港龍中國地產
GANGLONG CHINA PROPERTY

Ganglong China Property Group Limited
港龍中國地產集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6968)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2022 amounted to approximately RMB5,479 million, representing a period-on-period increase of approximately 13% as compared to the six months ended 30 June 2021.

- Net profit for the six months ended 30 June 2022 and 2021 maintained at approximately RMB453 million.

- Profit attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately RMB180 million, representing a period-on-period increase of approximately 15% as compared to the six months ended 30 June 2021.

- Selling and marketing expenses and general and administrative expenses for the six months ended 30 June 2022 amounted to approximately RMB210 million and RMB242 million, representing a period-on-period decrease of approximately 29% and 15% respectively, as compared to the six months ended 30 June 2021.

- As of 30 June 2022, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 59% (as at 31 December 2021: 64%).

- As of 30 June 2022, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 24% (as at 31 December 2021: 24%).

- As of 30 June 2022, total cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 3.7 times (as at 31 December 2021: 2.5 times).

The board (the "**Board**") of directors (the "**Directors**") of Ganglong China Property Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2022 with the comparative figures for the corresponding period in the previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2022	2021
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	*4*	**5,478,713**	4,858,839
Cost of sales		**(4,338,019)**	(3,719,851)
Gross profit		**1,140,694**	1,138,988
Other income and other gains, net		**25,178**	75,467
Selling and marketing expenses		**(209,510)**	(296,441)
General and administrative expenses		**(242,305)**	(284,878)
Operating profit		**714,057**	633,136
Finance income	*5*	**19,929**	21,614
Finance costs	*5*	**(84,148)**	(148,738)
Finance costs – net	*5*	**(64,219)**	(127,124)
Share of results of joint ventures and associates		**49,074**	192,121
Profit before income tax		**698,912**	698,133
Income tax expenses	*6*	**(245,656)**	(245,045)
Profit and total comprehensive income for the period		**453,256**	453,088
Attributable to:			
Owners of the Company		**180,421**	156,937
Non-controlling interests		**272,835**	296,151
		453,256	453,088
Earnings per share for profit attributable to owners of the Company *(expressed in RMB per share)*			
– Basic and diluted	*7*	**0.11**	0.10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2022** ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**130,026**	138,939
Investment properties		**183,020**	183,020
Investments accounted for using the equity method		**1,668,958**	1,619,884
Deferred income tax assets		**391,512**	409,496
Total non-current assets		**2,373,516**	2,351,339
Current assets			
Properties under development		**35,381,299**	36,670,782
Completed properties held for sale		**1,891,933**	2,375,337
Trade and other receivables and prepayments	*8*	**2,343,176**	1,804,477
Amounts due from associates		**133,108**	129,850
Amounts due from joint ventures		**139,735**	253,761
Amounts due from non-controlling interests		**4,176,644**	3,960,807
Financial assets at fair value through profit or loss		**20,828**	–
Tax recoverable		**692,631**	1,497,073
Restricted cash		**4,128,246**	4,608,272
Pledged time deposits		**3,199**	71,657
Cash and cash equivalents		**1,605,909**	2,304,919
Total current assets		**50,516,708**	53,676,935
Total assets		**52,890,224**	56,028,274

	Notes	**30 June 2022** *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*10*	**14,881**	14,900
Reserves		**4,006,536**	3,826,972
		4,021,417	3,841,872
Non-controlling interests		**6,990,540**	6,435,880
Total equity		**11,011,957**	10,277,752
LIABILITIES			
Non-current liabilities			
Borrowings		**6,812,011**	6,736,574
Lease liabilities		**74,980**	80,188
Deferred income tax liabilities		**203,248**	157,124
Total non-current liabilities		**7,090,239**	6,973,886
Current liabilities			
Trade payables, bills payables and other payables	*9*	**3,606,119**	5,076,982
Lease liabilities		**16,681**	16,629
Contract liabilities		**26,239,400**	27,240,235
Amounts due to associates		**971,733**	705,827
Amounts due to joint ventures		**686,269**	804,488
Amounts due to non-controlling interests		**1,365,678**	1,858,586
Tax payable		**348,205**	315,876
Borrowings		**1,553,943**	2,758,013
Total current liabilities		**34,788,028**	38,776,636
Total liabilities		**41,878,267**	45,750,522
Total equity and liabilities		**52,890,224**	56,028,274

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

The interim condensed consolidated financial information are presented in Renminbi ("**RMB**"), unless otherwise stated. This interim condensed consolidated financial information have been approved for issue by the Board on 25 August 2022.

This interim condensed consolidated financial information for the six months ended 30 June 2022 has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

3. ACCOUNTING POLICIES

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

(a) New and amended standard adopted by the Group

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

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual Improvements Projects	Annual Improvements to HKFRS Standards 2018-2020

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

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

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Hong Kong Interpretations 5 (2020)	Hong Kong Interpretation 5 (2020) presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

4. REVENUE AND SEGMENT INFORMATION

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

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

For the six months ended 30 June 2022 and 2021, there were no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

The revenue from contracts with customers recognised during the six months ended 30 June 2022 and 2021 are sales of properties in the PRC, all of which recognised at a point in time.

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of properties	**5,478,713**	4,858,839

5. FINANCE COSTS – NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income from bank deposits	**(19,929)**	(21,614)
Finance costs		
– Bank and other borrowings	**377,583**	388,019
– Lease liabilities	**3,502**	3,817
– Amounts due to non-controlling interests	**17,205**	–
– Less: capitalised interest	**(314,142)**	(243,098)
	84,148	148,738
Finance costs, net	**64,219**	127,124

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC corporate income tax	**187,130**	168,900
– PRC land appreciation tax	**73,363**	98,965
	260,493	267,865
Deferred income tax	**(14,837)**	(22,820)
	245,656	245,045

PRC corporate income tax

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

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

PRC land appreciation tax ("LAT")

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

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

PRC withholding tax

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

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

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2022 (six months ended 30 June 2021: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

Overseas income tax

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

7. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company during the periods *(RMB'000)*	**180,421**	156,937
Weighted average number of ordinary shares in issue (in thousand)	**1,630,011**	1,630,618
Basic earnings per share *(RMB)*	**0.11**	0.10

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 June 2022 and 2021. Accordingly, diluted earnings per share is the same as the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables from third parties *(Note (a))*	**41,916**	46,984
Other receivables	**693,716**	1,010,465
Prepayments	**1,607,544**	747,028
Total trade and other receivables and prepayments	**2,343,176**	1,804,477

Notes:

(a) Trade receivables from third parties

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

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-30 days	**41,916**	46,984

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

9. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables *(Note (a))*	**2,575,643**	4,437,831
Bills payables	**53,625**	22,990
Other payables	**976,851**	616,161
Total trade and other payables	**3,606,119**	5,076,982

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

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
0–30 days	**1,980,407**	3,849,597
31–60 days	**130,776**	251,814
61–90 days	**131,055**	294,878
Over 90 days	**333,405**	41,542
	2,575,643	4,437,831

10. SHARE CAPITAL

	Number of shares	**Share capital** *HK$*
Authorised:		
At 1 January 2022 and 30 June 2022	10,000,000,000	100,000,000

	Number of shares	**Share capital** *RMB'000*
Issued:		
At 1 January 2022	1,628,541,000	14,900
Cancellation of shares *(Note (a))*	(2,084,000)	(19)
30 June 2022	1,626,457,000	14,881

(a) Cancellation of shares

During the year ended 31 December 2021 and period ended 30 June 2022, the Group repurchased 3,914,000 and 247,000 of the Company's shares from the Hong Kong Stock Exchange. During the six months ended 30 June 2022, 2,084,000 shares were cancelled and deducted from share capital and share premium, amounting to HK$20,840 (equivalent to RMB19,000) and HK$8,524,000 (equivalent to RMB6,988,000) respectively.

11. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

Review of the first half 2022

The first half 2022 was affected by a combination of factors including the COVID-19 outbreaks led to lockdown in Shanghai, international geopolitical conflicts and intensified global inflation and the macroeconomy of China faced increased downward pressure. The property industry was particularly hard hit by the lower expected household income and the wait-and-see attitude of property buyers and government policies. But on the other hand, adhering to the directions of "houses are for living in and not for speculative investment" and "fostering the healthy development and virtuous cycle of the industry", the Government has been frequently sending out positive signals and implementing city-based policies since this year to support rigid and upgrade demand for housing. Demand-side policies have been rolled out continuously and the policy environment of the industry has entered into a relatively relaxed stage.

In face of the severe and challenging situations, the Group insisted in sound operations and sustainable development by working in a pragmatic and efficient manner and uniting together to overcome the hardship and maintain generally stable and orderly operations. Following the principles of "focusing on inventory, consolidating internal strengths, refining management and operating steadily", the Group responded to market changes more quickly and effectively through organization streamlining, process optimization and business matching. By basing production on sales, investment on production and financing on investment, the Group succeeded in improving efficiency at a lower cost, optimizing and exploring potential targets, and strengthening project management. The Group secured project quality and achieved perfect delivery of properties through enhanced control over the housing production process, standardized management, as well as all-round inspection and assessment.

For the six months ended 30 June 2022, the Group recorded a revenue of RMB5,479 million, representing a period-on-period increase of 13%. The cash to short term debt ratio was 3.7 times. During the reporting period, the Group maintained sound financial position and stable profitability and remained in the "green" zone by meeting all of the "three red lines" with a steady growth in asset scale.

Future outlook for the second half 2022

In the second half of the year, as the local governments actively facilitated the resumption of work and production and launched various relief measures for businesses alongside the improving epidemic situation, the economic prospects remain upbeat. Under the macro policy of "houses are for living in and not for speculative investment" and guided by the target of "ensuring project delivery, livelihood and stability", supportive measures for rigid and upgrade demand will continue. Recovery in sales volume and price is expected in the property market.

Upholding the vision of "becoming a city builder for a better life", the Group spares no effort to achieve its business targets by deepening its presence in the Yangtze River Delta region and Greater Bay Area, consolidating its internal strength, and enhancing its products and services. The Group continues to forge ahead to refine its product lines, namely, "Xu (序), Jun (君), Ying (映), Jing (境), Fu (府) and Ting (庭)", with a customer-oriented approach. The Group stays focus on digital upgrading and adopts the dual approach of motivating marketing and cost control through digitalization. By developing an online customer service platform called the "Ganglong China Club" with all-out effort, the Group aims to further strengthen the recognition and trust of house owners and create greater value for customers.

Looking ahead, the property industry will witness a change in direction (from "land is king" to "cash is king") and pursuit (from scale to stability and deleveraging) in the long run. The Group will continue to learn from the manufacturing industry to refine its management, raise revenue and cut expenditure while adopting a prudent financial strategy to establish its long-term corporate competitiveness and realize sustainable development.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties. For the six months ended 30 June 2022, the Group recorded a total revenue of approximately RMB5,479 million, representing a period-on-period increase of approximately 13%.

Contracted sales

For the six months ended 30 June 2022, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB7,080 million. Contracted gross floor area ("**GFA**") sold was approximately 540,783 sq.m.. The average selling price ("**ASP**") of our contracted sales for the six months ended 30 June 2022 was approximately RMB13,092 per sq.m..

As of 30 June 2022, the Group had contract liabilities of approximately RMB26,239 million, as compared to approximately RMB27,240 million as of 31 December 2021. The amounts maintained relatively stable.

Sales of properties

For the six months ended 30 June 2022, the revenue of the Group from sales of properties increased by approximately 13% period-on-period to approximately RMB5,479 million. The Group recognised total GFA of approximately 494,445 sq.m., representing an increase of approximately 20% as compared to the corresponding period in 2021. The ASP of the properties recognised as property sales was approximately RMB11,081 per sq.m., as compared to RMB11,782 per sq.m. of the corresponding period. The ASP remained stable.

The following table sets out the recognised sales and GFA sold by type of properties and cities for the six months ended 30 June 2022:

	Recognised GFA	**Recognised ASP**	**Recognised revenue**
	sq.m.	*RMB/sq.m.*	*RMB'000*
			(Unaudited)
Residential, retail and commercial			
Shaoxing	76,569	18,596	1,423,881
Yancheng	85,975	10,213	878,070
Taizhou	71,678	11,555	828,217
Changzhou	77,083	10,258	790,698
Nanjing	32,048	16,284	521,881
Huzhou	48,252	10,778	520,039
Panzhou	57,313	4,795	274,823
Others	4,368	8,523	37,237
Car parks and garage/storage	41,159	4,953	203,867
Total	494,445	11,081	5,478,713

Land reserves

Leveraging on the Group's deep understanding of the property markets and intensive studies on the target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in these chosen regions and cities in order to further develop the Group's presence in those markets. As of 30 June 2022, the Group (together with its joint ventures and associates) had 72 projects with land reserves amounting to 8,620,790 sq.m., of which 65 projects were located in the cities in Yangtze River Delta region. Moreover, the Group had arranged its layout in the Guangdong-Hong Kong-Macau Greater Bay Area and Southwest China and had successfully retained quality projects in Guangzhou and Chengdu as of 30 June 2022.

The following table sets out the GFA breakdown of the total land reserve of our Group by provinces or cities as of 30 June 2022:

Provinces/Cities	**Total land reserve[1]** *(sq.m.)*	**Percentage of total land bank** *(%)*
Jiangsu	4,065,597	47%
Guangdong	1,755,656	20%
Anhui	1,510,594	18%
Zhejiang	573,800	7%
Guizhou	361,047	4%
Henan	192,223	2%
Sichuan	144,524	2%
Shanghai	17,349	0%
Total	8,620,790	100%

Notes:

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

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

FINANCIAL REVIEW

Overall performance

During the six months ended 30 June 2022, total revenue of the Group was approximately RMB5,479 million, representing a period-on-period increase of approximately 13%. Gross profit was approximately RMB1,141 million, maintaining at a similar level as compared with that of the corresponding period. Net profit of the Group was approximately RMB453 million, maintaining at a similar level as compared with that of the corresponding period. The profit attributable to owners of the Company was approximately RMB180 million, representing an increment of 15% as compared to the same period of previous year.

Revenue

For the six months ended 30 June 2022, the Group recorded a total revenue of approximately RMB5,479 million, representing a period-on-period increase of approximately 13%. The increase was primarily attributable to the growth in recognised sales of properties, driven by an increase in the Group's property projects delivered during the period.

Cost of sales

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

For the six months ended 30 June 2022, the cost of sales of the Group was approximately RMB4,338 million, as compared to approximately RMB3,720 million in the corresponding period.

Gross profit

For the six months ended 30 June 2022, the gross profit of the Group was approximately RMB1,141 million, maintaining at a similar level as compared with that of the corresponding period. Gross profit margin was primarily affected by selling prices, construction costs and land costs of our properties delivered. The slight decrease in the gross profit margin was mainly due to the higher land costs of the properties delivered during current period.

Other income and other gains, net

The Group had other income of approximately RMB25 million for the six months ended 30 June 2022, as compared to approximately RMB75 million for the six months ended 30 June 2021. During the six months ended 30 June 2022, it primarily consisted of management and consulting service income of approximately RMB13 million and gains on disposal of a subsidiary of approximately RMB9 million (six months ended 30 June 2021: management and consulting service income of approximately RMB14 million and fair value gains on listed securities investment of approximately RMB33 million). The management and consulting services mainly comprise of the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to the Group's joint ventures and associates in relation to the property development projects.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by approximately 29% period-on-period from approximately RMB296 million for the six months ended 30 June 2021 to approximately RMB210 million for the six months ended 30 June 2022. The decrease was primarily attributable to the better control measures in marketing and advertising costs and the reduction in staff costs.

General and administrative expenses

The Group's general and administrative expenses decreased by approximately 15% period-on-period from approximately RMB285 million for the six months ended 30 June 2021 to approximately RMB242 million for the six months ended 30 June 2022. The decrease in general and administrative expenses was primarily due to organisation streamlining to lift efficiency at a lower cost.

Finance costs – net

Net finance costs of the Group decreased by approximately 50% period-on-period from approximately RMB127 million for the six months ended 30 June 2021 to approximately RMB64 million for the six months ended 30 June 2022. The decrease was due to lower weighted average effective interest rates of interest-bearing debts and higher efficiency in using interest bearing debts to finance various property development projects.

Share of results of joint ventures and associates

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

Share of profits of joint ventures and associates was approximately RMB49 million and RMB192 million for the six months ended 30 June 2022 and 2021 respectively. The change was in line with the increase in the number of the Group's consolidating projects throughout the prior periods and the Group's strategy to participate more in projects under its control and being consolidated by it.

Income tax expenses

Income tax expenses remained stable at approximately RMB246 million for the six months ended 30 June 2022 as compared to the six months ended 30 June 2021. Our effective tax rates, excluding the share of results of joint ventures and associates, were 38% and 48% for the period ended 30 June 2022 and 2021, respectively.

Profit and total comprehensive income for the period

The Group's profit and total comprehensive income maintained at approximately RMB453 million for the six months ended 30 June 2022 and 2021. The profit attributable to owners of the Company was approximately RMB180 million for the six months ended 30 June 2022, representing an increase of 15% as compared to the same period of previous year.

The basic and diluted earnings per share of the Company is RMB0.11 per share for the six months ended 30 June 2022 representing an increment of 10% as compared to the same period of previous year.

Liquidity and financial resources

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

During the six months ended 30 June 2022, the Group had mainly financed its working capital, capital expenditure and other capital requirements primarily through (i) cash generated from operations, including proceeds from the pre-sale and sales of our properties; and (ii) bank loans, trust financing, issuance of senior notes and other financings.

As of 30 June 2022, the Group had total cash (including restricted cash, pledged time deposits and cash and cash equivalents) of approximately RMB5,737 million as compared to approximately RMB6,985 million as of 31 December 2021. The Group maintained a relatively sufficient cash level.

During the six months ended 30 June 2022, the aggregate new borrowings from bank and other trust financing arrangement obtained by the Group amounted to approximately RMB1,423 million and repayment of borrowings from bank and trust financing arrangement was approximately RMB2,557 million. As of 30 June 2022, the Group's total bank and other borrowings amounted to approximately RMB8,366 million, representing a decrease of approximately 12% compared to approximately RMB9,495 million as of 31 December 2021. Amongst the bank and other borrowings, approximately RMB1,554 million (as at 31 December 2021: approximately RMB2,758 million) will be repayable within one year and approximately RMB6,812 million (as at 31 December 2021: approximately RMB6,737 million) will be repayable after one year. As of 30 June 2022, cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 3.7 times (as at 31 December 2021: 2.5 times).

Senior notes

In December 2020, the Company issued 13.5% senior notes with a principal amount of US$150 million due in December 2021 (the "**2021 Senior Notes**") which were listed on Singapore Exchange Securities Trading Limited ("**SGX**"). The 2021 Senior Notes bear interest at a fixed rate of 13.5% per annum, payable semi-annually in arrears.

In November 2021, the completion of the exchange offer and the concurrent new money issuance had resulted in the issuance of US$31.3 million additional new notes in the concurrent new money issuance and US$126.7 million new notes pursuant to the exchange offer, for an aggregate principal amount of US$158 million (the "**2022 Senior Notes**"). In December 2021, all outstanding 2021 Senior Notes with principal amount of US$23.3 million were due and redeemed by the Company in full at maturity. The 2022 Senior Notes bear interest at a fixed rate of 13.5% per annum, payable semi-annually in arrears.

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

Key financial ratios

As of 30 June 2022 and 31 December 2021, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was maintained at 24%. As of 30 June 2022, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 59% (as at 31 December 2021: 64%). As of 30 June 2022, cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 3.7 times (as at 31 December 2021: 2.5 times). The decrease in liabilities to assets ratio was primarily attributable to the increase in total equity by delivery of more projects, capital contribution by non-controlling interest and the reduction in total borrowings. The Group actively monitors and manages its cash to short-term debt ratio, net gearing ratio and liabilities to assets ratio. As of 30 June 2022 and 31 December 2021, the Group maintained sound financial position and stable profitability and liquidity. The Group remained in the "Green" zone by meeting all of the indicators of the "three red lines". The Group will continue to manage its working capital efficiently through working capital management policies and continue to utilise the Group's available financial resources including proceeds from sales and pre-sales of property projects and draw down of banking facilities and other borrowings and optimise the payment schedule to contractors through negotiation based on the latest construction progress.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had increased from approximately 1.38 times as of 31 December 2021 to approximately 1.45 times as of 30 June 2022. The improvement of current ratio was mainly due to the decrease in the proportion of short-term borrowings over total borrowings from bank and other trust financing arrangements from approximately 29% as at 31 December 2021 to approximately 19% as at 30 June 2022.

Foreign exchange risk

The Group mainly operates its business in China. As of 30 June 2022, other than the 2022 Senior Notes which are denominated in US$, the Group did not have any other material direct exposure to foreign exchange fluctuations for the six months ended 30 June 2022. The Directors expect that any fluctuation of RMB's exchange rate will not have any material adverse effect on the operation of the Group.

As of 30 June 2022, the Group had not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its borrowings. As of 30 June 2022, except for the 2022 Senior Notes of which the interest rate is fixed, most of the Group's borrowings are denominated in RMB, and their interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 30 June 2022, certain of the Group's bank and other borrowings were secured by its pledged time deposit, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of approximately RMB19,375 million (31 December 2021: RMB18,082 million).

Financial guarantees and contingent liabilities

As of 30 June 2022, the Group's total financial guarantees are as follows:

	30 June 2022 ***(RMB'000)*** **(Unaudited)**	31 December 2021 *(RMB'000)* (Audited)
Guarantee in respect of mortgage facilities for certain purchasers	**11,590,786**	11,470,684
Guarantee provided for the borrowings of joint ventures	**285,425**	288,926
Total	**11,876,211**	11,759,610

During the six months ended 30 June 2022, the Group had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, the Group are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by the Group to the bank. The Directors consider that the likelihood of default of payments by the purchasers is minimal and the Group's credit risk is significantly mitigated.

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

As of 30 June 2022, the Group had no other material contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the six months ended 30 June 2022, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Future plans for material investments

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

Human resources

As of 30 June 2022, the Group had a total of 960 employees (31 December 2021: 1,180 employees). Total expenditure on salary and welfare of the Group's employees for the six months ended 30 June 2022 amounted to approximately RMB196 million (for the six months ended 30 June 2021: approximately RMB228 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and other related fields.

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

During the six months ended 30 June 2022, the Group repurchased an aggregate of 247,000 ordinary shares of the Company (the "**Shares**") at an aggregate consideration of HK$1,068,470 on the Stock Exchange as follows:

Date of Repurchase	**No. of Shares repurchased**	**Consideration per Share**		**Total Consideration Paid**
		Highest HK$	*Lowest HK$*	*HK$*
13 January 2022	247,000	4.41	4.23	1,068,470
Total	247,000			1,068,470

The Board considers that the share repurchases were in the best interests of the Company and its shareholders and would lead to an enhancement of the net assets value per Share and/or earnings per Share of the Company. All the abovementioned repurchased Shares were cancelled during the period.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares or other listed securities during the period.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code of the Appendix 14 of the Listing Rules (the "**CG Code**"), as its own code to govern its corporate governance practices. Save for the deviation in relation to the chairman of the Board and chief executive officer being the same individual, the Board considers that, the Company has complied, to the extent applicable and permissible, the CG Code during the six months ended 30 June 2022.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

During the six months ended 30 June 2022, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities. The Directors and the Group's senior management have complied with the Model Code during the six months ended 30 June 2022.

SIGNIFICANT SUBSEQUENT EVENT

Save as disclosed elsewhere in this announcement, there were no other material subsequent events took place after 30 June 2022 and up to the date of this announcement.

REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

Audit Committee

The audit committee of the Company, comprising Mr. Chan Pak Hung, Mr. Lui Wing Nam, Mr. Guo Shaomu and Ms. Tang Lo Nar, has discussed with the management and the Board and reviewed unaudited interim financial information of the Group for the six months ended 30 June 2022 and this interim results announcement.

In addition, the Company's external auditor, PricewaterhouseCoopers, has performed an independent review of the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". An unmodified review conclusion was issued by PricewaterhouseCoopers.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.glchina.group). The interim report of the Company for the six months ended 30 June 2022 will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 25 August 2022

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