越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 00123)

Announcement of 2020 Interim Results

Results Summary

- The revenue was approximately RMB23.71 billion, representing a period-to-period increase of 8.8%.
- The gross profit margin was approximately 28.0%, representing a period-to-period decrease of 2.0 percentage points.
- Profit attributable to equity holders was approximately RMB1.99 billion, representing a period-to-period increase of 6.7%; core net profit* was approximately RMB1.99 billion, representing a period-to-period increase of 8.5%.
- The value of the aggregate contracted sales (including contracted sales by joint venture projects) during the period amounted to approximately RMB37.56 billion, representing a period-to-period increase of 1.8%, and achieving approximately 46.8% of the full year sales target of RMB80.2 billion. During the period, the contracted sales value of "Railway + Property" projects amounted to approximately RMB5.05 billion.
- The Group has newly acquired 5 land parcels located in cities such as Guangzhou, Hangzhou and Suzhou, with a total GFA of approximately 1.10 million sq.m. during the period. As of 30 June, the total landbank was approximately 23.63 million sq.m., and the landbank of Greater Bay Area was 12.73 million sq.m., accounting for approximately 53.9% of the total landbank.

- It was announced on 4 June 2020 that the Group and its controlling shareholder Guangzhou Yue Xiu group entered into two option deeds, pursuant to which the Group acquired the right to acquire 51% interest in Zhenlong Project and Shuixi Project from Guangzhou Yue Xiu group. The total GFA of the two projects was approximately 1.05 million sq.m.. If the acquisitions are completed, the Group's landbank of TOD projects will increase to approximately 4.19 million sq.m, accounting for approximately 17.7% of the total landbank.

- The debt structure was optimised continuously with diversified financing channels. The Group successfully issued the onshore corporate bonds of RMB1.50 billion with a coupon rate of 3.13% for a term of 3+2 years. The average borrowing interest rate was 4.71% per annum in the first half of 2020, representing a period-to-period decrease of 5 bpts.

- The Board has proposed to declare an interim dividend for 2020 of HKD0.057 per share (equivalent to RMB0.051 per share), representing a period-to-period increase of 7.5% in terms of HKD.

• Revenue	RMB23.71 billion (+8.8%)
• Gross profit margin	28.0% (-2.0 percentage points)
• Profit attributable to equity holders	RMB1.99 billion (+6.7%)
• Core net profit	RMB1.99 billion (+8.5%)
• Contracted sales value	RMB37.56 billion (+1.8%)
• Unrecognised sales value	RMB95.54 billion (+7.9%)
• Total assets	RMB235.29 billion (+0.3%)
• Cash and cash equivalents and charged bank deposits	RMB30.16 billion (-0.1%)
• Net gearing ratio	71.2% (-2.8 percentage points)

* Core net profit represents profit attributable to equity holders excluding net fair value losses on revaluation of investment properties and the related tax effect and net foreign exchange gains recognised in the consolidated statement of profit or loss.

** Net gearing ratio represents the borrowings net of cash and cash equivalents and charged bank deposits divided by equity.

UNAUDITED RESULTS

The board of directors ("Directors" or "Board") of Yuexiu Property Company Limited ("Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") prepared under Hong Kong Accounting Standard 34 "Interim Financial Reporting" for the six months ended 30 June 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Unaudited	
		Six months ended 30 June	
	Note	**2020**	**2019**
		RMB'000	*RMB'000*
Revenue	3	23,713,884	21,788,127
Cost of sales	4	(17,071,363)	(15,241,498)
Gross profit		6,642,521	6,546,629
Proceeds from sales of investment properties		7,346	29,572
Direct costs of investment properties sold		(6,663)	(17,736)
Gain on sales of investment properties, net		683	11,836
Fair value losses on revaluation of investment properties, net		(18,042)	(16,232)
Other gains, net	5	10,577	797,544
Selling and marketing costs	4	(498,674)	(418,474)
Administrative expenses	4	(561,070)	(600,574)
Operating profit		5,575,995	6,320,729
Finance income	6	326,745	258,670
Finance costs	7	(505,379)	(634,102)
Share of (losses)/profits of			
– joint ventures		(45,201)	(57,691)
– associated entities		54,964	345,898
Profit before taxation		5,407,124	6,233,504
Taxation	8	(3,109,908)	(3,474,386)
Profit for the period		2,297,216	2,759,118

		Unaudited	
		Six months ended 30 June	
	Note	**2020**	**2019**
		RMB'000	*RMB'000*
Attributable to			
Equity holders of the Company		1,994,723	1,870,140
Non-controlling interests		302,493	888,978
		2,297,216	2,759,118
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	9	0.1288	0.1393

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited Six months ended 30 June 2020 *RMB'000*	2019 *RMB'000*
Profit for the period	2,297,216	2,759,118
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(218,092)	(64,896)
Cash flow hedges	(5,955)	727
Costs of hedging	61,004	(1,658)
Items that will not be reclassified to profit or loss		
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	(45,501)	63,073
Other comprehensive loss for the period, net of tax	(208,544)	(2,754)
Total comprehensive income for the period	2,088,672	2,756,364
Attributable to		
Equity holders of the Company	1,788,654	1,863,955
Non-controlling interests	300,018	892,409
	2,088,672	2,756,364

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

		As at	
		30 June	**31 December**
	Note	**2020**	**2019**
		Unaudited	*Audited*
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,618,909	2,505,924
Right-of-use assets		4,029,069	4,065,788
Investment properties	12	9,428,580	9,438,108
Intangible assets		90,976	85,995
Properties under development		11,614,298	11,532,544
Interests in joint ventures		6,498,412	7,162,021
Interests in associated entities		11,984,134	12,830,629
Financial assets at fair value through other comprehensive income		1,227,266	1,293,264
Derivative financial instruments		63,293	65,179
Deferred tax assets	16	814,830	665,128
		48,369,767	49,644,580
Current assets			
Properties under development		121,394,144	125,407,543
Properties held for sale		13,740,233	13,446,673
Contract costs		473,587	481,320
Prepayments for land use rights		4,974,226	3,086,312
Trade receivables	13	99,970	68,309
Other receivables, prepayments and deposits		12,806,380	9,956,283
Prepaid taxation		3,099,498	2,416,865
Derivative financial instruments		166,607	—
Charged bank deposits		8,260,469	6,083,829
Cash and cash equivalents		21,900,590	24,105,541
		186,915,704	185,052,675

	Note	As at 30 June 2020	As at 31 December 2019
		Unaudited	*Audited*
		RMB'000	*RMB'000*
LIABILITIES			
Current liabilities			
Trade and note payables	14	1,784,701	2,432,898
Contract liabilities		37,680,959	41,942,500
Other payables and accrued charges		48,830,036	47,665,154
Borrowings	15	10,649,632	7,138,023
Lease liabilities		140,680	114,542
Derivative financial instruments		—	1,347
Taxation payable		8,516,010	7,623,170
		107,602,018	106,917,634
Net current assets		79,313,686	78,135,041
Total assets less current liabilities		127,683,453	127,779,621
Non-current liabilities			
Borrowings	15	60,776,875	63,883,633
Lease liabilities		525,044	563,665
Deferred tax liabilities	16	6,915,982	6,911,015
Deferred revenue		52,932	53,829
Other payables and accrued charges		1,486,773	1,175,663
		69,757,606	72,587,805
Net assets		57,925,847	55,191,816
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		18,035,015	18,035,015
Shares held under share award scheme		(81,577)	(81,577)
Other reserves		619,282	567,349
Retained earnings		23,248,084	22,202,721
		41,820,804	40,723,508
Non-controlling interests		16,105,043	14,468,308
Total equity		57,925,847	55,191,816

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited	
	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Operating activities		
Net cash generated from operations	4,732,695	3,486,477
Interest received	380,471	92,818
Interest paid	(1,883,350)	(1,782,174)
Hong Kong profits tax paid	(8,866)	(924)
China taxation paid	(3,015,561)	(2,087,348)
Net cash generated from/(used in) operating activities	205,389	(291,151)
Investing activities		
Acquisition of subsidiaries, net cash paid	—	(4,806,427)
Purchases of property, plant and equipment and intangible assets	(227,127)	(93,296)
Proceeds from sale of investment properties	7,285	29,357
Proceeds from sale of property, plant and equipment	8,296	7,654
Dividends received from associate entities	228,945	156,547
Decrease in interests in associated entities and joint ventures	1,361,924	426,592
Increase in charged bank deposits	(2,176,640)	(1,910,069)
Capital injection in associated entities	(5,000)	(95,562)
Capital injection in joint ventures	(14,291)	(77,436)
Proceeds from disposal of a subsidiary	355,211	1,450,500
Decrease in amounts due from related companies	8,956	—
Increase in amounts due from associated entities	(2,060,419)	(5,101,809)
Increase in amounts due from related parties of non-controlling interests and non-controlling interests	(790,781)	(1,024,571)
Net cash used in investing activities	(3,303,641)	(11,038,520)

	Unaudited	
	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Financing activities		
Capital contribution from non-controlling interests	424,079	146,756
Dividends paid to a non-controlling interest	—	(41,352)
Increase in amounts due to joint ventures and associated entities	378,141	4,580,283
(Decrease)/increase in amounts due to ultimate holding company	(163,356)	4,018,584
Increase/(decrease) in amounts due to intermediate holding company	485,912	(647,956)
Increase in amounts due to related companies and fellow subsidiaries	13,560	61,584
Decrease in amounts due to a shareholder	(28,404)	—
Decrease in amount due to related parties of non-controlling interests and non-controlling interests	(113,238)	(1,462,550)
Proceeds from bank borrowings	9,780,598	7,591,732
Repayment of bank borrowings	(9,342,480)	(5,932,207)
Proceeds from other borrowing from intermediate holding company	—	3,000,000
Repayment of other borrowing from intermediate holding company	—	(3,000,000)
Proceeds from other borrowings – others	1,498,800	6,528,424
Repayment of other borrowings – others	(1,986,784)	(949,000)
Increase/(decrease) of bank overdraft	3	(18)
Repayment for lease liabilities	(73,152)	(41,004)
Net cash generated from financing activities	873,679	13,853,276
(Decrease)/increase in cash and cash equivalents	(2,224,573)	2,523,605
Cash and cash equivalents at the beginning of period	24,105,500	21,990,455
Exchange gain/(loss) on cash and cash equivalents	19,619	(9,791)
Cash and cash equivalents at the end of period	21,900,546	24,504,269
Analysis of balances of cash and cash equivalents		
Bank balances and cash	21,900,590	24,504,308
Bank overdrafts	(44)	(39)
	21,900,546	24,504,269

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2020 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 condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2019 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2020 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of 2019 and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards and interpretation as set out below.

(a) The following amendments to existing standards and interpretation are mandatory for adoption for the financial year beginning 1 January 2020 for the Group:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions
Conceptual Framwork for Financial Reporting 2018	Revised Conceptual Framwork for Financial Reporting

The Group has assessed the impact of the adoption of these amended standards and interpretation that are effective for the first time for this interim period. The adoption of these amended standards and interpretation did not result in any significant impact on the results and financial position of the Group.

(b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2020 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKFRS 3 (Amendments)	Business Combinations	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment	1 January 2022
HKAS 37 (Amendments)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
HKFRS 1 (Amendments)	First-time Adoption of HKFRS	1 January 2022
Annual improvements to HKFRS 9	Financial Instruments	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The above new standards and amendments to existing standards are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing these condensed consolidated interim financial information. None of these is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

3 Segment information

The chief operating decision-maker has been identified as the executive directors. 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 consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development activities
Property management	property management services
Property investment	property rentals
Others	revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the condensed consolidated interim financial information.

Total assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

	Property development	**Property management**	**Property investment**	**Others**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2020					
Revenue	22,541,774	582,721	304,263	1,397,991	24,826,749
Inter-segment revenue	—	(130,629)	(13,119)	(969,117)	(1,112,865)
Revenue from external customers	22,541,774	452,092	291,144	428,874	23,713,884
Revenue from contracts with customers:					
Recognised at a point in time	22,541,774	—	—	277,635	22,819,409
Recognised over time	—	452,092	—	151,239	603,331
Revenue from other sources:					
Rental income	—	—	291,144	—	291,144
	22,541,774	452,092	291,144	428,874	23,713,884
Segment results	5,330,093	59,906	153,700	91,114	5,634,813
Depreciation and amortisation	(90,882)	(34,140)	—	(26,749)	(151,771)
Fair value losses on revaluation of investment properties, net	—	—	(18,042)	—	(18,042)
Share of (loss)/profit of:					
– joint ventures	(36,666)	—	—	(8,535)	(45,201)
– associated entities	105,728	—	(75,917)	25,153	54,964

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2019					
Revenue	20,510,219	483,786	356,708	1,101,852	22,452,565
Inter-segment revenue	—	(95,261)	(19,647)	(549,530)	(664,438)
Revenue from external customers	20,510,219	388,525	337,061	552,322	21,788,127
Revenue from contracts with customers:					
Recognised at a point in time	20,510,219	—	—	231,816	20,742,035
Recognised over time	—	388,525	—	320,506	709,031
Revenue from other sources:					
Rental income	—	—	337,061	—	337,061
	20,510,219	388,525	337,061	552,322	21,788,127
Segment results	5,186,610	29,941	237,572	112,232	5,566,355
Depreciation and amortisation	(60,418)	(14,642)	—	(15,358)	(90,418)
Fair value losses on revaluation of investment properties, net	—	—	(16,232)	—	(16,232)
Share of (loss)/profit of:					
– joint ventures	(46,546)	—	—	(11,145)	(57,691)
– associated entities	80,638	—	260,875	4,385	345,898

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2020					
Segment assets	198,327,856	1,143,284	9,428,580	2,228,539	211,128,259
Interests in joint ventures	6,446,544	—	—	51,868	6,498,412
Interests in associated entities	3,054,751	—	7,902,558	1,026,825	11,984,134
Total reportable segments' assets	207,829,151	1,143,284	17,331,138	3,307,232	229,610,805
Total reportable segments' assets include:					
Additions to non - current assets *(note)*	128,230	84,816	—	98,750	311,796

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2019					
Segment assets	196,792,224	1,315,120	9,438,108	2,424,198	209,969,650
Interests in joint ventures	7,116,910	—	—	45,111	7,162,021
Interests in associated entities	3,615,060	—	8,224,747	990,822	12,830,629
Total reportable segments' assets	207,524,194	1,315,120	17,662,855	3,460,131	229,962,300
Total reportable segments' assets include:					
Additions to non-current assets *(note)*	375,270	60,483	—	653,328	1,089,081

Note: Non-current assets represent non-current assets other than properties under development, financial instruments, interests in joint ventures, interests in associated entities and deferred tax assets.

A reconciliation of total segment results to total profit before taxation is provided as follows:

	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Segment results	5,634,813	5,566,355
Unallocated operating costs *(note)*	(69,395)	(43,170)
Other gains, net *(note 5)*	10,577	797,544
Operating profit	5,575,995	6,320,729
Finance income *(note 6)*	326,745	258,670
Finance costs *(note 7)*	(505,379)	(634,102)
Share of (loss)/profit of:		
– joint ventures	(45,201)	(57,691)
– associated entities	54,964	345,898
Profit before taxation	5,407,124	6,233,504

Note: Unallocated operating costs include mainly staff salaries and other operating expenses of the Company.

A reconciliation of total segment assets to total assets is provided as follows:

	As at	
	30 June	**31 December**
	2020	**2019**
	RMB'000	*RMB'000*
Total reportable segments' assets	229,610,805	229,962,300
Deferred tax assets *(note 16)*	814,830	665,128
Prepaid taxation	3,099,498	2,416,865
Corporate assets *(note)*	1,760,338	1,652,962
Total assets	235,285,471	234,697,255

Note: Corporate assets represent property, plant and equipment, right-of-use assets, derivative financial instruments, other receivables and cash and cash equivalent of the Company.

For the six months ended 30 June 2020, no geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in the China and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in China (six months ended 30 June 2019: same).

For the six months ended 30 June 2020, the Group does not have any single customer with the transaction value over 10% of the total external revenue (six months ended 30 June 2019: same).

4 Expenses by nature

Cost of sales, selling and marketing costs and administrative expenses include the following:

	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Other tax and surcharges	132,570	158,734
Amortisation of right-of-use assets	87,797	56,507
Depreciation of property, plant and equipment *(note 11)*	42,613	33,911
Amortisation of intangible assets	21,361	29,610
Impairment of properties held for sale	161,144	20,523

5 Other gains, net

	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Remeasurement gains on a joint venture	—	765,623
Gain on bargain purchase on acquisitions	—	11,807
Remeasurement gains on interests in associated entities	—	636
Others	10,577	19,478
	10,577	797,544

6 Finance income

	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Interest income from bank deposits	120,770	91,803
Interest income from loans to associated entities *(note 20 (b)(VI), (VII), (X), (XI))*	86,172	165,852
Interest income from loan to joint ventures *(note 20 (b)(V), (VIII), (IX))*	119,803	1,015
	326,745	258,670

7 Finance costs

	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Interest on borrowings and bank overdrafts	866,723	870,453
Interest on other borrowings	969,441	731,145
Interest on loan from non-controlling interest ("NCI") which have significant influence over the subsidiaries *(note 20 (b)(XIII),(XIV),(XV),(XVI))*	4,770	145,088
Interest on loan from NCI and related parties of NCI *(note)*	72,958	51,677
Interest on loan from intermediate holding company *(note 20 (b)(I))*	32,174	41,166
Interest on loan from a shareholder *(note 20 (b)(XII))*	232,180	24,383
Interest on loan from an associated entity *(note 20 (b)(II))*	9,355	9,943
Interest on loan from a fellow subsidiary *(note 20 (b)(III))*	546	2,765
Interest expense on lease liabilities	15,516	9,569
Net fair value gains on derivative financial instruments	(7,599)	(7,158)
Net foreign exchange gain on financing activities	(14,623)	(51,639)
Total borrowing costs incurred	2,181,441	1,827,392
Less: amount capitalised as properties under development and property, plant and equipment	(1,676,062)	(1,193,290)
	505,379	634,102

Note:

The amount represents interest on the amounts of subsidiaries of the Group due to NCI and related parties of NCI. Out of the total amount of approximately RMB4,029 million, the interest bearing balance is approximately RMB2,102 million as at 30 June 2020 (31 December 2019: RMB2,332 million) and bears interest at a weighted average rate of 6.71% per annum (2019: 5.79% per annum). The balance which is included in other payables and accrued charges is repayable on demand and denominated in RMB.

8 Taxation

(a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2019: 16.5 percent) on the estimated assessable profit for the year.

(b) China enterprise income taxation is provided on the profit of the Group's subsidiaries, associated entities and joint ventures in China at 25 percent (2019: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the period, withholding income tax was provided for dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, joint ventures and associated entities in China at tax rates ranging from 5 percent to 10 percent (2019: 5 percent to 10 percent).

(c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the condensed consolidated statement of profit or loss comprises:

	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
Current taxation		
– China enterprise income tax	1,391,340	1,388,666
– China land appreciation tax	1,714,294	2,086,764
– Corporate withholding income tax	128,512	—
Deferred taxation		
– Origination and reversal of temporary differences	(272,268)	(182,817)
– China land appreciation tax	(19,932)	(3,095)
– Corporate withholding income tax on undistributed profits	167,962	184,868
	3,109,908	3,474,386

9 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2020	**2019**
Profit attributable to equity holders of the Company (RMB'000)	1,994,723	1,870,140
Weighted average number of ordinary shares in issue ('000)	15,482,280	13,428,298
Basic earnings per share (RMB)	0.1288	0.1393

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares during the six months ended 30 June 2020, diluted earnings per share is equal to basic earnings per share (six months ended 30 June 2019: same).

10 Dividends

	Six months ended 30 June	
	2020	**2019**
	RMB'000	*RMB'000*
2019 final, declared and unpaid, of HKD0.049 equivalent to RMB0.044 (2018: HKD0.051 equivalent to RMB0.044) per ordinary share	691,358	694,158
2020 interim, resolved, of HKD0.057 equivalent to RMB0.051 (2019: HKD0.053 equivalent to RMB0.047) per ordinary share	789,596	727,667

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in the shareholders' equity in the year ended 31 December 2020.

11 Property, plant and equipment

	2020	2019
	RMB'000	*RMB'000*
At 1 January	2,505,924	1,994,812
Exchange differences	158	35
Additions	163,178	93,296
Acquisition of subsidiaries	—	689
Disposals	(7,738)	(7,394)
Depreciation *(note 4)*	(42,613)	(33,911)
At 30 June	2,618,909	2,047,527

12 Investment properties

	2020	2019
	RMB'000	*RMB'000*
At 1 January	9,438,108	10,865,470
Exchange differences	15,116	3,016
Disposals	(6,602)	(17,521)
Fair value losses, net	(18,042)	(16,232)
At 30 June	9,428,580	10,834,733

13 Trade receivables

The Group's credit period of the trade receivables is 90 days from the date of invoice. The ageing analysis of trade receivable is as follows:

	As at	
	30 June	**31 December**
	2020	**2019**
	RMB'000	*RMB'000*
0 - 30 days	52,569	29,920
31 - 180 days	25,190	19,760
181 - 365 days	12,452	11,809
Over 1 year	18,564	15,625
	108,775	77,114
Less: provision for impairment of trade receivables	(8,805)	(8,805)
	99,970	68,309

14 Trade and note payables

The ageing analysis of trade and note payables is as follows:

	As at	
	30 June	**31 December**
	2020	**2019**
	RMB'000	*RMB'000*
0 - 30 days	415,384	585,856
31 - 90 days	819,170	676,356
91 - 180 days	354,716	967,073
181 - 365 days	172,366	147,875
1 - 2 years	13,331	42,680
Over 2 years	9,734	13,058
	1,784,701	2,432,898

15 Borrowings

	As at	
	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
Non-current		
Long-term bank borrowings		
– Secured	8,973,540	9,784,060
– Unsecured	17,894,888	15,233,754
Other borrowings		
– Secured	373,660	570,160
– Unsecured	33,534,787	38,295,659
	60,776,875	63,883,633
Current		
Bank overdrafts	44	41
Short-term bank borrowings		
– Unsecured	1,000	49,377
Current portion of long-term bank borrowings		
– Secured	692,000	2,196,840
– Unsecured	3,094,148	2,790,372
Other borrowings		
– Secured	550,000	350,000
– Unsecured	6,312,440	1,751,393
	10,649,632	7,138,023
Total borrowings	71,426,507	71,021,656

The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		**Other borrowings**	
	As at		**As at**	
	30 June 2020	**31 December 2019**	**30 June 2020**	**31 December 2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	3,787,192	5,036,630	6,862,440	2,101,393
In the second year	7,468,621	6,742,277	9,773,572	13,527,890
In the third to fifth year	18,439,348	16,431,829	22,051,287	22,955,526
Over five years	960,459	1,843,708	2,083,588	2,382,403
	30,655,620	30,054,444	40,770,887	40,967,212

16 Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable income tax rate.

Deferred taxation as at 30 June 2020 and 31 December 2019 represents:

	As at	
	30 June 2020	**31 December 2019**
	RMB'000	*RMB'000*
Deferred tax assets		
– China enterprise income tax	814,830	665,128
Deferred tax liabilities		
– Hong Kong profits tax	30,639	28,956
– China enterprise income tax	5,718,135	5,694,919
– China land appreciation tax	1,167,208	1,187,140
	6,915,982	6,911,015

17 Guarantees

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties *(note (a))*	21,374,104	20,090,477
Guarantees for banking and loan facility granted to associated entities *(note (b))*	978,228	974,928
Guarantees for banking and loan facilities granted to joint ventures *(note b)*	2,281,820	1,060,000
	24,634,152	22,125,405

Notes:

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.

(b) As at 30 June 2020, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB3,260 million (31 December 2019: RMB2,035 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,280 million (31 December 2019: RMB1,007 million) was utilised and guarantee of approximately RMB1,980 million (31 December 2019: RMB1,028 million) was not utilised yet.

18 Capital commitments

	As at	
	30 June	**31 December**
	2020	**2019**
	RMB'000	*RMB'000*
Capital commitments in respect of property, plant and equipment:		
Contracted but not provided for	410,466	449,315
Authorised but not contracted for	269,351	276,641
	679,817	725,956

19 Securities for banking facilities

At 30 June 2020, certain banking facilities and loans granted to the Group were secured by:

(a) mortgages of certain of the Group's properties under development, properties held for sale, investment properties and property, plant and equipment with an aggregate carrying value of approximately RMB23,640 million (31 December 2019: RMB29,051 million), RMB18 million (31 December 2019: RMB170 million), RMB6,690 million (31 December 2019: RMB6,690 million) and RMB702 million (31 December 2019: RMB686 million) respectively; and

(b) mortgages of certain of the Group's right-of-use assets with an aggregate carrying value of RMB7 million (31 December 2019: RMB7 million).

20 Significant related party transactions

(a) Related parties

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"). The table below summarises the names of related parties, with whom the Group has significant transactions during the period ended 30 June 2020, and their relationship with the Company as at 30 June 2020:

Significant related parties	Relationship with the Company
Guangzhou Yue Xiu	Ultimate holding company
廣州地鐵集團有限公司 ("Guangzhou Metro")	A shareholder
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Intermediate holding company
Yuexiu Real Estate Investment Trust ("Yuexiu REIT")	An associated entity
杭州星日房地產開發有限公司 ("杭州星日")	An associated entity
廣州綠嶸房地產開發有限公司 ("綠嶸")	An associated entity
Chong Hing Bank Limited ("CHB")	A fellow subsidiary
Guangzhou Yuexiu Financial Leasing Co., Ltd ("GYFL")	A fellow subsidiary
Guangzhou City Construction & Development Holding Co., Ltd. ("GCCD")	A fellow subsidiary
廣州越展資產經營管理有限公司 ("越展")	A fellow subsidiary
廣州造紙集團有限公司 ("廣州造紙")	A fellow subsidiary
廣州智聯汽車小鎮投資發展有限公司 ("智聯汽車小鎮")	A joint venture
廣州廣宏房地產開發有限公司 ("廣宏")	A joint venture
濟南鵬遠置業有限公司 ("濟南鵬遠")	A joint venture
深圳安創投資管理有限公司 ("深圳安創")	NCI with significant influence over the subsidiaries
桐鄉市安豪投資管理有限公司 ("桐鄉安豪")	NCI with significant influence over the subsidiaries
廣州聯衡置業有限公司 ("聯衡")	NCI with significant influence over the subsidiaries
深圳聯新投資管理有限公司 ("深圳聯新")	NCI with significant influence over the subsidiaries
廣州宏耀房地產開發有限公司 ("宏耀")	Note
廣州萬宏房地產開發有限公司 ("萬宏")	Note

Note:

宏耀 and 萬宏 were associated entities and have become subsidiaries of the Company since 2019.

(b) Transactions with related parties

Save as disclosed elsewhere in this condensed consolidated interim financial information, the Group had the following significant transactions with related parties during the period:

		Six months ended 30 June	
		2020	**2019**
		RMB'000	*RMB'000*
(I)	Transactions with YXE		
	Interest expense *(note 7)*	(32,174)	(41,166)
	Gain on foreign currency forward	60,163	—
	Addition of right-of-use assets	—	7,631
	Interest expense on lease liabilities	(141)	(164)
	Repayment of lease liabilities	(1,810)	(1,135)
(II)	Transactions with Yuexiu REIT		
	Tenancy service fees income	19,867	10,511
	Interest expense *(note 7)*	(9,355)	(9,943)
	Expense related to short term leases	(39,384)	—
	Support expenses on support arrangement	(13,161)	(14,630)
	Addition of right-of-use assets	—	85,890
	Interest expense on lease liabilities	(2,484)	(4,355)
	Repayment of lease liabilities	(36,224)	(33,596)
(III)	Transaction with CHB		
	Deposit interest income	9,101	11,270
	Rental income	6,050	6,050
	Interest expense *(note 7)*	(546)	(2,765)
	Exchange gain on bank deposits	10,363	9,406
	Proceeds from management service	947	—
	Gain on foreign currency forward	46,713	9,978
(IV)	Transaction with GYFL		
	Rental income	4,888	5,073

		Six months ended 30 June	
		2020	**2019**
		RMB'000	*RMB'000*
(V)	Transactions with 智聯汽車小鎮		
	Interest income *(note 6)*	107,713	—
(VI)	Transactions with 綠嶸		
	Interest income *(note 6)*	70,287	—
(VII)	Transactions with 杭州星日		
	Interest income *(note 6)*	15,885	—
(VIII)	Transactions with 廣宏		
	Interest income *(note 6)*	11,746	—
(IX)	Transactions with 濟南鵬遠		
	Interest income *(note 6)*	344	1,015
(X)	Transactions with 萬宏		
	Interest income *(note 6)*	—	34,227
(XI)	Transactions with 宏耀		
	Interest income *(note 6)*	—	131,625
(XII)	Transactions with Guangzhou Metro		
	Interest expense *(note 7)*	(232,180)	(24,383)
	Management service income	5,272	3,698

		Six months ended 30 June	
		2020	**2019**
		RMB'000	*RMB'000*
(XIII)	Transactions with 桐鄉安豪		
	Interest expense *(note 7)*	(4,770)	(4,240)
(XIV)	Transactions with 深圳安創		
	Interest expense *(note 7)*	—	(57,413)
(XV)	Transactions with 聯衡		
	Interest expense *(note 7)*	—	(44,747)
(XVI)	Transactions with 深圳聯新		
	Interest expense *(note 7)*	—	(38,688)
(XVII)	Transactions with 越展		
	Interest expense on lease liabilities	(2,777)	—
	Repayment of lease liabilities	(6,010)	—
(XVIII)	Transactions with 廣州造紙		
	Interest expense on lease liabilities	(1,254)	—
	Repayment of lease liabilities	(2,457)	—

(c) Balances with related parties

	Note	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Amount due to ultimate holding company	(i), (ii)	(19,156)	(182,512)
Amount due to intermediate holding company	(i), (ii)	(2,386,216)	(1,900,304)
Amounts due from associated entities	(i), (iii)	4,304,372	2,914,497
Amounts due to associated entities	(ii), (vi)	(9,454,424)	(9,594,294)
Amounts due from joint ventures	(iv), (v), (vii)	3,771,135	4,563,486
Amounts due to joint ventures	(i), (ii)	(3,162,896)	(2,969,800)
Amounts due from related companies	(i), (ii)	38,285	47,241
Amounts due to related companies	(i), (ii)	(42,336)	(34,503)
Amounts due to fellow subsidiaries	(i), (ii)	(254,669)	(250,562)
Amounts due to a shareholder	(viii)	(7,658,766)	(7,538,621)
Amounts due from NCI with significant influence over the subsidiaries	(i), (ii)	1,593,002	1,593,002
Amounts due to NCI with significant influence over the subsidiaries	(ii), (ix)	(209,324)	(204,554)
Deposits in a fellow subsidiary	(x)	1,480,624	2,160,191
Bank borrowing from a fellow subsidiary	(xi)	—	(40,000)
Lease liabilities to intermediate holding company	(xii)	(4,785)	(7,374)
Lease liabilities due to associated entities	(xii)	(97,653)	(132,823)
Lease liabilities due to fellow subsidiaries	(xii)	(163,373)	(172,224)
Accrual for construction cost payable to a shareholder	(xiii)	(1,543,853)	(1,542,716)

Except for the amount due from associated entities of nil (31 December 2019: RMB54,610,000), amounts due from joint ventures of approximately RMB106,724,000 (31 December 2019:RMB106,298,000), amount due to an associated entity of approximately RMB172,426,000 (31 December 2019: RMB179,622,000), amount due to a joint venture of approximately RMB57,837,000 (31 December 2019: RMB56,735,000), lease liabilities due to intermediate holding company of approximately RMB4,785,000 (31 December 2019: RMB7,374,000), amount due to intermediate holding company of approximately RMB32,000 (31 December 2019: RMB303,000), and bank deposit in a fellow subsidiary of approximately RMB12,753,000 (31 December 2019: RMB10,286,000) which are denominated in HKD, bank deposit in a fellow subsidiary of approximately RMB3,638,000 (31 December 2019: RMB1,836,000) and amount due from an associated entity of approximately RMB617,688,000 (31 December 2019: RMB627,858,000) which are denominated in USD, other related party balances are denominated in RMB.

Note:

(i) These balances are unsecured, interest free and repayable or receivable on demand.

(ii) These balances are included in other receivables, prepayments and deposits or other payables and accrued charges, as appropriate.

(iii) The balance is included in interests in associated entities except for an amount of approximately RMB2,908,791,000 (31 December 2019: RMB793,274,000) which is included in other receivables, prepayments and deposits.

(iv) The balance is included in interests in joint ventures except for an amount of approximately RMB3,475,000 (31 December 2019: RMB103,186,000) which is included in other receivables, prepayments and deposits.

(v) The balances are not in default or impaired, except for a provision for impairment losses of approximately RMB999,000 (31 December 2019: RMB999,000) which is made for an amount due from a joint venture.

(vi) Except for an amount of approximately RMB218,603,000(31 December 2019: RMB223,617,000) which is unsecured and interest bearing at 9% per annum (2019: 9% per annum), and an amount of approximately RMB480,626,000 (31 December 2019: RMB480,626,000) which is unsecured and interest bearing at 4.31% per annum (2019: 4.31% per annum), the remaining balances are unsecured, interest free and repayable on demand.

(vii) Except for an amount of approximately RMB1,076,873,000 (31 December 2019: RMB 28,013,000) which is unsecured and interest bearing at 4.75% per annum (2019: 4.75% per annum), and except for an amount of nil (31 December 2019: RMB73,312,000) which is unsecured and interest bearing at 8.50% per annum (2019: 8.50% per annum), the remaining balance are unsecured, interest fee and receivable on demand.

(viii) The balance of loan from a shareholder, Guangzhou Metro was approximately RMB 7,048,856,000 as at 30 June 2020 (31 December 2019: RMB7,076,856,000), with an interest rate of 6.50% per annum (2019: 6.50% per annum). The balance is included in other payables and accrued charges. An amount of approximately RMB786,946,000 is repayable in 2023. The remaining balance is repayable on demand.

(ix) Except for an amount of approximately RMB163,311,000 (31 December 2019: RMB 163,311,000),which is unsecured and interest bearing at 5.70% per annum (2019: 5.70% per annum), the remaining balances are unsecured, interest free and receivable on demand.

(x) These balances are deposits maintained with a fellow subsidiary on normal commercial terms.

(xi) As at 31 December 2019, these balances are unsecured and interest bearing at 5.23% per annum. They were repaid in 2020.

(xii) The Group leases office premises from an intermediate holding company and associated entities, and premises for elder-care and medical services use from fellow subsidiaries. The monthly rents payable by the Group during the leasing terms are determined with reference to the prevailing market prices.

(xiii) The balances is payable to Guangzhou Metro for the project construction on normal commercial terms.

(d) Key management compensation

Key management compensation was amounted to RMB3,907,000 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB3,525,000).

(e) Guarantee received

(i) Guangzhou Yue Xiu provides guarantee for the corporate bonds of Guangzhou City Construction & Development Co. Ltd, a subsidiary of the Group, amounted to approximately RMB15,467 million as at 30 June 2020 (31 December 2019: RMB13,966 million).

(ii) Guangzhou Yue Xiu provides guarantee for bank loan of Wuhan Kangjing Industrial Investment Co.,Ltd., a subsidiary of the Group, amounted to RMB1,500 million as at 30 June 2020 (31 December 2019: RMB2,000 million).

(iii) Guangzhou Yue Xiu provided guarantee for bank loan of Suzhou Shenyi Property Development Co., Ltd, a subsidiary of the Group, amounted to RMB200 million as at 31 December 2019. The bank loan was repaid in 2020.

(iv) GCCD provides guarantee for bank loan of Guangzhou City Construction & Development Group Nansha Co. Ltd., a subsidiary of the Group, amounted to RMB90 million as at 30 June 2020 (31 December 2019: RMB90 million).

(v) GCCD provides corporate guarantee for other loan of Wuhan Kangjing Industrial Investment Co.,Ltd., a subsidiary of the Group, amounted to RMB16 million as at 30 June 2020 (31 December 2019: RMB16 million).

(f) Provision of guarantee

The Group provides guarantee for the borrowing of associated entities and joint ventures, see note 17.

CHAIRMAN'S STATEMENT

I. BUSINESS REVIEW

Economic and Market Environment

In the first half of 2020, the global outbreak of the COVID-19 pandemic battered global economic growth and international trade shrank dramatically. As a result, US economy, the Eurozone economy and other developed economies were heading into recession. Economic growth in emerging markets and developing countries also plunged. In the first half of the year, China's economy was wrecked by the COVID-19 pandemic, with its gross domestic product (GDP) showing a negative growth of 6.8% in the first quarter and major economic indicators fell sharply. In the second quarter, with rapid response and effective controls of COVID-19 pandemic, the resumption in work and production to normal was accelerated, and the declines in consumption and investment continued to narrow. Obvious economic recovery trend is set. The Central and Local Governments bolstered their support for both fiscal and monetary policies, and the stimulus measures relating to macroeconomic policies continued to show positive change. During the pandemic, rapid development in the digital economy, smart economy, online network economy, and other new economic forms supported recovery in macroeconomic growth. In the second quarter, economic growth shifted from negative to positive, with GDP recording 3.2% increase. In the first half of the year, GDP had fell by 1.6% period-to-period, with the decline narrowed substantially. As a result, a steady economic recovery was gaining pace.

In the first half of the year, the domestic property market in February and March was basically frozen due to the impact from COVID-19 pandemic. However, since late March, with significant relief measures and effective controls of the domestic pandemic, the property markets in different regions have recovered gradually. The transactions of property market became progressively active; and major indicators, such as property investment and sales, have clearly ameliorated. In the first half of the year, national property development investment, construction area, and other indicators showed positive growth. The rigid housing demand accumulated during the pandemic started to be released and, the property sales showed a sharp rebound and the period-to-period decline in accumulative sales was narrowed. In the first half of the year, the national GFA for commodity housing sales was approximately 0.69 billion sq.m., representing a period-to-period decrease of 8.4%, and increase of 3.9 percentage points compared with the first five months. The sales of commodity housing value was approximately RMB 6.7 trillion, representing a period-to-period increase of 5.4%, and increase of 5.2 percentage points compared with the first five months. The property market has gathered momentum towards signs of a strong recovery, acting as a pillar role for the recovery of the national economy.

In the first half of the year, property regulatory policies were based on "housing for living instead of speculation" and " region-specific regulatory policies", and for "stablising land prices, housing prices, and expectation". This lead to, except for the sharp drop in sales and investment for the individual months due to the impact of the COVID-19 pandemic, relatively stable development for the PRC property market as a whole. The land market performance was fundamentally similar to that of the sales market. The land market was basically stagnant in the first quarter, while in the second quarter, with significant rebound in the sales market and substantial increase in land supply, the land transaction market became active and the transaction volume increased significantly. Especially, premium lands in tier-1 and tier-2 cities with sound economic fundamentals were in short supply, and lands fetched very high premiums amid fierce competition.

Steady Growth in Operating Results

In the first half of 2020, the Group centered on the annual work theme of "improving efficiency by optimising structure and driving development by operation" to proactively respond to market changes and neutralize the pandemic's adverse impacts by continually improving operations and management capacity, and achieve a solid increase in operating results.

During the first half of the year, the Group realised revenue of approximately RMB23.71 billion, representing a period-to-period increase of 8.8%. Gross profit margin was approximately 28.0%, representing a period-to-period decrease of 2 percentage points. Profit attributable to equity holders was approximately RMB1.99 billion, representing a period-to-period increase of 6.7%. Core net profit was approximately RMB1.99 billion, representing a period-to-period increase of 8.5%. Unrecognised sales value as of 30 June 2020 was approximately RMB95.54 billion, representing an increase of 7.9% comparing with the beginning of the year.

The Board proposed to declare an interim dividend for 2020 of HKD0.057 per share (equivalent to RMB0.051 per share), representing a period-to-period increase of 7.5% in terms of HKD.

Contracted Sales Hit Record High

In the first half of the year, in response to the huge impact brought on by the COVID-19 pandemic to the property market, the Group strove to neutralise the impact of the pandemic by proactively adopting effective response measures, accelerating resumption of work and production, innovating sales methods, and actively promoting online sales. Meanwhile, the Group recorded a period-to-period increase in contracted sales and even a new high in contracted sales value during the turbulent market in the first half of the year by seizing on the swift rebound in the market resulting from pandemic controls showing effectiveness and focusing earnestly on sales and cash collection. In the first half of the year, the Group recorded a contracted sales value (including contracted sales by joint venture projects) of approximately RMB37.56 billion, representing a period-to-period increase of 1.8%, and achieved 46.8% of the full year sales target of RMB80.2 billion. The average selling price was approximately RMB24,700 per sq.m., representing a period-to-period increase of 9.8%.

The Group implemented the Greater Bay Area market cultivation strategy to bolster business expansion into the Greater Bay Area market. In the first half of the year, the contracted sales value of the Greater Bay Area amounted to approximately RMB22.39 billion, accounting for approximately 59.6% of the total contracted sales value of the Group. The contracted sales value in Guangzhou amounted to approximately RMB20.25 billion, accounting for approximately 53.9% of the total contracted sales value of the Group.

The Group implemented the "1+4" national strategic layout, which guided it to continue expanding into Eastern China Region, Central China Region, Northern China Region and Western China Region in addition to deepening penetration of the Greater Bay Area. In the first half of the year, the scale of sales in Eastern China Region recorded an all-new high, with the contracted sales value of over RMB10 billion for the first time, representing a period-to-period increase of 9.4%. In view of the COVID-19 pandemic impact and market changes, other regions actively took various promotional measures to expedite project construction and sales. As a result, a satisfactory sales performance was achieved in the first half of the year.

Increase High-quality Landbank through Diversified Channels

In the first half of the year, through diversified land acquisition channels, the Group newly acquired 5 prime land parcels located in Guangzhou, Hangzhou, and Suzhou at relatively low premiums, with a total GFA of approximately 1.10 million sq.m., and the attributable GFA was approximately 850,000 sq.m.. Among them, the Group acquired Guangzhou Panyu Changlong South Land through the "Residential + Government Project" model, adding landbank of approximately 440,000 sq.m..

By the end of June, the total landbank of the Group amounted to approximately 23.63 million sq.m. located in 19 cities in China, which can meet the Group's development for the next three to five years. The Group continued to increase prime landbank in the Greater Bay Area, and the total landbank in six cities in the Greater Bay Area amounted to approximately 12.73 million sq.m., accounting for approximately 53.9% of the total landbank. The landbank of TOD projects amounted to approximately 4.19 million sq.m., accounting for approximately 17.7% of the total landbank.

Smooth Progress of "Railway + Property" Strategy

The three TOD projects including Yue Galaxy, Yue Melody and Yue Infinity, successfully acquired by the Group last year, continued to be the hot sellers in the first half of the year, achieving RMB5.05 billion in contracted sales. Strategic cooperation with Guangzhou Metro Group continued smoothly.

In the first half of the year, the Group has obtained the rights to acquire 51% interest in two new TOD projects, namely Shuixi Project and Zhenlong Project due to its strategic partnership with the Guangzhou Metro Group, by entering into two option deeds with Guangzhou Yue Xiu group, the ultimate controlling shareholder. The Group intends to exercise two options and complete project acquisitions in the fourth quarter of this year.

Shuixi Project, located in Science City of Huangpu District, Guangzhou, is the project on the top of Shuixi North Station in Phase 2 of the No.7 metro line, which is expected to be completed and commence operation in 2023. It is also near Shuixi Station on the No.21 metro line, which is currently operating, therefore, its location is prominent. The total GFA for this project is approximately 339,000 sq.m., on which a large-scale complex consisting of residential buildings and supporting facilities. Zhenlong Project is located at the intersection of Zengcheng District and Huangpu District. It is also adjacent to Zhenlong Station on the No.21 metro line, therefore, its location is prominent. The total GFA for this project is approximately 707,000 sq.m., on which a large-scale residential community, consisting of residential buildings and supporting facilities will be developed.

The Group believed that implementing the two options for the acquisition of the TOD projects is an essential step in establishing a strategic partnership with Guangzhou Metro Group and realising the "Railway+Property" strategy, which can provide the Group with opportunities to add 1.05 million sq.m. of premium landbank in Guangzhou. Upon completion of the acquisitions, the landbank of TOD projects will reach 4.19 million sq.m., accounting for 17.7% of the total landbank. The Group has become one of the largest TOD property developers in China. This distinctive railway property development business will support the continuous growth for the Group.

Stable Operations in Commercial Properties

Upholding the strategy of "equal focus on residential property development and commercial property operation", the Group continued to improve the development mode of "development + operations + securitisation" by taking advantage of the unique dual platform of "Yuexiu Property-Yuexiu REIT". In the first half of the year, to overcome the adverse effects brought upon its business operations by the pandemic, the Group actively innovated and adjusted its operating methods across various business segments, optimised customer structures, increased income and reduced expenditures, implemented strict management, and effectively controlled operating costs, which resulted in stable operations. The Group's Yuexiu Financial Tower located in Zhu Jiang New Town, Guangzhou recorded a high occupancy rate of 95% at the end of the period, and a rental income of RMB0.18 billion, representing a period-to-period increase of 3.8%. In the first half of the year, the Group recorded a rental income of approximately RMB0.29 billion. Yuexiu REIT, which the Group holds approximately 38.37% interest, recorded a revenue of approximately RMB0.83 billion.

Sound Financial and Capital Positions

By the end of June, cash and cash equivalents and charged bank deposits for the Group amounted to approximately RMB30.16 billion, which remained similar to that at the beginning of the year, and the Group's liquidity is sufficient; the net gearing ratio was 71.2%, decreased by 2.8 percentage points comparing with the beginning of the year. The selling, general and administrative ratio stayed at a healthy level. The major financial indicators were healthy and sound, and financial risks were effectively controlled.

In the first half of the year, the Group actively expanded financing channels, strengthened capital management, improved capital utilisation efficiency, and continued to reduce funding costs. In the first half of the year, the average borrowing interest rate for the Group decreased by 5 btps to 4.71%. The Group successfully issued onshore corporate bonds of RMB1.50 billion with a coupon rate of 3.13% for a term of 3+2 years. The Group proactively explored other financing channel, such as supply chain financing, which helped to optimise debt maturity portfolio and debt structure. The Group continued to maintain its investment grade credit ratings of Moody's and Fitch.

Improvement in Operation Management and Control Systems

In light of the continuous growth in the development scale, the Group continued to improve the organisational management and control system. The Group comprehensively implemented the 3.5-level operational management and control system, improving efficiency in front-line decision-making and management by refining its headquarters, strengthening regions, and performing well on projects. With its focus on business and performance driven indicators, the Group continued to improve its management level in engineering, products, costs, bidding, procurement and other essential control stages. Guided by both strategies and performance, the Group strengthened external introduction and internal training for key talents to establish a talent bank, seeking to build an excellent team with a strong ability to execute, along with common goals and values. The Group continued to improve its implementation of project co-investment mechanism and the share incentive scheme for key employees.

II. BUSINESS OUTLOOK

Looking forward to the second half of the year, the global economy will remain weak amidst recessions as the COVID-19 pandemic has not yet been effectively controlled throughout the world. Sino-US relations will still be tested by uncertainties will continue. UK's hard Brexit and geopolitical problems will pose enormous potential risks to the global economy's growth. Meanwhile, in response to the COVID-19 pandemic spreading across the world and the subsequent global economic recession, countries around the world have adopted quantitative easing policies. It is estimated that the global economy needs longer time to recover. Although China's economy has improved significantly in the second quarter, some indicators are still on the decline period-to-period. At the same time, overt upsurging challenges in the external environment, impact of the pandemic and world economic recession will also pose material and adverse effects to the domestic economy; as a result, the recovery in the domestic economy will face with pressure. In 2020, stablising economic growth will remain to be the main goal of economic work. The Chinese government is expected to continue to intensify its efforts to stablise macroeconomic growth, implement a proactive fiscal policy and a moderate easing monetary policy to speed up reform and opening up, and strengthen the "six stabilities" measures.

In the second half of the year, the government's regulatory policies will stablise by consistently focusing on positioning "housing for living instead of speculation", along with region-specific regulatory policies that will not use the real estate industry as short-term economic stimulus. The government will continue to refine long-term property mechanisms to ensure stable and healthy development in the property market with measures on stablising land prices, housing prices and expectation. Local governments will adjust property policies in consideration of housing price performance and local economic situation.

It is anticipated that when the pandemic is effectively under control, the housing demand that accumulated during the pandemic is expected to be further released. Consumers would like to pursue a healthy and safe living environment and life services. Besides that, new development opportunities will also come to property developers by meeting increased requirements of home buyers for product competitiveness, service standards, and refined levels of operation. In the second half of the year, the property market will continue to rebound, and market performance will still be clearly differentiated; therefore, the overall market trend of "guaranteed volume and price controls" is developing. The overall market in tier-1 and tier-2 cities, the Greater Bay Area, and the Yangtze River Delta present sound trend due to strong demand for housing and greater room for favorable policies; however, tier-3 and tier-4 cities are under significant downward pressure. Both rigid and improved demand will still dominate the overall market. The government will implement categorized control measures based on land markets in different cities to enhance land supply and stablise prices. Financing will remain moderate in general, while, the government will still strengthen capital supervision for property developers, which will result in a tightened domestic financing environment for property developers.

Achieving Various Annual Operation Targets

In the second half of the year, the Group will adhere to the theme of "improving efficiency by optimising structure and driving development by operation" and grasp any recovery opportunities in the market to achieve the annual sales and various operating goals it has set. In terms of sales, the Group will seek to achieve full year sales targets and cash collection rate by seizing any favorable opportunity resulting from market rebound and formulating sales strategies based on the "one city, one policy", ensuring supplies, sales, and cash collections, as well as speeding up sales of TOD projects. In terms of operations, the Group will accelerate project development and asset turnover to ensure that projects are delivered and completed as scheduled and help improve profitability.

Acquisition of Premium Land Resources by Diversified Models

The Group will continue to reinforce distinctive and diversified land acquisition platforms and continue to increase premium landbank, laying a foundation for stable development. The Group will increase its strategic cooperation with Guangzhou Metro Group and improve the "Railway+Property" unique land acquisition model, looking to continually increase premium TOD landbank. As a state-owned enterprise, the Group will increase cooperation with state-owned enterprises to acquire quality landbank. The Group will actively acquire new urban renewal projects for "old villages, old cities, and old factories" by accelerating the renewal and reconstruction of Lirendong Village, Guangzhou and Dongliu Village, Nansha as planned. The Group will comprehensively promote new models in land acquisition and government project and build a "Residential + Government Projects" model for increasing landbank, making it the primary model for the Group to increase its landbank. The Group will introduce internal industrials resources and external industrial resources to bolster land acquisitions. The Group will support more research into market acquisition opportunities as a convincing supplement for the Group to increase premium landbank. In terms of open land market competition, the Group will optimise its structures, increase standards and fine layouts, and focus on acquiring projects with fast turnover rate and on the basis of fully studying market and industry cycles to implement prudent investment. For investment region layouts, the excellent "1+4" national regional layout will enable the Group to focus on investing in the Greater Bay Area, and allocate reasonable investment resources in other regions.

Steady Enhancements in Commercial Property Operations

Adhering to the crucial development strategy of "equal focus on residential property development and commercial property operation", the Group will emphasise improving both the capacity and efficiency in commercial property operations. First, by researching cities, industries, markets, and customers, the Group will optimise project positioning and customer structures. The Group will continue to enhance its operational efficiency and commercial property values by increasing its operational capabilities throughout its commercial properties. Next, the Group will proactively promote an asset management model and asset-light management model for commercial properties, while it actively promotes implementing and developing the "Joy Time (悦匯時光)" community commercial brand.

Ensuring Financial Prudence and Capital Security

Due to liquidity risks resulting from external economic fluctuations and uncertainties in the market environment, the Group will strengthen its overall capital management to increase efficiency in capital utilisation. The Group will focus on accelerating sales and cash collections to increase the collection rate. Moreover, the Group will fully utilise diversified financing channels at home and abroad to reduce financing costs. Meanwhile, the Group will optimise its debt structure and rationally curb interest-bearing debt. The Group will effectively control exchange rate fluctuation risks and reduce foreign exchange exposure. To identify and prevent risk, the Group will optimize its financial risk monitoring system. The Group will continue to maintain its investment-grade credit ratings of Moody's and Fitch.

Continuously Improve in Operational Control Capability

The Group will comprehensively implement the 3.5-level control system to optimise operations and controls to refine its operating conference system and succeed in constructing and implementing an operating control system.

The Group will strengthen its refined management level in operations, adeptly manage project operations and improve operational efficiency. The Group will accelerate progress in projects, while ensuring timely supply and project deliveries. The Group will comprehensively carry out the advanced engineering management system to effectively improve project management control standards. Moreover, the Group will enhance the project cost control, establish the cost and expenditure standard system and assessment system, optimise and upgrade operating cost methods, optimise dynamic cost control, thereby achieving accurate cost allocations. The Group will also continue to optimise bidding and procurement management and establish a full-cycle risk management and control system for suppliers.

The Group focuses on customer needs and establish a customer relations center. For a better property owner's life cycle experience, the Group comprehensively manages its relationships with clients, provides quality products and services, and continues to improve customer satisfaction.

Promoting Quality Development of New Business Segments

The Group will proactively promote sound development of new business segments. With respect to the healthcare business, the Group will re-position its elderly-care business as part of its healthcare business. The Group also will use its elderly-care operations as the base to integrate upstream and downstream resources, accelerate the integration of medical care and elderly care, thereby achieving stable growth in the healthcare business. The Group will optimise its own standarised operating system for the elderly-care business and work to improve operational efficiency while steadily expanding into new projects concurrently. With respect to long-term leasing business, the Group will accelerate its apartment leasing business through multi-platforms, multi-channels and multi-dimensions, particularly focusing on advancing the asset-light strategy for long-term rental apartments. In addition to development of its "Properties+" business, the Group will combine premium educational resources in the Greater Bay Area to support business development in "+Education" to steadily promote other innovative businesses, such as "+Industries" and "+Towns".

ACKNOWLEDGEMENTS

The year 2020 marks a great completion in the strategic planning of the 13th Five-Year Plan for the Group. The work in the second half of the year is critical to completing various operation indicators for the entire year. In order to achieve high-quality and steady development, the Group will endeavor to realise stable growth in various businesses and operating results on a consistent basis with its unwavering confidence and hard work. Meanwhile the Group will constantly strive to improve the rate of return on shareholder capital and value. With respect to the Group's achievements in remarkable results and development in a variety of businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers, and business partners for their full trust and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In the first half of 2020, the Group realised revenue of approximately RMB23.71 billion (in the first half of 2019: RMB21.79 billion), representing a period-to-period increase of 8.8%. The gross profit was approximately RMB6.64 billion (in the first half of 2019: RMB6.55 billion), representing a period-to-period increase of 1.5%, and the gross profit margin was approximately 28.0%, representing a period-to-period decrease of 2 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In the first half of 2020, profit attributable to equity holders of the Group was approximately RMB1.99 billion (in the first half of 2019: RMB1.87 billion), representing a period-to-period increase of 6.7%. The core net profit was approximately RMB1.99 billion (in the first half of 2019: RMB1.83 billion), representing a period-to-period increase of 8.5%, and the core net profit margin reached approximately 8.4%.

CONTRACTED SALES

In the first half of 2020, the Group recorded aggregate contracted sales value (including contracted sales by joint venture projects) of approximately RMB37.56 billion, representing a period-to-period increase of 1.8%, and achieving approximately 46.8% of the full year sales target of RMB80.2 billion. The aggregate contracted sales GFA (including contracted sales by joint venture projects) amounted to approximately 1.52 million sq.m., representing a period-to-period decrease of 7.4%, while the average selling price was approximately RMB24,700 per sq.m., representing a period-to-period increase of 9.8%.

Geographically, Greater Bay Area, Eastern China Region, Central China Region, Northern China Region and Western China Region accounted for approximately 59.6%, 27.2%, 6.9%, 5.3% and 1.0%, respectively, of the contracted sales value for the first half of 2020.

GREATER BAY AREA

As one of the regions with the highest degree of openness and the most active economic development in China, the Greater Bay Area owns an important strategic position in national development. Since the implementation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area in 2019, a series of measures concerning "one-hour living circle" within the Greater Bay Area, tax allowance for talents, preferential policies for Hong Kong, and beneficial policies for financial institutions have been rolled out. The property market in the Greater Bay Area is under sound development. The Group's market strategy is to deploy its resources in Guangzhou, Shenzhen, Hong Kong, Foshan, Jiangmen, and Zhongshan in the Greater Bay Area. In the first half of the year, the contracted sales value of the Group in Greater Bay Area amounted to approximately RMB22.39 billion, accounting for approximately 59.6% of the Group's contracted sales value, while the average selling price in the Greater Bay Area was approximately RMB27,700 per sq.m., representing a period-to-period increase of 10.4%, mainly due to a significant increase in the average selling price in Guangzhou.

As a national central city and a comprehensive gateway city, Guangzhou has implemented various measures to ensure the resumption of work since the pandemic. GDP growth turned from negative into positive in the second quarter on a period-to-period basis, but it dropped 2.7% in the first half of the year on a period-to-period basis. In the first half of 2020, fixed asset investment recorded a period-to-period increase of 1.5%, while there was a period-to-period increase of 24.8% in the first half of 2019. In the first half of the year, Guangzhou adopted "different policies for different districts". Baiyun District and Panyu District relaxed Hukou policies for talents, while Zengcheng District and Nansha District relaxed pre-sale restrictions. At the beginning of the year, the demand in the property market was suppressed due to the impact of the pandemic, the volume of supply and transactions has increased since March. The volume of commodity residential housing supply across the city increased by 9.6% on a period-to-period basis in the first half of the year, whereas the transaction volume fell by 16.4% on a period-to-period basis, and the average selling price fell by 1.9% on a period-to-period basis. Leveraging the experience in developing local market over years, the Group actively responded to the market changes and continued to strengthen its leading position in the property market in Guangzhou. In the first half of the year, the contracted sales in Guangzhou achieved approximately RMB20.25 billion, which was in line with the same period last year, accounting for approximately 53.9% of the Group's contracted sales value. The average selling price was approximately RMB30,800 per sq.m., representing a period-to-period increase of 8.5%.

Located in the core region of the Greater Bay Area, Nansha District of Guangzhou is an essential platform for cooperation between Guangdong, Hong Kong and Macao, and also a comprehensive transportation hub, enjoying favorable policies including talent introduction and opening of financial market. After a number of projects boosted the market in Lingshan Island, the average selling price surged by 21.2% on a period-to-period basis in the first half of the year. Against the backdrop of the decline in the overall transaction volume in Nansha District, the Group still realised a contracted sales value of approximately RMB6.29 billion in the first half of the year, which basically remained the same on a period-to-period basis. The average selling price was approximately RMB28,000 per sq.m., soaring by 42.9% on a period-to-period basis.

The supply volume and transaction volume of commodity residential housing in Foshan and Zhongshan dropped significantly as a result of the pandemic impact, whereas the decline in Jiangmen was smaller. The average selling price in Foshan surged by 11% on a period-to-period basis, which was driven by projects in the central city area and neighboring areas of Guangzhou. The average selling price in Zhongshan and Jiangmen remained almost unchanged on a period-to-period basis. In the first half of the year, the Group realised contracted sales value of approximately RMB1.95 billion in the three cities above, representing a period-to-period decrease of 29.5%, while the average selling price was approximately RMB14,500 per sq.m., representing a period-to-period increase of 5.1%.

EASTERN CHINA REGION

The Group has already established operations in Hangzhou, Suzhou, and Jiaxing within Eastern China Region. In the first half of the year, GDP in Hangzhou, Suzhou and Jiaxing grew by 1.5%, 0.8%, 0.6%, respectively, and such growth shows a strong economic resilience. The property market in Hangzhou rebounded significantly after the COVID-19 pandemic was under control. In the first half of the year, both the supply volume and transaction value of the commodity residential housing jumped by over 30% on a period-to-period basis, and the average selling price grew by more than 10% on a period-to-period basis. In the first half of 2020, Hangzhou did not introduce any control policies, but in early July a policy that limits "housing lottery" to prevent the market from overheating was implemented. In the first half of 2020, Suzhou relaxed the pre-sale restrictions, extended the payment date for land transferring fees, and relaxed the conditions for Hukou policies for talents. As a result, the supply volume of commodity residential housing surged by 32.0% on a period-to-period basis, and the average selling price soared by 23.7% on a period-to-period basis. The contracted sales value of the Group in Eastern China Region achieved approximately RMB10.23 billion for the first half of the year, representing a period-to-period increase of 9.4%, and the average selling price was approximately RMB28,900 per sq.m., representing a period-to-period increase of 29.0%.

CENTRAL CHINA REGION

The Group has already established operations in four cities including Wuhan, Xiangyang, Zhengzhou and Changsha within Central China Region. In the first half of the year, GDP in Wuhan, the hardest hit city by the pandemic, dropped by 19.5% on a period-to-period basis in the first half of the year but rebounded in the second quarter; GDP in Zhengzhou decreased by 0.2% on a period-to-period basis in the first half of the year; Changsha increased by 2.2% on a period-to-period basis in the first half of the year. Due to the pandemic at the beginning of the year, the supply and demand in the property market in Wuhan and Xiangyang declined sharply on a period-to-period basis. Their governments introduced policies such as lowering the pre-sale conditions and relaxing the standards on payment of housing fund, to support the property market. Since May, the supply volume has gradually returned to the same level as in the same period last year. Moreover, the transaction volume has rebounded significantly with a gradual release of the delayed demand. In the first half of the year, the average selling price of commodity residential housing in Changsha recorded a period-to-period sharp increase of 16.2%. In the first half of the year, the Group recorded a period-to-period decrease by 6.1% of the contracted sales value of approximately RMB2.59 billion and a period-to-period increase by 2.1% of the average selling price of approximately RMB14,800 per sq.m. in Central China Region.

NORTHERN CHINA REGION

The Group has established its operations in four cities including Shenyang, Qingdao, Jinan and Yantai in Northern China Region. In the first half of the year, Jinan, Yantai, and Qingdao recorded a period-to-period GDP growth of 0.7%, 0.4% and 0.1% respectively, while Shenyang recorded a period-to-period GDP drop of 5.2%. With respect to commodity residential housing, Jinan and Yantai dropped considerably in terms of supply and transaction volume due to the pandemic, while Shenyang and Qingdao dropped slightly. The average selling prices in all three cities except Qingdao rose steadily. In the first half of the year, the contracted sales value of the Group in the Northern China Region amounted to approximately RMB2.00 billion, representing a period-to-period sharp increase of 22.3%, while the average selling price was approximately RMB14,600 per sq.m., representing a period-to-period increase of 1.4%.

WESTERN CHINA REGION

The Group entered Chengdu for the first time in the second half of 2019. In the first half of 2020, Chengdu's GDP grew by 0.6% on a period-to-period basis. In the first half of the year, the demand still stayed strong although the supply was impacted by the pandemic, with a period-to-period increase of more than 10% in the transaction volume and the average selling price. In the first half of the year, the contracted sales value of the Group in Chengdu realised approximately RMB0.36 billion, and the average selling price was approximately RMB8,200 per sq.m..

Contracted sales are summarized as follows:

No.	Project	GFA *(sq.m.)*	Value *(RMB million)*	ASP *(RMB/sq.m.)*
1	Guangzhou Starry Haizhu Bay	32,100	984	30,700
2	Guangzhou Yuexiu Greenland Haiyue	6,000	237	39,500
3	Guangzhou Joy Bay	8,100	602	74,300
4	Guangzhou Starry Sky City	18,700	802	42,900
5	Guangzhou Park Avenue	49,800	2,478	49,800
6	Guangzhou Cullinan	15,600	629	40,300
7	Guangzhou Yue Infinity	32,100	1,054	32,800
8	Guangzhou Talent Garden (previous name: Guangzhou Zhilian Automobile Town)	75,900	1,250	16,500
9	Guangzhou Yue Melody	78,500	3,070	39,100
10	Guangzhou Yuexiu Poly Aite City	6,900	106	15,400
11	Nansha Southern Le Sand	31,200	817	26,200
12	Nansha Binhai New Town	58,600	1,153	19,700
13	Nansha Yuexiu East Hillside	20,400	519	25,400
14	Nansha Tianyu Square	3,500	92	26,300
15	Nansha Joy Bay	26,400	941	35,600
16	Nansha Jinmao Bay	21,200	712	33,600
17	Nansha The Willow Shores	49,600	1,556	31,400
18	Nansha China Resources Yuexiu Mansion	13,900	503	36,200
19	Huadu Elegant Mansion	4,100	115	28,000
20	Huadu Magnificent Mansion	29,100	785	27,000
21	Huadu Royal Mansion	32,300	846	26,200
22	Guangzhou Yue Galaxy	37,500	921	24,600
23	Zengcheng Joy Mountain	700	12	17,100
24	Conghua Glade Village	4,500	63	14,000

No.	Project	GFA *(sq.m.)*	Value *(RMB million)*	ASP *(RMB/sq.m.)*
25	Nanhai Starry Mansion	34,000	872	25,600
26	Foshan Lingnan Junting	5,400	56	10,400
27	Foshan Longfor Yuexiu Cloud	5,800	143	24,700
28	Jiangmen Xijiang Mansion	2,600	16	6,200
29	Jiangmen Xijiang Joy Mansion	3,200	18	5,600
30	Jiangmen Man Wah Mansion	7,200	66	9,200
31	Jiangmen Yuexiu Binjiang Glorious City	15,100	152	10,100
32	Jiangmen Yuexiu Binjiang Enjoy City	11,100	115	10,400
33	Jiangmen Yuexiu Binjiang Grand City	37,100	421	11,300
34	Heshan Starry Regal Court	10,700	79	7,400
35	Zhongshan Starry Peakfield	2,300	16	7,000
	Other Projects	18,300	192	10,500
	Subtotal (Greater Bay Area)	**809,500**	**22,393**	**27,700**
36	Hangzhou Starry City	33,100	750	22,700
37	Hangzhou Garden 1872	45,900	1,817	39,600
38	Hangzhou Joy Bay	55,100	2,429	44,100
39	Hangzhou Lake & Mountain	24,300	396	16,300
40	Hangzhou Impressive City	75,700	1,312	17,300
41	Hangzhou New Bund Mansion	55,900	2,156	38,600
42	Hangzhou Yue Present	2,700	108	40,000
43	Hangzhou Manyun Mansion	17,800	411	23,100
44	Suzhou Joy Bay	22,500	511	22,700
45	Suzhou Taicang Never Land	11,200	209	18,700
46	Jiaxing Joy Lane (previous name: Jiaxing Nanhu Yuxin Land)	10,000	127	12,700
	Subtotal (Eastern China Region)	**354,200**	**10,226**	**28,900**

No.	Project	GFA	Value	ASP
		(sq.m.)	*(RMB million)*	*(RMB/sq.m.)*
47	Wuhan International Financial City	8,600	314	36,500
48	Wuhan Hanyang Starry Winking	27,100	639	23,600
49	Wuhan Joy Mansion	2,600	23	8,800
50	Wuhan Elite Mansion	6,800	62	9,100
51	Wuhan Yuexiu Paradiso Garden	5,400	66	12,200
52	Wuhan Mansion	7,400	97	13,100
53	Xiangyang Starry City	25,200	202	8,000
54	Changsha Yue Lake Stage	59,300	833	14,000
55	Changsha Qin'ai Lane	12,300	148	12,000
56	Changsha Starry City	20,600	202	9,800
	Subtotal (Central China Region)	**175,300**	**2,586**	**14,800**
57	Shenyang Starry Winking	34,000	772	22,700
58	Shenyang Hill Lake	8,500	93	10,900
59	Qingdao Starry Blue Bay	3,400	24	7,100
60	Qingdao Magnificent Bay	9,500	193	20,300
61	Qingdao Jiaozhou Platinum Mansion	11,100	126	11,400
62	Qingdao Yue Mansion	1,800	20	11,100
63	Qingdao Starry City	34,700	353	10,200
64	Ji'nan Baimai Delighted Mansion	27,800	283	10,200
65	Ji'nan Art Living	5,900	136	23,100
	Subtotal (Northern China Region)	**136,700**	**2,000**	**14,600**
66	Chengdu Glorious Mansion	38,600	316	8,200
67	Chengdu Qin'ai Lane	4,800	40	8,300
	Subtotal (Western China Region)	**43,400**	**356**	**8,200**
	Total	**1,519,100**	**37,561**	**24,700**

RECOGNISED SALES

In the first half of 2020, the value of the recognised sales (including the sales of investment property) and GFA of the recognised sales were approximately RMB22.62 billion and 1.34 million sq.m., representing a period- on-period increase of 8.7% and 65.2%, respectively, and the average selling price was approximately RMB16,800 per sq.m..

Recognised sales are summarized as follows:

No.	Project	GFA *(sq.m.)*	Value *(RMB million)*	ASP *(RMB/sq.m.)*
1	Guangzhou Starry Golden Sands	2,800	33	11,800
2	Guangzhou Starry Sky City	24,400	889	36,400
3	Guangzhou Starry Haizhu Bay	16,000	538	33,600
4	Guangzhou Yuexiu Greenland Haiyue	6,200	294	47,400
5	Huadu Elegant Mansion	16,400	440	26,800
6	Nansha Southern Le Sand	13,600	233	17,100
7	Nansha Binhai New Town	305,500	5,145	16,800
8	Nansha Yuexiu East Hillside	15,800	355	22,500
9	Foshan Lingnan Junting	3,300	60	18,200
10	Jiangmen Starry Regal Court	12,900	80	6,200
11	Heshan Starry Regal Court	65,400	451	6,900
12	Zhongshan Starry Winking	2,000	12	6,000
13	Zhongshan Starry Peakfield	3,900	28	7,200
14	Zhongshan Paradiso Jardin	2,500	15	6,000
	Other Projects	12,300	108	8,800
	Subtotal (Greater Bay Area)	**503,000**	**8,681**	**17,300**

No.	Project	GFA	Value	ASP
		(sq.m.)	*(RMB million)*	*(RMB/sq.m.)*
15	Hangzhou Starry City	187,800	2,900	15,400
16	Hangzhou Joy Bay	10,800	368	34,100
17	Hangzhou Lake & Mountain	167,500	2,538	15,200
18	Hangzhou Joy Mountain	152,100	2,591	17,000
19	Hangzhou New Bund Mansion	34,900	1,248	35,800
20	Suzhou YueFu Mansion	113,000	2,590	22,900
	Subtotal (Eastern China Region)	**666,100**	**12,235**	**18,400**
21	Wuhan International Financial City	3,500	116	33,100
22	Wuhan Starry Mountain	500	18	36,000
23	Wuhan Joy Mansion	71,900	518	7,200
24	Wuhan Yuexiu Paradiso Garden	1,800	43	23,900
25	Wuhan Starry Bay	20,400	252	12,400
	Subtotal (Central China Region)	**98,100**	**947**	**9,700**
26	Yantai Starry Golden Sands	3,500	11	3,100
27	Yantai Elegant Mansion	64,700	656	10,100
28	Shenyang Starry Winking	2,100	33	15,700
29	Shenyang Hill Lake	6,000	52	8,700
	Subtotal (Northern China Region)	**76,300**	**752**	**9,900**
	Total	**1,343,500**	**22,615**	**16,800**

UNRECOGNISED SALES

As of 30 June 2020, the unrecognised sales value amounted to approximately RMB95.54 billion, and the unrecognised sales GFA was approximately 4.37 million sq.m.. The average selling price was approximately RMB21,900 per sq.m..

LANDBANK

In the first half of 2020, the Group has newly acquired 5 land parcels located in Guangzhou, Hangzhou and Suzhou, with total GFA of approximately 1.10 million sq.m.. In terms of the attributable interest to the Group, the attributable GFA was approximately 0.85 million sq.m..

The land parcels newly acquired are summarized as follows:

No.	Project	Equity holding	Total GFA *(sq.m.)*	Attributable GFA *(sq.m.)*
1	Guangzhou Panyu Changlong South Land	95.48%	442,500	422,500
2	Guangzhou Panyu Changlong North Land	46.79%	402,800	188,500
3	Suzhou Taicang Shaxi Land	95.00%	61,100	58,000
4	Suzhou Wuzhong Xukou Land	100.00%	30,700	30,700
5	Hangzhou Lin'an Shuanglin Land	95.00%	162,800	154,700
	Total		**1,099,900**	**854,400**

As of 30 June 2020, the landbank of the Group reached approximately 23.63 million sq.m., with a total of 76 projects in 19 cities in China and the regional layout continued to improve. Geographically, Greater Bay Area, Eastern China Region, Central China Region, Northern China Region, Western China Region, and other regions accounted for approximately 53.9%, 13.0%, 19.0%, 12.2%, 1.5%, and 0.4%, respectively.

The landbank is summarized as follows:

No.	Project	LANDBANK GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
1	Guangzhou International Commerce Center (previous name: Asia Pacific Century Plaza)	229,400	229,400	—
2	Guangzhou Starry Haizhu Bay	394,600	394,600	—
3	Guangzhou Joy Bay	154,600	154,600	—
4	Guangzhou Starry Sky City	558,800	558,800	—
5	Guangzhou Park Avenue	272,300	272,300	—
6	Guangzhou Cullinan	382,100	382,100	—
7	Guangzhou Yue Infinity	878,600	70,700	807,900
8	Guangzhou Southern Intelligent Media Center	159,800	159,800	—
9	Guangzhou Panyu Changlong South Land	442,500	148,400	294,100
10	Guangzhou Panyu Changlong North Land	402,800	—	402,800
11	Guangzhou Talent Garden (previous name: Guangzhou Zhilian Automobile Town)	833,400	833,400	—
12	Guangzhou Yue Melody	911,900	674,700	237,200
13	Guangzhou Yuexiu Poly Aite City	162,000	162,000	—
14	Nansha Southern Le Sand	864,300	447,200	417,100
15	Nansha Binhai New Town	309,900	309,900	—

No.	Project	LANDBANK GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
16	Nansha Yuexiu East Hillside	86,900	86,900	—
17	Nansha Tianyu Square	134,500	134,500	—
18	Nansha International Financial Center	220,800	220,800	—
19	Nansha Joy Bay	410,100	410,100	—
20	Nansha Jinmao Bay	130,200	130,200	—
21	Nansha The Willow Shores	140,500	140,500	—
22	Nansha China Resources Yuexiu Mansion	151,900	151,900	—
23	Huadu Elegant Mansion	200,300	200,300	—
24	Huadu Magnificent Mansion	296,700	296,700	—
25	Huadu Royal Mansion	187,100	187,100	—
26	Guangzhou Yue Galaxy	1,355,300	934,000	421,300
27	Zengcheng Joy Mountain	94,700	94,700	—
28	Conghua Glade Village	213,600	136,100	77,500
29	Shenzhen Majestic Mansion	169,400	169,400	—
30	Nanhai Starry Mansion	567,300	522,700	44,600
31	Foshan Lingnan Junting	17,600	17,600	—
32	Foshan Longfor Yuexiu Cloud	76,300	76,300	—
33	Jiangmen Man Wah Mansion	83,000	83,000	—
34	Jiangmen Yuexiu Binjiang Glorious City	350,100	350,100	—
35	Jiangmen Yuexiu Binjiang Enjoy City	101,400	101,400	—
36	Jiangmen Yuexiu Binjiang Grand City	164,500	164,500	—
37	Heshan Starry Regal Court	264,900	264,900	—
38	Zhongshan Empyreal Bay (previous name: Zhongshan West District Caihong Land)	230,100	230,100	—
39	Hong Kong Yau Tong Project	72,100	—	72,100
	Other projects	50,100	8,900	41,200
	Subtotal (Greater Bay Area)	**12,726,400**	**9,910,600**	**2,815,800**

No.	Project	LANDBANK GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
40	Hangzhou Starry City	621,800	425,700	196,100
41	Hangzhou Garden 1872	230,300	230,300	—
42	Hangzhou Joy Bay	173,500	173,500	—
43	Hangzhou Impressive City	317,700	317,700	—
44	Hangzhou Yue Present	46,500	46,500	—
45	Hangzhou Manyun Mansion	75,200	75,200	—
46	Hangzhou Lin'an Shuanglin Land	162,800	—	162,800
47	Suzhou Joy Bay	116,300	116,300	—
48	Suzhou Taicang Never Land	866,700	240,500	626,200
49	Suzhou Splendid Mansion (previous name: Suzhou Xiangcheng Changwang Land)	141,900	141,900	—
50	Suzhou Wuzhong Xukou Land	30,700	—	30,700
51	Suzhou Taicang Shaxi Land	61,100	61,100	—
52	Jiaxing Joy Lane (previous name: Jiaxing Nanhu Yuxin Land)	217,900	217,900	—
	Subtotal (Eastern China Region)	**3,062,400**	**2,046,600**	**1,015,800**
53	Wuhan International Financial City	573,100	573,100	—
54	Wuhan Hanyang Starry Winking	1,143,500	866,400	277,100
55	Wuhan Yuexiu Paradiso Mansion	42,200	42,200	—
56	Wuhan Joy Mansion	97,400	97,400	—
57	Wuhan Elite Mansion	78,000	78,000	—
58	Wuhan Yuexiu Paradiso Garden	143,300	143,300	—
59	Wuhan Mansion	231,500	231,500	—
60	Xiangyang Starry City	1,078,000	694,000	384,000
61	Zhengzhou Elegant Mansion	137,900	137,900	—
62	Changsha Yue Lake Stage	130,600	130,600	—
63	Changsha Qin'ai Lane	132,400	132,400	—
64	Changsha Starry City	714,200	337,100	377,100
	Subtotal (Central China Region)	**4,502,100**	**3,463,900**	**1,038,200**

No.	Project	LANDBANK GFA *(sq.m.)*	PUD GFA *(sq.m.)*	PFD GFA *(sq.m.)*
65	Shenyang Starry Winking	371,400	353,000	18,400
66	Shenyang Hill Lake	270,300	34,800	235,500
67	Qingdao Magnificent Bay	213,200	175,800	37,400
68	Qingdao Licang Qingyin Highway East Land	666,300	—	666,300
69	Qingdao Jiaozhou Platinum Mansion	209,100	209,100	—
70	Qingdao Yue Mansion	50,800	50,800	—
71	Qingdao Starry City	479,800	176,900	302,900
72	Ji'nan Baimai Delighted Mansion	562,000	562,000	—
73	Ji'nan Art Living	52,600	52,600	—
	Subtotal (Northern China Region)	**2,875,500**	**1,615,000**	**1,260,500**
74	Chengdu Glorious Mansion	296,900	296,900	—
75	Chengdu Qin'ai Lane	66,200	66,200	—
	Subtotal (Western China Region)	**363,100**	**363,100**	—
76	Haikou Simapo Island Project	100,500	—	100,500
	Total	**23,630,000**	**17,399,200**	**6,230,800**

Construction progress

Since early February, the Group has quickly made preparation for work resumption by closely following up with the government guidance on resumption in work for construction projects in different cities. The Group worked with and procure contractors to ensure that workers returned to work without delay. The Group also worked with material suppliers to accelerate the supply and transportation of materials in shortage and restricted materials. Beside, the Group achieved the scheduled construction progress of the projects, which were in short of inventories and were in a tight completion schedule through coordination of production and sales. The major cities in each region realised the resumption of project production in early March. Hubei region generally realised the resumption in production by the end of April. In the first half of the year, the project development, new commencement of construction and completion were in line with the Group's schedule.

New commencement of construction and completion projects are summarized as follows:

Construction progress	First half of 2020 Actual GFA *(sq.m.)*	2020 Planned GFA *(sq.m.)*
New commencement of construction	2,763,100	6,950,000
Completion	1,831,000	5,511,700

INVESTMENT PROPERTIES

As of 30 June 2020, the Group owned investment properties under lease of approximately 452,300 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 57.3%,24.8% and 17.9%, respectively. The Group recorded rental revenue of approximately RMB291 million in the first half of 2020, representing a decrease of 13.6% as compared to the same period of last year, which was mainly due to the disposal of a commercial shopping mall located in Foshan at the end of 2019.

In the first half of 2020, the Group recorded net fair value losses on revaluation of investment properties of approximately RMB18 million. Fair value on revaluation of investment properties basically remained at the same level as compared to the beginning of the period.

OTHER GAINS, NET

In the first half of 2020, the Group's other gains, net amounted to approximately RMB11 million, representing a decrease of 98.7% as compared to the same period of last year. Other gains, net for 2019 mainly included a remeasure gain on interest in a joint venture amounting to approximately RMB766 million, which was arising from remeasuring the existing equity interest in a joint venture held by the Group to fair value according to relevant accounting standards when obtaining control over the joint venture.

SELLING AND MARKETING COSTS

In the first half of 2020, the Group's selling and marketing costs were approximately RMB499 million, representing an increase of 19.2% as compared to the same period of last year. The selling and marketing costs accounted for 2.1% of total recognised sales for the period, representing an increase of 0.2 percentage point from 1.9% last year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses amounted to approximately RMB561 million, representing a decrease of 6.6% as compared to the same period of last year. Administrative expenses accounted for 2.4% of the recognised sales for the period, decreased by 0.4 percentage point from 2.8% for the same period of last year

FINANCE COSTS

The finance costs, net of the Group amounted to approximately RMB505 million, representing a decrease of 20.3% from RMB634 million for the interim period of 2019. The decrease was mainly due to the improvement in the overall construction turnover rate of the Group's projects during the period, which led to an increase of interest on capitalisation by 40.5% as compared to the same period of last year. As the overall financing environment has remained moderate since the first half of 2020, the average effective borrowing interest rate for the period declined to 4.71% per annum from 4.76% per annum for the same period of 2019.

SHARE OF PROFIT FROM ASSOCIATED ENTITIES

In the first half of 2020, the overall net contribution from associated entities attributable to the Group decreased by 84.1% to approximately RMB55 million as compared to the same period of last year, which was mainly due to the decrease of profit contribution from Yuexiu Real Estate Investment Trust ("Yuexiu REIT") as a result of operating lossess for the period.

In the first half of 2020, the total distributable amount of Yuexiu REIT amounted to approximately RMB319 million, representing a decrease of 24.9% as compared to the same period of last year, and the cash distribution attributable to the Group amounted to approximately RMB122 million.

BASIC EARNINGS PER SHARE

In the first half of 2020, basic earnings per share attributable to the equity holders of the Company based on the weighted average number of ordinary shares in issue were RMB0.1288 (in the first half of 2019: RMB0.1393).

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for 2020 of HKD0.057 per share (equivalent to RMB0.051 per share) (2019 interim: HKD0.053 per share (equivalent to RMB0.047 per share)) to shareholders whose names appear on the Register of Members of the Company on 22 October 2020. The interim dividend will be distributed to shareholders on or around 18 November 2020.

Dividends payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China in the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasized on funding management and risk control, established an ongoing monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores more funding channels, optimises the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

In the first half of 2020, the Group obtained new borrowings of approximately RMB11.26 billion, including onshore borrowings of approximately RMB9.92 billion and offshore borrowings of approximately RMB1.34 billion. As at 30 June 2020, total borrowings amounted to approximately RMB71.43 billion (31 December 2019: RMB71.02 billion), cash and cash equivalents and charged bank deposits amounted to approximately RMB30.16 billion, and the net gearing ratio was 71.2%. Borrowings due within one year accounted for approximately 15% of the total borrowings (31 December 2019: 10%), fixed-rate borrowings accounted for approximately 57.1% of the total borrowings (31 December 2019: 57.7%). Since the first half of 2020, overall financing environment is moderate. The Group's average effective borrowing interest rate for the period was 4.71% per annum, decreased by 5 bpts from 4.76% per annum for the same period of 2019.

As at 30 June 2020, among the Group's total borrowings, approximately 48% was RMB denominated bank borrowings and other borrowings (31 December 2019: 46%), 8% was Hong Kong dollar denominated bank borrowings (31 December 2019: 9%), 20% was Hong Kong and US dollar denominated medium to long term notes (31 December 2019: 21%), 24% was RMB denominated medium to long term notes (31 December 2019: 24%).

WORKING CAPITAL

On 30 June 2020, the Group's working capital (current assets less current liabilities) amounted to approximately RMB79.31 billion (31 December 2019: approximately RMB78.14 billion). The Group's current ratio (current assets divided by current liabilities) was 1.7 times (31 December 2019: 1.7 times). Cash and cash equivalents amounted to approximately RMB21.9 billion (31 December 2019: RMB24.11 billion). Charged bank deposits amounted to approximately RMB8.26 billion (31 December 2019: RMB6.08 billion). Undrawn committed bank facilities amounted to approximately RMB20.5 billion.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarized as follows:

	As at June 30 2020 RMB'000	As at 31 December 2019 RMB'000
Bank borrowings and notes		
Denominated in RMB	51,415,294	49,621,641
Denominated in HKD	8,009,164	9,583,648
Denominated in USD	12,002,005	11,816,326
Total bank borrowings and notes	71,426,463	71,021,615
Bank overdrafts	44	41
Total debts	71,426,507	71,021,656

	As at June 30 2020 RMB'000	As at 31 December 2019 RMB'000
Ageing analysis:		
Within one year	10,649,632	7,138,023
In the second year	17,242,193	20,270,167
In the third to fifth year	40,490,635	39,387,355
Beyond five years	3,044,047	4,226,111
Total borrowings	71,426,507	71,021,656
Lease liabilities	665,724	678,207
Less: Cash and cash equivalents	(21,900,590)	(24,105,541)
Net borrowings	50,191,641	47,594,322
Total equity	57,925,847	55,191,816
Total capitalization	108,117,488	102,786,138
Gearing ratio	46.4%	46.3%

INTEREST RATE EXPOSURE

The Group's interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars, and US dollars. As of 30 June 2020, among the total borrowings of the Group, approximately 34.6% was floating rate bank loans denominated in Renminbi, approximately 8.3% was floating rate bank loans denominated in Hong Kong dollars, approximately 13.2% was fixed rate bank loans denominated in Renminbi, approximately 24.2% was medium-to-long term fixed rate bonds denominated in Renminbi, approximately 19.7% was fixed rate notes denominated in US dollars/Hong Kong dollars.

At present, fixed rate borrowing of the Group accounts for approximately 57.1% of the total borrowing, and the interest rate risk is controllable. The Group did not arrange for interest-rate hedging instruments during the reporting year. The average effective borrowing interest rate during the period was approximately 4.71% per annum, decreased by 5 bpts from 4.76% per annum for the same period of 2019.

With respect to Renminbi borrowing interest rates, the actual onshore Renminbi borrowing interest rates has decreased since the central government adopted a easing monetary policy to stabilize liquidity and support economic development in response to the impact of COVID-19 outbreak. But there are restrictions and policy constraints on financing for real estate industries, the average interest rate on borrowings, and recorded a small decrease.

With respect to interest rates on US dollar and Hong Kong dollar borrowings, due to the influence intensified by the US-China trade war, Brexit and slow growth in US economy, the Federal Reserve stopped raising interest rates in the middle of 2019 and cut them three times in the second half of the year by 0.75% in aggregate. In 2020, with the outbreak of COVID-19, the US and global financial markets witnessed a turmoil, the economy was in a rapid decline and unemployment was serious. In the first half of 2020, the Federal Reserve cut its benchmark interest rate to near zero and launched unlimited quantitative easing policy. The United States and Western countries have launched a series of fiscal policies to save the economy and employment, and adopted loose monetary policy to release liquidity, and the interest rate of Hong Kong dollar also decreased in line with drop of the interest rates of US dollar. However, the interest rates of Hong Kong dollar may also increase in the near future for a short term due to the influence of social events, listing of more large-scale companies in Hong Kong, intensity of US-China trade war and other uncertainty. The Group expects the offshore US dollar/Hong Kong dollar loan interest rates to maintain at a low level. The Group will continue to monitor the changes in onshore and offshore interest rates, adjust and optimize its debt structure and adopt financial instruments to manage its interest rate risk exposure in a timely manner.

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income and assets are primarily denominated in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to stengthen the management of the foreign exchange exposure. As at 30 June 2020, approximately 28% (30% at the beginning of the year) of the total borrowings of the Group was borrowings denominated in foreign currencies, among which, approximately HKD6.57 billion (equivalent to approximately RMB5.93 billion) was bank borrowings denominated in Hong Kong dollar, approximately USD1.70 billion (equivalent to approximately RMB12.00 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD2.30 billion (equivalent to approximately RMB2.09 billion) was notes denominated in Hong Kong dollars. Financial products were bought to hedge part of foreign exchange exposures with respect to offshore borrowings (equivalent to RMB9.55 billion).

In 2020, the exchange rate of Renminbi is expected to remain fluctuated due to the US-China trade war, the widened interest rate gap between the PRC and the US by the sharp interest rate cut in the US, the slow growth in Chinese economy, and the outbreak of COVID-19. The Group will continue to keep track of developments in the foreign exchange market, strike a balance between interest rate cost and foreign exchange risk, optimize its debt structure and control its foreign exchange exposure. The Group has used suitable financial instruments to manage its foreign exchange exposure. The Group continues to arrange for suitable financial instruments to manage its foreign exchange exposure at reasonable costs as and when appropriate in the second half of the year.

COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2020, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB680 million (31 December 2019: RMB726 million).

CONTINGENT LIABILITIES

The Group arranged bank loans for certain purchasers of the Group's properties in Mainland China and provided transitional guarantees in respect of the performance of loan repayment liabilities. Pursuant to the terms of the guarantee contracts, upon default in repayments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principal sum together with accrued interests under the guarantee, and the Group then acquires the legal title of such pledged properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As of 30 June 2020, total contingent liabilities relating to these guarantees amounted to approximately RMB21.37 billion (31 December 2019: RMB20.09 billion).

As at 30 June 2020, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB3,260 million (31 December 2019: RMB2,035 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,280 million (31 December 2019: RMB1,007 million) was utilised and guarantee of approximately RMB1,980 million (31 December 2019: RMB1,028 million) was not utilised yet.

Employees and Remuneration Policy

As of 30 June 2020, the Group had approximately 10,740 employees (31 December 2019: 10,100 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training. The Group adopted the Share Incentive Scheme on 2 December 2016 and the Share Award Scheme on 17 March 2017. Both schemes will (i) provide the selected participants (including senior management, middle management and other employees) with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with the Company and the Group; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of the Group, the Company and its shareholders, with a view to achieving the objective of aligning the interests of the selected participants with those of the shareholders of the Company. Details of the Share Incentive Scheme and Share Award Scheme have been respectively disclosed in the announcement dated 2 December 2016 and 17 March 2017.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code throughout the six months ended 30 June 2020.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2020 have been reviewed by the Audit Committee and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2020. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 October 2020 to Thursday, 22 October 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 19 October 2020.

By order of the Board
Yuexiu Property Company Limited
LIN Zhaoyuan
Chairman

Hong Kong, 24 August 2020

As at the date of this announcement, the Board comprises:

Executive Directors:	*LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan*
Non-executive Director:	*OUYANG Changcheng*
Independent Non-executive Directors:	*YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose*