity interests of Alltogether Land, is the ultimate beneficial owner of the Company.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the People’s Republic of China (the “**PRC**”).

The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the “**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

Other than application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2021.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the amendments to IFRSs issued by the IASB for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2022 for the preparation of the Group’s condensed consolidated financial statements.

The application of the amendments to IFRSs in the current period had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

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

#### Going concern

Many projects of the Group are currently available to the sale of existing houses, and the expected sales of each project can cover the tail-in construction.

The condensed consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures together with other measures in progress at the date of authorization of these condensed consolidation financial statements, including but not limit to the followings:

- (i) For borrowings which will be maturing before June 30, 2023, the Group is renegotiating the borrowings plan with the banks. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity;
- (ii) The Group would sell part of its investment properties in order to improve the Group's financial position, liquidity and cash flows; and
- (iii) The Group applies cost control measures in cost of sales and administrative expenses.

Taking into account the above consideration and measures, the Directors are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare these condensed financial statements on a going concern basis.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 3. REVENUE

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

	Six months ended June 30, 2022				
	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>					
A point in time	2,649,546	–	–	–	2,649,546
Over time	–	57,856	–	9,641	67,497
Revenue from contracts with customers	2,649,546	57,856	–	9,641	2,717,043
Rental income	–	–	229,225	–	229,225
<b>Total revenue</b>	<b>2,649,546</b>	<b>57,856</b>	<b>229,225</b>	<b>9,641</b>	<b>2,946,268</b>
<b>Geographical market</b>					
Mainland China	2,649,546	57,856	229,225	9,641	2,946,268

	Six months ended June 30, 2021				
	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>					
A point in time	6,176,650	–	–	–	6,176,650
Over time	–	131,651	–	11,374	143,025
Revenue from contracts with customers	6,176,650	131,651	–	11,374	6,319,675
Rental income	–	–	254,878	–	254,878
<b>Total revenue</b>	<b>6,176,650</b>	<b>131,651</b>	<b>254,878</b>	<b>11,374</b>	<b>6,574,553</b>
<b>Geographical market</b>					
Mainland China	6,176,650	131,651	254,878	11,374	6,574,553

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 4. SEGMENT INFORMATION

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

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

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

Property investment: This segment derives rental income from investment properties developed by the Group.

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

#### Segment revenue and results

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

	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Six months ended June 30, 2022</b>					
Revenue from external customers and segment revenue	2,649,546	57,856	229,225	9,641	2,946,268
Segment (loss)/profit	(578,528)	2,755	197,473	(12,050)	(390,350)
<b>Six months ended June 30, 2021</b>					
Revenue from external customers and segment revenue	6,176,650	131,651	254,878	11,374	6,574,553
Segment profit	657,714	2,606	152,279	3,122	815,721

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 4. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

The segment (loss)/profit can be reconciled to the (loss)/profit before income tax as follows:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Segment (loss)/profit	<b>(390,350)</b>	815,721
Other (losses)/gains	<b>(27,441)</b>	10,003
Other income	<b>70,801</b>	77,213
Change in fair value of investment properties	<b>–</b>	94,620
Unallocated administrative expenses	<b>(88,299)</b>	(60,898)
Other expenses	<b>(86,921)</b>	(10,016)
Share of profit/(losses) of associates	<b>943</b>	(4,437)
Share of losses of joint ventures	<b>(2,223)</b>	(4,909)
Finance costs	<b>(331,235)</b>	(92,622)
(Loss)/profit before income tax	<b>(854,725)</b>	824,675

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 4. SEGMENT INFORMATION (Continued)

#### Other segment information

Amounts included in the measurement of segment (loss)/profit:

	Property development	Primary land construction and development services	Property investment	Property management and related services	Unallocated amount	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Six months ended June 30, 2022</b>						
Depreciation and amortization of non-current assets	(28,024)	-	-	(858)	(5,902)	(34,784)
Impairment losses under expected credit loss model, net of reversal	(69,254)	-	-	-	-	(69,254)
<b>Six months ended June 30, 2021</b>						
Depreciation and amortization of non-current assets	(8,336)	-	(1,579)	(4,091)	(21,070)	(35,076)
Impairment losses under expected credit loss model, net of reversal	(2,694)	-	-	-	-	(2,694)

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

#### Geographical information

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

#### Revenue from major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the six months ended June 30, 2022 and 2021.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 5. OTHER INCOME AND OTHER (LOSSES)/GAINS

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Interest income	<b>68,251</b>	72,074
Royalty fee income	–	3,868
Others	<b>2,550</b>	1,271
	<b>70,801</b>	77,213
<b>Other (losses)/gains</b>		
Net foreign exchange (losses)/gains on operating activities	<b>(25,636)</b>	6,001
Gains on disposal of property, plant and equipment	<b>2,436</b>	3,083
Other (losses)/gains	<b>(4,241)</b>	919
	<b>(27,441)</b>	10,003



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 6. FINANCE COSTS

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on bank borrowings	489,489	522,444
Interest on trust borrowings	–	33,395
Interest on loans from financial institutions	104,381	154,056
Interest on contract liabilities	58,062	384,459
Interest on corporate bonds	–	26,500
Interest on senior notes	185,030	197,603
Interest on lease liabilities	27	77
Exchange loss on senior notes and borrowings	112,389	–
Total borrowing costs	949,378	1,318,534
Less: Amounts capitalized in the cost of qualifying assets	(618,143)	(1,225,912)
	331,235	92,622

Interests capitalised arose from borrowings made specifically for the purpose of construction of the qualifying assets, which bore annual interest at rates from 4.75% to 13.00% (six months ended June 30, 2021: 4.75% to 13.00%) and general borrowings pool calculated by applying a capitalisation rate of 8.74% (six months ended June 30, 2021: 9.34%) per annum on expenditure on the qualifying assets.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 7. INCOME TAX (CREDIT)/EXPENSE

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax		
PRC enterprise income tax	<b>27,740</b>	210,030
Land appreciation tax (“LAT”)	<b>34,674</b>	222,327
	<b>62,414</b>	432,357
Deferred tax	<b>(139,315)</b>	21,755
Income tax (credit)/expense	<b>(76,901)</b>	454,112

Pursuant to the PRC Enterprise Income Tax Law promulgated on 16 March 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from 1 January 2008 onwards. The PRC enterprise income tax has been calculated on the estimated assessable profit derived from the PRC at the rate of 25% for both periods.

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 8. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived at after charging/(crediting):

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Directors' remunerations:		
– Salaries and other benefits	<b>4,655</b>	7,394
– Retirement benefit contributions	<b>76</b>	17
Other staff costs:		
– Salaries and other benefits	<b>88,840</b>	116,949
– Retirement benefit contributions	<b>7,048</b>	7,500
<b>Total staff costs</b>	<b>100,619</b>	131,860
Less: Amounts capitalized to properties under development and investment properties under construction ( <i>note</i> )	<b>(16,619)</b>	(34,964)
	<b>84,000</b>	96,896
Cost of properties sold recognized as expense	<b>3,108,500</b>	4,999,705
Impairment of properties under development of sales and properties held for sale (included in cost of sales and services)	<b>204,121</b>	–
Depreciation of property, plant and equipment	<b>29,968</b>	29,092
Depreciation of right-of-use assets	<b>3,942</b>	4,851
Amortization of intangible assets (included in administrative expenses)	<b>874</b>	1,133
Amortization of contract costs	<b>21,339</b>	65,755
Expense relating to short-term leases	<b>4,135</b>	3,418
Gross rental income from investment properties	<b>(229,225)</b>	(254,878)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	<b>31,752</b>	102,599
	<b>(197,473)</b>	(152,279)

*Note:* The amount capitalized mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	<b>(682,484)</b>	266,546

	Six months ended June 30,	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>4,444,418</b>	4,444,418
Effect of dilutive potential ordinary shares:		
Share options	<b>Not applicable</b>	–
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<b>4,444,418</b>	4,444,418

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended June 30, 2021. There were no dilutive potential ordinary shares in existence during the six months ended June 30, 2022. Therefore, the amount of diluted (loss)/earnings per share is the same as the amount of basic (loss)/earnings per share for the six months ended June 30, 2022 and 2021.

### 10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended June 30, 2022 (six months ended June 30, 2021: Nil).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 11. INVESTMENT PROPERTIES

The Group leased out various offices, shopping mall and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currency of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At January 1, 2021 (Audited)	16,899,500	3,476,000	20,375,500
Additions	–	202,656	202,656
Net increase in fair value recognised in profit or loss	62,355	53,344	115,699
Disposal	(263,355)	–	(263,355)
At December 31, 2021 and January 1, 2022 (Audited)	<b>16,698,500</b>	<b>3,732,000</b>	<b>20,430,500</b>
Additions	–	<b>78,327</b>	<b>78,327</b>
Disposal	<b>(28,641)</b>	–	<b>(28,641)</b>
<b>At June 30, 2022 (Unaudited)</b>	<b>16,669,859</b>	<b>3,810,327</b>	<b>20,480,186</b>

The investment properties are all situated in the PRC. The fair value of the Group's investment properties as at June 30, 2022 have been arrived at on the basis of valuations carried out by the Directors (December 31, 2021: Colliers International (Hong Kong) Ltd., a firm of independent qualified external valuer not connected with the Group), who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

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

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

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

The fair value of the Group's investment properties at June 30, 2022 and December 31, 2021 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the periods presented.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

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

During the six months ended June 30, 2022, additions to property, plant and equipment amounted to RMB62,346,000 (six months ended June 30, 2021: RMB208,674,000), mainly consisted of construction in progress and electronic equipment and furniture.

During the current interim period, there is no new lease agreement was entered into.

### 13. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Unlisted investments:		
– Equity securities ( <i>note</i> )	13,481	13,481

*Note:*

The above unlisted equity securities represent the Group's equity interest in private entities: (1) 0.15% (December 31, 2021: 0.15%) equity interest in Bohai Life Insurance Co., Ltd.\* (渤海人壽保險股份有限公司) (“**Bohai Life**”), a private entity established in the PRC, which is principally engaged in insurance business, with a carrying amount of approximately RMB8,481,000 (December 31, 2021: RMB8,481,000); and (2) 10% (December 31, 2021: 10%) equity interest in Yongqing Jiyin Rural Bank Co., Ltd.\* (永清吉銀村鎮銀行股份有限公司) (“**Yongqing Jiyin Rural Bank**”), a private entity established in the PRC, which is principally engaged in banking operation, with a carrying amount of approximately RMB5,000,000 (December 31, 2021: RMB5,000,000). The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Pursuant to the lease agreements, lease payment is generally required to be settled in advance with no credit period being granted to the tenants. In respect of sale of properties, a credit period of six months to two years may be granted to specific customers on a case-by-case basis.

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Trade receivables, gross		
– contracts with customers ( <i>note (i)</i> )	<b>306,344</b>	364,437
– lease receivables	<b>267,122</b>	222,134
	<b>573,466</b>	586,571
Less: Allowance for credit losses	<b>(129,461)</b>	(84,283)
Trade receivables, net	<b>444,005</b>	502,288
Other receivables, deposits and prepayments, gross		
Advances to contractors and suppliers ( <i>note (ii)</i> )	<b>547,296</b>	572,238
Performance guarantee deposit paid	<b>14,940</b>	14,940
Other receivables and prepayments ( <i>note (iii)</i> )	<b>1,322,305</b>	798,699
Deposits	<b>84,656</b>	96,646
	<b>1,969,197</b>	1,482,523
Less: Allowance for credit losses	<b>(75,264)</b>	(57,893)
Other receivables, deposits and prepayments, net	<b>1,893,933</b>	1,424,630
Total trade and other receivables, deposits and prepayments, net	<b>2,337,938</b>	1,926,918

Notes:

- (i) As at June 30, 2022 and December 31, 2021, trade receivables from contract with customers mainly comprise trade receivable from property development and property investment.
- (ii) Advances to contractors and suppliers mainly included prepayment to contractors and suppliers for the construction of properties under development for sale. All of the advances to contractors and suppliers are expected to be utilized within the normal operating cycle of the Group.
- (iii) Other receivables mainly included payment on behalf of and receivables from independent third-parties which are mainly the project partners and consideration receivable in relation of disposal of a subsidiary (*note 27*). All other receivables from independent third-parties are of non-trade nature, unsecured, interest-free and repayable on demand as at June 30, 2022 and December 31, 2021, except for the balance of RMB277,650,000 (December 31, 2021: RMB277,650,000), which was bearing interest at 8% (December 31, 2021: 8%) per annum and under legal proceedings. All of the other receivables are expected to be recovered within one year.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aging analysis of trade receivables presented, based on the date of recognition of revenue at the end of the reporting period:

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
0 to 60 days	42,890	50,146
61 to 180 days	34,983	32,068
181 to 365 days	59,877	91,925
1 to 2 years	45,456	78,900
Over 2 years	390,260	333,532
	<b>573,466</b>	586,571

As at June 30, 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB260,823,000 (December 31, 2021: RMB227,240,000) which are past due as at the reporting date. The balances which has been past due over 90 days is not considered as default since the Directors considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 15. CONTRACT ASSETS

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Construction and development services	1,867,028	1,809,172
Property sales	8,542	8,542
	<b>1,875,570</b>	1,817,714
Less: Allowance for credit losses	<b>(25,551)</b>	(18,846)
	<b>1,850,019</b>	1,798,868

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

All contract assets are expected to be settled within the Group's normal operating cycle, and are classified as current.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 16. ASSETS CLASSIFIED AS HELD FOR SALE

On July 21, 2021 and January 30, 2022, the Group had through its indirectly non-wholly-owned subsidiary of the Company, Hainan Guorui Real Estate Development Co., Ltd.\* (海南國瑞房地產開發有限公司) (“**Hainan Guorui**”) entered into an equity transfer agreement and a supplement agreement (“**Hainan Junhe Equity Transfer Agreements**”) with an independent third party, Haofu Kangju Pension Industry Development Co., Ltd.\* (好福康居養老產業發展有限公司) (“**Haofu Kangju**”) in relation to the disposal of the entire equity interest in Hainan Junhe Industrial Co., Ltd.\* (海南駿和實業有限公司) (“**Hainan Junhe**”), a wholly-owned subsidiary of the Group, with a total cash consideration of RMB1,989,000,000. Part of the consideration of RMB866,897,000 will be used to settle the liabilities of Hainan Junhe before the disposal. The consideration will be settled after the obligation of both parties were fulfilled, the obligation was clearly stated in the Hainan Junhe Equity Transfer Agreements, including but not limited to (i) the land of Hainan Junhe of RMB108,769,000 included in properties under development for sale as below, that pledged to secure bank borrowings of another subsidiary of the Company should be released; (ii) the liabilities of Hainan Junhe of RMB866,897,000 should be settled; and (iii) the rental agreement with the lease term of 20 years between Hainan Junhe and its tenants should be terminated. Due to the unstable environment under the COVID-19 pandemic in the PRC, up to the date of authorization of these condensed consolidated financial statements, these conditions have not been fulfilled. As at June 30, 2022, December 31, 2021 and at the date of authorization of these condensed consolidated financial statements, the Directors are in the opinion that these conditions can be fulfilled and the disposal of the entire equity interest in Hainan Junhe can be completed on or before December 31, 2022.

The major classes of assets and liabilities of Hainan Junhe classified as held for sale as at June 30, 2022 and December 31, 2021 are, as follows:

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
<b>Assets</b>		
Property, plant and equipment	185	249
Deferred tax assets	13,104	12,447
Value added tax and tax recoverable	9,315	9,207
Properties under development for sale	1,061,630	957,218
Trade and other receivables, deposits and prepayments	10,138	3,772
Bank balances and cash	219	355
Assets classified as held for sale	<b>1,094,591</b>	983,248
<b>Liabilities</b>		
Trade and other payables	<b>(1,082,238)</b>	(970,036)
Tax payable	<b>(3,739)</b>	(2,572)
Liabilities associated with assets classified as held for sale	<b>(1,085,977)</b>	(972,608)
Net assets directly associated with Hainan Junhe	<b>8,614</b>	10,640

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 17. TRADE AND OTHER PAYABLES

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Trade payables	2,051,155	2,205,163
Deposits received	234,044	246,571
Rental received in advance	89,233	100,969
Refund liabilities	390,036	325,838
Accrued payroll	39,412	40,486
Value added tax and other tax payables	478,773	919,667
Other payables and accruals	600,378	1,198,409
Dividends	135,500	135,500
	<b>4,018,531</b>	5,172,603
Analysed for reporting purposes as:		
Non-current ( <i>note</i> )	135,213	84,026
Current	3,883,318	5,088,577
	<b>4,018,531</b>	5,172,603

Note:

Pursuant to the relevant agreements, rental deposits received as at June 30, 2022 and December 31, 2021 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

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

The following is an aging analysis of trade payables based on invoice date at the end of the reporting period:

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
0 to 60 days	552,467	816,626
61 to 365 days	354,552	417,148
1 to 2 years	331,048	203,015
Over 2 years	813,088	768,374
	<b>2,051,155</b>	2,205,163

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 18. BANK AND OTHER BORROWINGS

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Bank borrowings, secured	15,048,677	15,977,462
Loans from financial institutions, secured	2,745,254	2,326,528
Other borrowing, secured	100,000	100,000
	<b>17,893,931</b>	18,403,990
The borrowings are due to be repayable ( <i>note</i> ):		
On demand and within one year	4,681,387	5,084,974
More than one year, but not exceeding two years	3,931,288	4,037,897
More than two years, but not exceeding five years	2,787,446	2,747,878
More than five years	6,493,810	6,533,241
	<b>17,893,931</b>	18,403,990
Less: Amount due within one year shown under current liabilities	<b>(4,681,387)</b>	(5,084,974)
Amount due after one year shown under non-current liabilities	<b>13,212,544</b>	13,319,016

*Note:* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank and other borrowings and loans from financial institutions are all denominated in RMB. Details of assets that have been pledged to secure bank and other borrowings are set out in note 20.

Borrowings of approximately RMB6,634,092,000 (December 31, 2021: RMB6,972,151,000), bearing interest at variable rate ranging from 4.75% to 12.00% (December 31, 2021: 4.75% to 12.00%) per annum as at June 30, 2022 exposed the Group to cash flow interest rate risk. The remaining borrowings, bearing interest at fixed rate, ranging from 4.89% to 14.00% (December 31, 2021: 4.90% to 14.00%) per annum as at June 30, 2022, exposed the Group to fair value interest rate risk.

As mentioned below, on February 28, 2022 and up to the date of authorization of these condensed consolidated financial statements, the 2019 Outstanding Notes (as defined below), issued by the Company, are not yet settled on time. The Company is not the contracted parties in these loan agreements and, in the opinion of the Directors, the 2019 Outstanding Notes are not material to the financial statements of the Company which would not material affect the financial ability of the Company as a guarantor. The Directors believe that the Group has not breached of the cross default clause stated in these bank and other borrowings agreements.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 19. SENIOR NOTES

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
2019 Senior Notes ( <i>note (a)</i> )	36,602	31,240
2021 Senior Notes ( <i>note (b)</i> )	58,850	2,191,023
2021 Private Placement Notes ( <i>note (c)</i> )	336,416	318,785
2022 Senior Notes ( <i>note (d)</i> )	2,360,753	–
	<b>2,792,621</b>	2,541,048
Less: Amount due within one year shown under current liabilities	<b>(698,214)</b>	(2,541,048)
	<b>2,094,407</b>	–

Notes:

**(a) 2019 Senior Notes**

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

On March 15, 2019, the Company issued senior notes with an aggregate nominal value of US\$295,000,000 (“**2019 Additional Notes**”) at 97.0% of the principal amount of the 2019 Additional Notes plus accrued interest from February 27, 2019 to March 14, 2019. The 2019 Additional Notes is to be consolidated and form a single series with the 2019 Original Notes (collectively referred to as the “**2019 Senior Notes**”). The principal terms of the 2019 Additional Notes are identical to the terms of the 2019 Original Notes, other than the aggregated principal amount and offer price. The effective interest rate is approximately 15.53% per annum after the adjustment for transaction costs.

On January 12, 2021, the Company commenced the exchange offer for the minimum acceptance amount of the outstanding 2019 Senior Notes and the consent solicitation from eligible holders to the amendments to the indenture governing the 2019 Senior Notes (“**Exchange Offer**”). The Exchange Offer and consent solicitation are being made upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum. On January 20, 2021, holders of US\$300,600,000 of the 2019 Senior Notes, representing approximately 66.80% of the total aggregate principal amount of the outstanding 2019 Senior Notes, have been validly tendered for exchange (and deemed to have given Consents to the proposed amendments) and accepted pursuant to the Exchange Offer and consent solicitation.

### 19. SENIOR NOTES (Continued)

Notes: (Continued)

#### (a) 2019 Senior Notes (Continued)

On January 25, 2021, the Company completed the exchange offering of US\$300,600,000 of the 2019 Senior Notes (“**Exchange Notes**”) with US\$323,745,000 of new issue of senior notes due January 25, 2024 (the “**2021 Senior Notes**”) which bearing interest at 14.25% per annum (detailed in note (b)). After the completion of the exchange offering, the remaining aggregate principal amount of US\$154,400,000 of the 2019 Senior Notes and an aggregate principal amount of US\$323,745,000 of the 2021 Senior Notes remain outstanding.

The Directors consider that the terms of the 2021 Senior Notes are not substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms is not accounted for as an extinguishment of the original financial liability. Therefore, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities’ original effective interest rate.

As at March 1, 2021, certain holders, whom have not accepted the Exchange Offer, of the 2019 Senior Notes exercised their redemption options. Therefore, the Company redeemed part of the 2019 Senior Notes, at a price of US\$159,591,000 equal to the aggregate principal amount of US\$149,500,000 plus accrued interest to the date of redemption.

Upon the completion of the redemption and as at December 31, 2021, the remaining outstanding principal amount of the 2019 Senior Notes were US\$4,900,000 (“**2019 Outstanding Notes**”). The holders of 2019 Outstanding Notes has not exercised their redemption options and the outstanding notes will mature on February 28, 2022. On June 30, 2022 and up to the date of authorization of these condensed consolidated financial statements, the 2019 Outstanding Notes are not yet settled.

The fair value of 2019 Senior Notes as at December 31, 2021 is approximately RMB41,069,000 based on quoted market price and classified as level 1 of fair value hierarchy. As at June 30, 2022, the Directors consider that the carrying amounts of 2019 Senior Notes approximate their fair values.

#### (b) 2021 Senior Notes

Pursuant to note (a) above, the Company issued 2021 Senior Notes to settle the Exchange Notes on January 25, 2021. The 2021 Senior Notes bearing interest at 14.25% per annum, payable semi-annually in arrears from July 25, 2021, will mature on January 25, 2024. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2021 Senior Notes are listed on the Stock Exchange and Singapore Exchange Securities Trading Limited.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 19. SENIOR NOTES (Continued)

Notes: (Continued)

#### (b) 2021 Senior Notes (Continued)

The 2021 Senior Notes may be redeemed in the following circumstances:

- (1) At any time prior to January 25, 2024, the Company may at its option redeem the 2021 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2021 Senior Notes plus the applicable premium as of, and accrued but unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to January 25, 2024, the Company may redeem up to 35% of the aggregate principal amount of the 2021 Senior Notes with the net cash proceeds from sales of certain kinds of capital stock of the Company in an equity offering at a redemption price of 15.74% of the principal amount of the 2021 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) The holders of 2021 Senior Notes have the right, at their option, to require the Company to repurchase for cash all of their 2021 Senior Notes, or any portion of the principal thereof that is equal to US\$200,000 or an integral multiple of US\$1,000 in excess thereof, on April 25, 2022 at the repurchase price equal to 100% of the principal amount of 2021 Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, April 25, 2022.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the 2021 Senior Notes holders and the trustee. No holders had exercised their redemption options on April 25, 2022.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at June 30, 2022 and December 31, 2021.

On February 23, 2022, the Company completed the exchange offering of US\$315,159,000 of the 2021 Senior Notes with US\$334,790,000 of new issue of senior notes due August 23, 2024 (the "**2022 Senior Notes**") which bearing interest at 14.25% per annum (detailed in note (d)). After the completion of the exchange offering, the remaining aggregate principal amount of US\$8,586,000 of the 2021 Senior Notes and an aggregate principal amount of US\$334,790,000 of the 2022 Senior Notes remain outstanding.

The Directors consider that the terms of the 2022 Senior Notes are not substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms is not accounted for as an extinguishment of the original financial liability. Therefore, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate.

## 19. SENIOR NOTES (Continued)

Notes: (Continued)

### (b) 2021 Senior Notes (Continued)

The fair value of 2021 Senior Notes as at June 30, 2022 is approximately RMB57,820,000 (December 31, 2021: RMB2,018,072,000) based on quoted market price and classified as level 1 of fair value hierarchy.

As aforementioned, on June 30, 2022 and up to the date of authorization of these condensed consolidated financial statements, the 2019 Outstanding Notes are not yet settled. However, as the outstanding amount is below the thresholds of the cross-acceleration clauses, it would not trigger the cross-acceleration provision under the event of default clauses.

### (c) 2021 Private Placement Notes

On March 26, 2021, the Company issued the notes with an aggregate nominal value of US\$50,000,000 (“**2021 Private Placement Notes**”). 2021 Private Placement Notes bearing interest at 16.0% per annum, is payable quarterly in advance on March 26, June 26, September 26 and December 26 in each year, commencing on June 26, 2021.

2021 Private Placement Notes may be redeemed in the following circumstances:

- (1) Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on March 26, 2023.
- (2) Redemption at the option of holder of 2021 Private Placement Notes: The issuer shall, at the option of the holders of any 2021 Private Placement Notes redeem all but not some of such holder’s 2021 Private Placement Notes on March 26, 2022 at 100% of the principal amount of such 2021 Private Placement Notes.

No holders had exercised their redemption options on March 26, 2022.

### (d) 2022 Senior Notes

Pursuant to note (b) above, the Company issued 2022 Senior Notes to settle the exchange notes on February 23, 2022. The 2022 Senior Notes bearing interest at 14.25% per annum, payable semi-annually in arrears from August 23, 2022, will mature on August 23, 2024. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2022 Senior Notes are listed on Singapore Exchange Securities Trading Limited.

The 2022 Senior Notes may be redeemed in the following circumstances:

- (1) At any time prior to May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time on or after May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 106.63% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 19. SENIOR NOTES (Continued)

Notes: (Continued)

#### (d) 2022 Senior Notes (Continued)

- (3) Under the mandatory redemption clause, the Company shall redeem the 2022 Senior Notes in aggregate principal amount equal to at least (i) US\$9,600,000 by April 25, 2022; (ii) an additional 7.5% of the principal amount of the 2022 Senior Notes by November 30, 2022; (iii) an additional 10% of the principal amount of the 2022 Senior Notes by August 31, 2023; (iv) an additional 15% of the principal amount of the principal amount of the 2022 Senior Notes by November 30, 2023 and (v) an additional 15% of the principal amount of the 2022 Senior Notes by May 31, 2024, in each case, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company will give not less than 15 days' nor more than 30 days' notice of any redemption to the 2022 Senior Notes holders and the trustee.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at June 30, 2022.

On April 25, 2022, the Company and the holders of the 2022 Senior Notes entered into the Supplemental Indenture to extend the deadline for the first instalment of US\$9,600,000 for three months to July 25, 2022. Up to the date of authorization of these condensed consolidated financial statements, the Company and the holders of the 2022 Senior Notes are still negotiating the settlement plan of the 2022 Senior Notes. The Directors do not consider that it is probable that the holders of the 2022 Senior Notes will exercise their discretion to demand immediate repayment.

The fair value of 2022 Senior Notes as at June 30, 2022 is approximately RMB2,257,021,000 (December 31, 2021: Nil) based on quoted market price and classified as level 1 of fair value hierarchy.

As aforementioned, on June 30, 2022 and up to the date of authorization of these condensed consolidated financial statements, the 2019 Outstanding Notes are not yet settled. However, as the outstanding amount is below the thresholds of the cross-acceleration clauses, it would not trigger the cross-acceleration provision under the event of default clauses.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 20. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other borrowings facilities granted to the Group at the end of each reporting period:

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Investment properties	<b>18,651,732</b>	19,343,500
Property, plant and equipment	<b>1,015,058</b>	1,043,949
Other non-current assets	<b>50,000</b>	50,000
Properties under development for sale	<b>9,841,945</b>	9,924,187
Properties held for sale	<b>807,130</b>	2,313,682
Restricted bank deposits	<b>800</b>	344
Assets classified as held for sale	<b>108,769</b>	108,769
	<b>30,475,434</b>	32,784,431

As at June 30, 2022, bank deposits of approximately RMB223,597,000 (December 31, 2021: RMB94,316,000) were pledged as security for mortgage loans of the Group's customers.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 20. PLEDGE OF ASSETS (Continued)

The equity interest of the following subsidiaries were pledged to secure certain bank and other borrowings facilities granted to the Group:

	As at June 30, 2022 % (Unaudited)	As at December 31, 2021 % (Audited)
Foshan Glory Southern Real Estate Development Co., Ltd.* (佛山市國瑞南方地產開發有限公司)	80	80
Glory Xingye (Beijing) Investment Co., Ltd.* (國瑞興業(北京)投資有限公司)	100	100
Beijing Wenhua Shengda Real Estate Development Co., Ltd.* (北京文華盛達房地產開發有限公司)	80	80
Shantou Guorui Hospital Co., Ltd.* (汕頭市國瑞醫院有限公司)	100	100
Suzhou Glory Real Estate Co., Ltd.* (蘇州國瑞地產有限公司)	80	80
Beijing Guorui Deheng Real Estate Development Co., Ltd.* (北京國瑞德恒房地產開發有限公司)	80	80
Hainan Junhe	80	80
Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司)	91	91
Glory Xingye (Beijing) Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司)	80	80
Shanxi Huawei Shida Industrial Co., Ltd.* (陝西華威世達實業有限公司)	80	80
Shenzhen Guorui Technology Investment Co., Ltd.* (深圳國瑞科技投資有限公司)	80	80
Shenyang Great Eastern Real Estate Co., Ltd.* (瀋陽大東方置業有限公司)	80	80

As at June 30, 2022 and December 31, 2021, 35% equity interest in Beijing Ruida Properties Co., Ltd.\* (北京銳達置業有限公司) ("**Ruida Zhiye**"), an associate of the Group, was also pledged to secure bank borrowing of Ruida Zhiye.

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd.\* (海南國瑞投資開發有限公司) to Hainan Haidao Linkong Industry Group Co., Ltd.\* (海南海島臨空產業集團有限公司) in order to secure the performance obligation as at June 30, 2022 and December 31, 2021. The pledge shall be released within 10 days after the completion of the construction contract.

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 21. COMMITMENTS

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Contracted but not provided for in the condensed consolidated financial statements:		
– Expenditure in respect of investment properties under construction	115,145	135,447
– Construction of properties for own use	880,074	888,174
	<b>995,219</b>	1,023,621

In addition to the above capital commitments, the Group had contracted expenditure in respect of properties under development for sale of approximately RMB3,195,835,000 (December 31, 2021: RMB3,547,729,000) as at June 30, 2022, which have not been provided for in the condensed consolidated financial statements.

### 22. CONTINGENT LIABILITIES

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers ( <i>note</i> )	4,454,940	5,752,325
– corporate property buyers ( <i>note</i> )	11,097	1,210
	<b>4,466,037</b>	5,753,535

*Note:*

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

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant and the Directors consider the default rate is low and a large portion of consideration from property pre-sales contract has been received and recognized as contract liabilities. Accordingly, no loss allowance has been recognized as at June 30, 2022 and December 31, 2021.

As at June 30, 2022, Shantou Garden Group Co., Ltd.\* (汕頭花園集團有限公司) ("Garden Group") has provided guarantee to a bank for a banking facility granted to an associate, Ruida Zhiye, of which the bank borrowing guaranteed by the Group was amounting to approximately RMB440,000,000 (December 31, 2021: RMB540,000,000) with the maturity date in January 2023.

\* The English name of the company which was established in the PRC are for reference only and has not been registered.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 22. CONTINGENT LIABILITIES (Continued)

As at June 30, 2022 and December 31, 2021, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from these cases will not have any material impact on the financial performance and financial position of the Group.

### 23. LIQUIDITY RISK MANAGEMENT

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings and its available credit facilities. The Directors closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

As at June 30, 2022, the Group's bank and other borrowings with aggregate carrying amount of approximately RMB4,681,387,000 was due within one year, while its cash and cash equivalents amounted to only approximately RMB305,487,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB385,589,000, which can be used for payments for project costs when approval from related government authority is obtained. The Group monitored its compliance with covenants and repayment schedules of bank and other borrowings, and took measures to improve the Group's financial position.

Based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's operations might need to be curtailed.

The management of the Group performed cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements from time to time to ensure the Group has sufficient cash to meet its operational needs and settle liabilities when they fall due. The management of the Group takes into account the following considerations in projecting their cash flow forecasts: (a) estimated cash inflows from property sales; and (b) further loans under provisional approvals of certain banks which are subject to application by the Group. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty particularly over the level of demand for the Group's properties for sale and the availability of banking facility for the foreseeable future. Any delay or unavailability of any of the above measure or sources of finance would impact the Group's liquidity position. The management of the Group will closely monitor the liquidity position and set out alternative measures which include adjusting the construction progress as appropriate, reducing the Group's spending on land investments, accelerating sales with more flexible pricing and obtaining other external financing through security market.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 24. SHARE-BASED PAYMENTS

#### Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the “**Pre-IPO Share Option Scheme**”), the Company granted to 54 grantees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the “**Pre-IPO Share Option**”).

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014. No additional performance target or condition applies to the outstanding options granted under the Pre-Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. All share options would be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Option is as follows:

33.33%: from the date of grant to July 7, 2015

33.33%: from the date of grant to July 7, 2016

33.34%: from the date of grant to July 7, 2017

The following table discloses movements of the Company’s share options held by employees and Directors during the six months ended June 30, 2021:

	Outstanding as at January 1, 2021	Lapsed during the period <i>(note)</i>	Outstanding as at June 30, 2021
Pre-IPO Share Option			
– Directors	11,190,000	(11,190,000)	–
– Other employees	37,516,137	(37,156,137)	–
	48,706,137	(48,706,137)	–
Exercisable at the end of the reporting period			–
Weighted average exercise price (Hong Kong dollars)	1.428	1.428	–

*Note:* As at June 30, 2021, all outstanding share options granted under Pre-IPO Share Option Scheme were lapsed after 7 years since the grant date (i.e. June 16, 2021). There was no outstanding Pre-IPO Share Option as at June 30, 2021, December 31, 2021, January 1, 2022 and June 30, 2022.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 25. RELATED PARTY BALANCES AND TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following related party balances and transactions.

(a) The following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related parties	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Company
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Daughter of Mr. Zhang Zhangsun
Ms. Lin Yaoquan	Brother-in-law of Mr. Zhang Zhangsun
Mr. Zhang Zhangqiao	Younger brother of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd.* (北京國瑞興業商業管理有限公司) ("Glory Commercial Management")	Controlled by Ms. Zhang Jin
Jinming Wujin Material Co., Ltd.* (汕頭市金明五金材料有限公司) ("Jinming Wujin")	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司) ("Foshan Yinhe")	Controlled by Ms. Zhang Jin
Shenyang Glory Xingda Management Co., Ltd.* (瀋陽國瑞興達企業管理有限公司) ("Shenyang Xingda")	Controlled by Ms. Zhang Jin
Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司) ("Longhu Huamu")	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Shantou Garden Hotel Management Co., Ltd.* (汕頭市花園賓館管理有限公司) ("Shantou Garden Hotel")	Controlled by Mr. Zhang Zhangsun

## 25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

## (a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Beijing Glory Property Services Co., Ltd.* (Note (i)) (北京國瑞物業服務有限公司) ("Glory Services")	Controlled by Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial Development Co., Ltd.* (深圳國瑞興業發展有限公司) ("Shenzhen Glory Industrial")	Controlled by Mr. Zhang Zhangsun
Beijing Maorui Properties Co., Ltd.* (北京茂瑞置業有限公司) ("Maorui Zhiye")	Joint venture
Zhongyu Properties (HK) Limited (中裕置業(香港)有限公司) ("Zhongyu")	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Well Ample Holdings Limited and its subsidiaries ("Well Ample Group") (Note (ii))	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Ruida Zhiye	Associate

## Notes:

- (i) The related party "Glory Services" was disposed by the Group in August, 2021.
- (ii) The related parties were then subsidiaries of the Company and were acquired by Zhongyu during the six months ended June 30, 2022 (note 27).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Beijing Ruimao Zhiye Co., Ltd.* (北京瑞茂房地產開發有限公司) ("Ruimao Real Estate")	Joint venture
Guangdong Guosha Investment Holding Group Co., Ltd.* (廣東國廈投資控股集團有限公司) ("Guangdong Guosha Investment")	Controlled by Mr. Zhang Zhangqiao
Hainan Glory Commercial Management Co., Ltd.* (海南國瑞興業商業管理有限公司) ("Hainan Glory Commercial Management")	Controlled by Ms. Zhang Jin
Xi'an Ruihe Xingda Commercial Management Co., Ltd.* (西安瑞和興達商業管理有限公司) ("Xi'an Ruihe")	Controlled by Ms. Zhang Jin
Wuxi Glory Real Estate Development Co., Ltd.* (無錫國瑞房地產開發有限公司) ("Wuxi Glory")	Associate
Shantou Garden Property Services Co., Ltd.* (汕頭市花園物業管理有限公司) ("Shantou Garden Services")	Controlled by Ms. Zhang Jin
Beijing Guoyin Investment Fund Management Co., Ltd.* (北京國銀投資基金管理有限公司) ("Guoyin Fund Investment Management")	Controlled by Ms. Zhang Jin
Tung Wo International Investment Limited ("Tung Wo International")	Controlled by Mr. Zhang Zhangsun
Beijing Yinhe Guorui Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司) ("Beijing Yinhe")	Controlled by Ms. Zhang Jin
Beijing Dayuan Tongrui Investment Center (limited partnership)* (北京達源通瑞投資中心(有限合夥)) ("Beijing Dayuan Tongrui")	Controlled by Ms. Zhang Jin

## 25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

## (a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Beijing Huirui Capital Investment Co., Ltd.* (北京匯瑞資本投資有限公司) ("Beijing Huirui")	Controlled by Ms. Zhang Youxi
Shijiazhuang Guolong Properties Development Co., Ltd.* (石家莊國龍房地產開發有限公司) ("Shijiazhuang Guolong")	Controlled by Mr. Zhang Zhangqiao
Shantou Chenghai Garden Hotel Co., Ltd.* (汕頭市澄海花園酒店有限公司) ("Shantou Chenghai")	Controlled by Mr. Zhang Zhangsun
Guangdong Guosha Real Estate Co., Ltd.* (廣東國廈地產有限公司) ("Guangdong Guosha Real Estate")	Controlled by Mr. Zhang Zhangqiao
Shenzhen Guokesheng Robot Technology Co., Ltd.* (深圳國科盛機器人科技有限公司)	Controlled by Ms. Zhang Jin
Shenzhen Deep Sea Entertainment Management Co., Ltd.* (深圳深海謎底娛樂管理有限公司) ("Shenzhen Deep Sea")	Controlled by Mr. Zhang Zhangsun
Shantou Chenghai Glory Howard Johnson Guorui Hotel Co., Ltd.* (汕頭市澄海國瑞豪生大酒店有限公司) ("Shantou Chenghai Glory")	Controlled by Ms. Zhang Youxi
Shenzhen Glory Medical Industry Development Co., Ltd.* (深圳國瑞醫療產業發展有限公司) ("Shenzhen Glory Medical")	Controlled by Ms. Zhang Jin
Shenzhen Aiguoyi Children's Paradise Management Co., Ltd.* (深圳愛國懿兒童樂園管理有限公司) ("Shenzhen Aiguoyi")	Controlled by Mr. Zhang Zhangsun
Shenzhen Guoyu Network Technology Co., Ltd.* (深圳國裕網絡科技有限公司) ("Shenzhen Guoyu")	Controlled by Ms. Zhang Jin

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Shenzhen Diyun Real Estate Consulting Co., Ltd.* (深圳地雲地產諮詢有限公司) ("Shenzhen Diyun")	Controlled by Mr. Zhang Zhangsun
Shenzhen Kesong Investment Co., Ltd.* (深圳科松投資有限公司) ("Shenzhen Kesong")	Controlled by Ms. Zhang Jin
Shenzhen Ruibutler Electronic Commerce Co., Ltd.* (深圳瑞管家電子商務有限公司) ("Shenzhen Ruibutler")	Controlled by Mr. Zhang Zhangsun
Guangzhou Yipiantian Tourism Development Co., Ltd.* (廣州一片天旅遊開發有限公司) ("Guangzhou Yipiantian")	Controlled by Ms. Zhang Jin
Beijing Fangyun Online Network Technology Co., Ltd.* (北京房雲在線網絡科技有限公司) ("Beijing Fangyun")	Controlled by Ms. Zhang Jin
Beijing Guorui Commercial Operation Management Co., Ltd.* (北京國瑞商業運營管理有限公司) ("Beijing Guorui Commercial Operation")	Controlled by Ms. Zhang Jin
Shenzhen Guorui Commercial Management Co., Ltd.* (深圳國瑞商業管理有限公司) ("Shenzhen Guorui Commercial")	Controlled by Ms. Zhang Jin
Shenzhen Xiangrui Investment Co., Ltd.* (深圳祥瑞投資有限公司) ("Shenzhen Xiangrui")	Non-controlling shareholders of a subsidiary

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related parties	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Trade nature (note (i)):		
Foshan Yinhe	29,070	26,965
Non-trade nature (note (ii)):		
Ruida Zhiye	1,408,237	1,376,442
Maorui Zhiye	824,974	825,617
Well Ample Group	356,794	–
Wuxi Glory	72,532	77,782
Shenzhen Xiangrui	27,279	23,279
Shenzhen Diyun	23,189	25,096
Shenzhen Glory Industrial	8,327	8,310
Beijing Huirui	7,475	7,475
Shenzhen Guoyu	7,081	7,081
Jinming Wujin	5,935	1,421
Shenzhen Glory Medical	5,526	5,526
Xi'an Ruihe	4,486	4,486
Beijing Dayuan Tongrui	4,000	4,000
Shenyang Xingda	2,817	2,817
Shantou Garden Services	1,800	850
Hainan Glory Commercial Management	1,633	1,552
Shantou Chenghai Glory	1,492	1,500
Beijing Guorui Commercial Operation	665	1,947
Shantou Chenghai	498	9,116
Shenzhen Kesong	446	446
Beijing Fangyun	194	194
Mr. Zhang Jin	190	–
Glory Commercial Management	138	3,029
Guangzhou Yipiantian	93	79
Foshan Yinhe	32	32
	<b>2,765,833</b>	2,388,077
Amounts due from related parties, gross	<b>2,794,903</b>	2,415,042
Allowance for credit losses	<b>(4,340)</b>	(4,340)
Amounts due from related parties, net	<b>2,790,563</b>	2,410,702

Notes:

- (i) Balances of trade nature are unsecured, interest-free and aged within one year.
- (ii) Balances of non-trade nature are unsecured and repayable on demand. Included in the balances were approximately RMB2,233,211,000 (December 31, 2021: RMB2,202,059,000) bearing interest ranging from 4.75% to 9.30% (December 31, 2021: 4.75% to 9.30%).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(c) At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related parties	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Trade nature: <i>(note (i))</i>		
Glory Commercial Management	34,205	13,520
Foshan Yinhe	20,729	10,129
	<b>54,934</b>	23,649
Non-trade nature: <i>(note (ii))</i>		
Longhu Huamu	1,489,018	1,026,054
Guangdong Guosha Investment	1,448,242	1,483,970
Alltogether Land <i>(note (iii))</i>	854,903	738,474
Ruimao Real Estate	241,935	250,827
Shijiazhuang Guolong	193,925	193,925
Guangdong Guosha Real Estate	76,000	76,000
Shenzhen Guorui Commercial	7,224	16,100
Shenzhen Deep Sea	200	200
Shenzhen Aiguoyi	176	-
Beijing Yinhe	148	148
Guoyin Fund Investment Management	5	5
Mr. Lin Yaoquan	-	65,780
Ms. Zhang Jin	-	1,810
	<b>4,311,776</b>	3,853,293
Amounts due to related parties	<b>4,366,710</b>	3,876,942

Notes:

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(d) During the reporting period, the Group entered into the following transactions with its related parties:

Name of related parties	Nature of transaction	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Glory Commercial Management	Commercial management services fee	13,759	11,351
Shenyang Xingda	Commercial management services fee	175	215
Foshan Yinhe	Commercial management services fee	4,039	4,108
Hainan Glory Commercial Management	Commercial management services fee	–	1,309
Xi'an Ruihe	Commercial management services fee	517	1,754
Glory Services	Property management services fee	–	12,565

#### (e) Financial guarantees

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank and other borrowings granted to certain subsidiaries of the Group for nil consideration. As at June 30, 2022, the Group has bank and other borrowings guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to approximately RMB13,017,682,000 (December 31, 2021: RMB13,671,156,000).

As at June 30, 2022, Garden Group has provided guarantee to a bank for a banking facility granted to Ruida Zhiye, of which the bank borrowing guaranteed by the Group was amounting to approximately RMB440,000,000 (December 31, 2021: RMB540,000,000).

#### (f) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group. The key management personnel compensation is as follows:

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short-term employee benefits	8,151	10,072
Retirement benefit contributions	178	229
	<b>8,329</b>	10,301



## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

For financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group's investment in unlisted investments were measured at fair value, and grouped into Level 3.

	Fair value as at		Fair value hierarchy
	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)	
<b>Financial assets</b>			
Equity instruments at FVTOCI (see note 13)			
– 0.15% equity investment in Bohai Life	8,481	8,481	Level 3
– 10% equity investment in Yongqing Jiyin Rural Bank	5,000	5,000	Level 3
	<b>13,481</b>	13,481	

The fair value of the unlisted equity instruments at FVTOCI, was determined by the Directors, based on market approach using the net book value of the investee multiply to the market price-to-book ratio, and adjusted for the lack of marketability. The change in unobservable inputs would not have significant impact to the fair value measurement.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

The movements during the periods in the balance of Level 3 fair value measurement is as follows:

	0.15% equity investment in Bohai Life RMB'000	10% equity investment in Yongqing Jiyin Rural Bank RMB'000	Total RMB'000
At January 1, 2021 (Audited)	26,300	5,000	31,300
Total losses – included in other comprehensive income	(17,819)	–	(17,819)
At December 31, 2021, January 1, 2022 (Audited) and June 30, 2022 (Unaudited)	<b>8,481</b>	<b>5,000</b>	<b>13,481</b>

During the six months ended June 30, 2022, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (six months ended June 30, 2021: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Except as disclosed in note 19, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated statement of financial position approximate their fair values.

### 27. DISPOSAL OF SUBSIDIARIES

During the six months ended June 30, 2022, the Company entered into an equity transfer agreement ("**Equity Transfer Agreement**") with Zhongyu, a company incorporated in Republic of Seychelles and 50% of its shareholdings are held by daughter and spouse of Mr. Zhang Zhangqiao respectively, in relation to the disposal of the entire equity interest in Well Ample Group at a total consideration of US\$1 (the "**Disposal**").

Well Ample Group is principally engaged in property development and composed of third-and-fourth-tier projects. The Directors considered that the Disposal will be beneficial for the Group to better utilize its strengths and resources to focus on development and construction of its first-and-second-tier projects, as well as to lower the Group's debt ratio to improve liquidity and ensure the steady overall development of the Group.

Pursuant to the Equity Transfer Agreement, the assets and liabilities of Well Ample Group as at January 31, 2022 was transferred to Zhongyu and the profit or loss and liabilities incurred by Well Ample Group after January 31, 2022 are also borne by Zhongyu. In the opinion of the Directors, the Group ceased to have exposure or rights to variable returns from entire equity interest in Well Ample Group on January 31, 2022. Therefore, the Group derecognized entire equity interest in Well Ample Group as mentioned above.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

### 27. DISPOSAL OF SUBSIDIARIES (Continued)

The net assets of Well Ample Group at the date of disposal and the consideration of disposal were as follows:

	RMB'000 (Unaudited)
Analysis of assets and liabilities over which control were lost:	
Property, plant and equipment	7,679
Deferred tax assets	28,970
Properties under development for sale	928,061
Properties held for sale	393,286
Trade and other receivables, deposits and prepayments	240,368
Bank balances and cash	36,784
Trade and other payables	(544,611)
Tax payable	(73,743)
Bank borrowings	(660,000)
Amount due to the Group	(356,794)
Net assets disposed of	-
Cash consideration received	-*
Net assets disposed of	-
Gain on disposal of subsidiaries recognized in profit or loss	-
Net cash outflow arising on the Disposal:	
Cash consideration received during the period	-*
Less: Bank balances and cash disposed of	36,784
	(36,784)

\* Less than RMB1,000



**GLORY 国瑞**

GLORY HEALTH INDUSTRY LIMITED  
國瑞健康產業有限公司