恒盛地產
GLORIOUS PROPERTY

Glorious Property Holdings Limited
恒盛地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Codes: 00845)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2021 (the "2021 Interim Results"). The 2021 Interim Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 30 August 2021.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB329.8 million and the average selling price (excluding interior decoration) was RMB10,000 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB1,427.1 million
- Total borrowings was RMB19,765.2 million
- Gearing ratio was 453.8%
- Property sales was RMB5,431.3 million and GFA sold was 206,301 sq.m.

OVERALL RESULTS

For the six months ended 30 June 2021, the Group recorded a consolidated revenue of RMB329.8 million, which decreased by 16.9% as compared to the corresponding period in 2020. For the six months ended 30 June 2021, the Group recorded a loss attributable to the owners of the Company of RMB1,427.1 million, as compared to a profit attributable to the owners of the Company of RMB59.9 million for the corresponding period in 2020.

Loss per share for the six months ended 30 June 2021 was RMB0.18 (six months ended 30 June 2020: Earnings per share of RMB0.01).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the second year of COVID-19 pandemic, the overseas pandemic situation was still serious in the first half of 2021 and variants have been found in many countries. International conflicts and differences over vaccine distribution have intensified. However, due to the increase in vaccination coverage and the decline in infections, governments around the world have gradually lifted restrictions to varying degrees, confidence in trade activities and economic growth has been boosted, and the global economy has recovered in an orderly manner. By contrast, the Chinese government took aggressive and precise prevention and control measures and released macro policies, enabling the national economy to take the lead in overcoming the impact of the pandemic. China's industrial output level has been close to normal. The real estate industry has shown strong resilience as an economic support. The Chinese economy recovered steadily with the sound growth momentum consolidated. The World Bank, the International Monetary Fund and other institutions have raised their expectations on China's economic growth.

The transaction volumes of new homes and second-hand homes in major Chinese first- and second-tier cities saw a significant year-on-year growth in the first quarter due to the low base in the same period of 2020 and fluctuated at high levels in the second quarter. It showed a fall-rise trend with stability at high levels in the first half of 2021. The implementation of the 'centralised transfer and centralised announcement' policy for residential land in key cities is the central government's another supplement to the current long-acting real estate regulation mechanism after the "three red lines" on financing of property developers and the concentration management of real estate loans. Local governments continued the principles of "one city, one policy" and "city-specific approach". There were both tight and loose regulatory policies. The tightening of regulation in hot cities is mainly manifested in the strengthening of administrative restrictions and market supervision. Taking Shanghai as an example, a score-based lottery system for purchases of new homes has been introduced to further meet the demand of first-time buyers. Loose regulation is mainly reflected in the population and talent policies and housing provident fund policies of various cities, which plays a positive role in promoting the development of local real estate markets. In the meantime, the real economy has not yet fully recovered after the pandemic crisis and residents' expectations on property appreciation and preservation have further increased. It has pushed up the transaction volumes of high-end projects and houses bought by upgraders to a certain extent.

The Group saw a significant year-on-year increase in its home contract signings in the first half of this year, largely because Shanghai Bay's No. 16 building was launched smoothly and sold effectively. It satisfied customers' needs for housing improvement and appreciation of high-end investments. The Group saw relatively ideal expected results in projects' sales revenue and the proportion of payment collection, which effectively met its requirements for business performance and the needs for capital operation in the first half of this year. But it still came under pressure from strict and tight financial regulation on the real estate sector in key cities. One of the Group's important tasks is still to reduce and restructure debt, fill the daily cash flow gap, and revitalise existing assets.

The Group stepped up efforts on operation control, process adjustment and cost control in the first six months of 2021. It adjusted its marketing management model and increased the marketing support for projects. In addition, by strengthening the capabilities of design and development of property projects, the Group has made every effort to ensure the pre-sale and delivery of houses, give full play to the best operating efficiency of limited funds, finish the delivery of existing projects and construction of new projects at the same time. Continuous efforts were made to complete the tasks and objectives of phased restructuring and debt reduction, and strive to balance and improve cash flow operations, with a view to enabling the Group to shift towards a sound and steady development.

Business Review

I. Revenue

The Group recorded a consolidated revenue of RMB329.8 million in the first half of 2021, representing a decrease of 16.9% compared to RMB397.0 million recorded in the first half of 2020. The delivered GFA increased to 31,706 sq.m. in the first half of 2021 from 13,014 sq.m. in the first half of 2020, representing an increase of 143.6%. The average selling price recognised (excluding revenue from interior decoration of properties) decreased by 63.8% to RMB10,000 per sq.m. in the first half of 2021 from RMB27,651 per sq.m. in the corresponding period in 2020, mainly due to larger proportion of property area attributable to the sale of stock of car park units.

During the six months ended 30 June 2021, the Group did not have new phases of properties being completed. All the recognised revenue for the first half of 2021 were derived from the current period's sale of the remaining units of the properties completed in prior years. During the six months ended 30 June 2021, a substantial portion of the Group's revenue were attributable to the properties located in Shanghai Region, which contributed recognised revenue (including revenue from property sales and interior decoration) of RMB260.6 million and sold and delivered GFA of 17,014 sq.m., representing 79.0% and 53.7% of the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai Bay in Shanghai was completed and delivered a new phase of properties in the second half of 2018. The Group continued to sell the remaining units of these completed properties, which contributed RMB138.8 million to the Group's revenue from property sales for the six months ended 30 June 2021. Apart from the projects in Shanghai Region, the projects of the Yangtze River Delta and the Northeast China also only had remaining units available for sale, thus their combined revenue was only RMB69.2 million and sold and delivered GFA was 14,692 sq.m., representing 21.0% and 46.3% of the Group's total revenue and sold and delivered GFA for the current period respectively. Projects from the Pan Bohai Rim did not have revenue contribution in the current period.

On the other hand, the Group continued to put extra effort in selling the stock of car park units and the remaining residential units in different cities, for which the average selling price of car park units were substantially lower than the residential units. Certain of the Group's property projects that had completed and delivered in earlier years only had revenue derived from the sale of car park units in the current period, thus causing the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) to decrease by 63.8% from RMB27,651 per sq.m. in the first half of 2020 to RMB10,000 per sq.m. in the corresponding period in 2021.

Projects sold and delivered during the six months ended 30 June 2021 included:

Property projects	City	2021 Revenue (RMB'000)	2021 GFA sold and delivered (sq.m.)	2021 Average selling price recognised (RMB/sq.m.)	2020 Revenue (RMB'000)	2020 GFA sold and delivered (sq.m.)	2020 Average selling price recognised (RMB/sq.m.)
Revenue from sale of properties:							
Sunshine Venice	Shanghai	**102,426**	**12,990**	**7,885**	886	112	7,911
Shanghai Bay	Shanghai	**125,997**	**2,036**	**61,885**	300,120	2,615	114,769
Shanghai City Glorious	Shanghai	**12,343**	**1,688**	**7,312**	8,661	979	8,847
Chaetau De Paris	Shanghai	**1,502**	**108**	**13,907**	3,147	242	13,004
Holiday Royal	Shanghai	**5,574**	**192**	**29,031**	—	—	N/A
No.1 City Promotion	Wuxi	**4,656**	**379**	**12,285**	6,962	1,082	6,434
Nantong Villa Glorious	Nantong	**7,520**	**2,144**	**3,507**	3,669	1,070	3,429
Nantong Royal Bay	Nantong	**33,952**	**3,083**	**11,013**	—	—	N/A
Hefei Bashangjie Project	Hefei	**1,382**	**105**	**13,162**	8,485	1,150	7,378
Hefei Royal Garden	Hefei	**11,730**	**6,200**	**1,892**	3,812	2,044	1,865
Sunny Town	Shenyang	**—**	**—**	**N/A**	21,833	3,291	6,634
Harbin Royal Garden	Harbin	**457**	**125**	**3,656**	276	62	4,452
Changchun Villa Glorious	Changchun	**8,951**	**2,542**	**3,521**	1,881	329	5,717
Dalian Villa Glorious	Dalian	**562**	**114**	**4,921**	124	38	3,263
Sub-total		**317,052**	**31,706**	**10,000**	359,856	13,014	27,651
Revenue from interior decoration for properties sold:							
Shanghai Bay	Shanghai	**12,797**			37,094		
Total		**329,849**			396,950		

II. *Property Sales*

During the first half of 2021, the Group recorded contracted property sales of RMB5,431.3 million, representing a YOY increase of 39.4%; while the contracted GFA sold was 206,301 sq.m., representing a YOY increase of 87.3%.

During the six months ended 30 June 2021, apart from the launch of the properties from Shanghai Bay in Shanghai, the Group's projects namely Changchun Villa Glorious in the Northeast China and Tianjin Royal Bay Seaside in the Pan Bohai Rim also had pre-sales launch of new phases, while in other cities the Group continued to sell the remaining units of the projects that were completed in prior years. During the period, the Group's property sales in Shanghai Region were strong and contributed property sales of RMB4,340.5 million, representing 79.9% of the Group's total property sales. Property sales from the other three regions, namely the Yangtze River Delta, the Pan Bohai Rim and the Northeast China, contributed property sales of RMB200.5 million, RMB369.5 million and RMB520.8 million respectively, representing 3.7%, 6.8% and 9.6% of the Group's total property sales respectively. The Group launched the sales of properties of Tower 16 of Shanghai Bay in Shanghai in the second quarter of 2021. These high-end properties contributed property sales (including Tower 16 and the other remaining units) of RMB4,068.4 million for the six months ended 30 June 2021, representing 74.9% of the Group's total property sales for the first half of 2021. Further, in the first half of 2021, the Group also launched a new phase of properties for Changchun Villa Glorious, together with certain remaining units from earlier phases, it contributed property sales of RMB518.8 million, representing 9.6% of the Group's aggregate property sales for the current period.

During the six months ended 30 June 2021, the average selling price was RMB26,327 per sq.m. representing 25.6% lower than RMB35,363 per sq.m. for the corresponding period in 2020, which was mainly due to larger proportion of property sales arising from properties located in the regions other than Shanghai Region, whereas the average selling prices are lower.

Details of property sales and GFA sold during the six months ended 30 June 2021 were as follows:

Region	**Property sales** ***(RMB'000)***			**GFA sold** ***(sq.m.)***		
	2021	2020	Change (%)	**2021**	2020	Change (%)
Shanghai Region	**4,340,459**	3,301,124	31.5%	**82,881**	42,538	94.8%
Yangtze River Delta [(1)]	**200,470**	178,140	12.5%	**34,067**	23,484	45.1%
Pan Bohai Rim	**369,520**	225,960	63.5%	**25,863**	23,582	9.7%
Northeast China	**520,827**	190,396	173.5%	**63,490**	20,556	208.9%
Total	**5,431,276**	3,895,620	39.4%	**206,301**	110,160	87.3%

Note:

(1) Includes property sales attributable to a joint venture for all periods presented.

III. Construction and Development

There was no newly completed projects during the first half of 2021. The new construction area added during the first half of the year was approximately 425,000 sq.m.. The Group expects that the new construction area for the year 2021 will be approximately 921,000 sq.m.. As at 30 June 2021, the Group had projects with a total area under construction of 2.96 million sq.m..

IV. Land Bank

As at 30 June 2021, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 6.6 million sq.m., The average land cost was RMB1,543 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 12.1% was in first-tier cities and 87.9% was in second- and third-tier cities.

Details of land bank by project as at 30 June 2021 were as follows:

	Project	**City**	**Location**	**Use**	**Land bank** *(sq.m.)*	**Average land cost** *(RMB per sq.m.)*	**Interests attributable to the Group**
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, serviced apartment, office and commercial	312,885	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, office and commercial	83,421	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	112,290	1,870	100%
4	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	99,319	9,703	100%
5	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
	Subtotal				698,915	3,282	

Project		City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Yangtze River Delta							
6	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	460	100%
7	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	70%
8	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	381,814	4,719	100%
9	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	938,326	881	100%
10	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
11	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	88,148	6,013	60%
	Subtotal				2,594,803	1,420	
Pan Bohai Rim							
12	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
13	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
14	Royal Mansion	Beijing	Haidian District	Residential and commercial	78,102	3,395	100%
15	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,501,654	1,346	
Northeast China							
16	Sunny Town	Shenyang	Yuhong District	Residential and commercial	119,391	1,133	100%
17	Changchun Villa Glorious	Changchun	New and High-tech District	Residential and commercial	653,852	1,004	100%
	Subtotal				773,243	1,024	
Total					**6,568,615**	**1,543**	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 30 June 2021, the Group has total GFA of approximately 2.6 million sq.m. that is planned for the development of commercial properties, of which approximately 814,000 sq.m. of commercial properties were completed by the Group, and around 933,000 sq.m. of commercial property projects are still under construction.

As at 30 June 2021, retail commercial properties, office buildings and hotels accounted for 62.1%, 24.3% and 13.6% of the total commercial properties of the Group by GFA, respectively. The Group plans to retain the ownership of most of the commercial properties for the long run to secure stable rental income.

OUTLOOK FOR THE SECOND HALF OF 2021

The world's economic recovery is likely to continue at a slow and uneven pace in the back half of 2021. Repeat outbreaks and differences in the pace of vaccinations in major economies could weaken the overall consumer demand worldwide to varying degrees, which will lead to a lack of momentum in industrial production and make it difficult to effectively solve the problem of mass unemployment in the short term. Unless there is a clear turning point in the pandemic situation in countries, the prospects for a rapid recovery of the global economy will remain uncertain. China has clearly outperformed the rest of the world in terms of economic recovery. With over 1.4 billion doses of COVID-19 vaccines administered, an increase in both online and offline purchases, as well as residents' income returning to pre-pandemic levels, a full recovery of domestic consumption is expected. The monetary policy will stay flexible, precise, reasonable and moderate to keep the economy running within an appropriate range. Although people's increased willingness on precautionary savings, short-term price fluctuations of raw materials and uncertainties caused by virus variations will have certain inhibitory effects on consumer desire and spending power, they are not enough to change the trend of continuous improvement and growth of the internal circulation.

In terms of real estate regulation policies, the central and local governments will continuously release relevant policies with the goal of stabilising market expectations. The central government will further focus on imposing regulations on the supply side, while local governments will accelerate the establishment of a real estate linkage mechanism to guide and promote the steady development of local real estate markets. On the basis of the first half of 2021, the new land supply in the first-tier cities is expected to increase slightly in a stable way, the supply of land in the second-tier cities is expected to be flat or slightly increase from last year, and the supply of land in the third- and fourth-tier cities may fall slightly, with the differentiation among cities intensifying. The financial regulation on the real estate sector will be strengthened. China may impose limits on new property loans for banks. Mortgage rates in some cities will rise. The tightening on credit policies will have an impact on home buyers' plan and pace of home purchases.

The Group predicts that the sold area of commodity houses will remain at a high level in the second half of this year, and the annual transaction volume is expected to hit a record high. The rise in land prices and second-hand housing prices will drive up new home prices slightly. The transaction volumes of houses in advantageous regions, such as the first- and second-tier cities where home prices are relatively high and the third- and fourth-tier cities in the eastern parts, may take up a larger share of the country's total volume, and the transaction volume of houses bought by upgraders will increase, which will drive a structural rise in home prices nationwide. Transactions in the third- and fourth-tier cities may maintain a downward trend in the second half of this year due to the overstimulation of demand and a decline in spending power.

Based on the central government's principle of "houses should be for living in, not for speculation", the Group will implement prudent business strategies, fully study and judge the economic situation and industry trends, and enhance the endogenous growth and comprehensive benefits with flat and professional management. In accordance with the city-specific approach, the Group will further optimise its management model, fully delegate the decision-making power to project operators, and stimulate project operators to respond quickly and effectively to market changes, thereby achieving the growth in sales and the rapid withdrawal of funds. Moreover, actions will be taken to boost the sales of existing assets and increase the value of commercial assets, in order to improve the Group's profitability.

The Group will continue its prudent financial policies by further reducing debt, improving the debt structure and moderately increasing long-term debt, in a bid to effectively avoid financial risks and operational pressure, ensure the safety of the overall financial capital, and achieve sustainable, sound and steady development.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
RMB'000	*Note*	***(unaudited)***	*(unaudited)*
Revenue	*4*	**329,849**	396,950
Cost of sales	*7*	**(324,741)**	(361,676)
Gross profit		**5,108**	35,274
Other income	*5*	**23,970**	17,338
Other (losses)/gains, net	*6*	**(296,378)**	1,757,468
Provision for loss allowance of financial assets		**(31,222)**	(1,359)
Selling and marketing expenses	*7*	**(76,210)**	(53,194)
Administrative expenses	*7*	**(193,728)**	(176,439)
Finance costs, net	*8*	**(891,479)**	(1,059,744)
Share of (loss)/profit of an associate		**(668)**	33
Share of profit/(loss) of a joint venture		**1,241**	(6,297)
(Loss)/profit before taxation		**(1,459,366)**	513,080
Income tax credits/(expenses)	*9*	**25,435**	(460,181)
(Loss)/profit for the period		**(1,433,931)**	52,899
(Loss)/profit attributable to:			
– the owners of the Company		**(1,427,058)**	59,927
– non-controlling interests		**(6,873)**	(7,028)
		(1,433,931)	52,899
Other comprehensive income		**—**	—
Total comprehensive (loss)/income for the period		**(1,433,931)**	52,899
Total comprehensive (loss)/income for the period attributable to:			
– the owners of the Company		**(1,427,058)**	59,927
– non-controlling interests		**(6,873)**	(7,028)
		(1,433,931)	52,899
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*10*	**(0.18)**	0.01
– Diluted	*10*	**(0.18)**	0.01
Dividend	*11*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2021

RMB'000	*Note*	**30 June 2021 (unaudited)**	31 December 2020 (audited)
Non-current assets			
Property, plant and equipment		**379,874**	34,795
Right-of-use assets		**732**	1,876
Investment properties		**23,661,521**	24,659,760
Intangible assets		**1,800**	1,800
Investment in an associate		**4,132**	4,800
Interest in a joint venture		**1,009,537**	1,006,813
Deferred income tax assets		**339,528**	305,778
		25,397,124	26,015,622
Current assets			
Properties under development		**17,051,466**	15,183,525
Completed properties held for sale		**5,068,358**	5,180,029
Trade and other receivables, prepayments and other financial assets	*12*	**5,081,846**	4,439,816
Prepaid taxes		**300,689**	253,309
Restricted cash		**360,519**	345,983
Cash and cash equivalents		**556,083**	395,543
		28,418,961	25,798,205
Total assets		**53,816,085**	51,813,827

RMB'000	*Note*	**30 June 2021** ***(unaudited)***	31 December 2020 *(audited)*
Current liabilities			
Contract liabilities		**13,798,210**	9,469,448
Trade and other payables	*13*	**5,183,735**	5,515,980
Income tax payable		**8,388,150**	8,290,653
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**17,645,245**	20,263,735
Lease liabilities		**719**	1,331
		45,369,088	43,894,176
Non-current liabilities			
Borrowings	*14*	**2,119,944**	—
Deferred income tax liabilities		**2,172,458**	2,330,726
Lease liabilities		**36**	435
		4,292,438	2,331,161
Total liabilities		**49,661,526**	46,225,337
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves		**(3,878,627)**	(2,451,569)
		4,013,100	5,440,158
Non-controlling interests		**141,459**	148,332
Total equity		**4,154,559**	5,588,490
Total liabilities and equity		**53,816,085**	51,813,827

NOTES:

1 General information

Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the development of real estate projects in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2007 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 30 August 2021.

This condensed consolidated interim financial information has not been audited. This condensed consolidated interim financial information has been reviewed by the Company's audit committee.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

(i) Going concern basis

For the six months ended 30 June 2021, the Group reported a loss attributable to the owners of the Company of RMB1,427,058,000 (six months ended 30 June 2020: a profit attributable to the owners of the Company of RMB59,927,000) and had a net operating cash outflow of RMB258,847,000 (six months ended 30 June 2020: a net operating cash inflow of RMB2,480,021,000). As at 30 June 2021, the Group had accumulated losses of RMB4,844,097,000 (31 December 2020: RMB3,417,039,000) and the Group's current liabilities exceeded its current assets by RMB16,950,127,000 (31 December 2020: RMB18,095,971,000). As at the same date, the Group's total borrowings amounted to (including loans from a non-controlling interest) RMB19,765,189,000 (31 December 2020: RMB20,263,735,000), of which current borrowings amounted to RMB17,645,245,000 (31 December 2020: RMB20,263,735,000), while its cash and cash equivalents amounted to RMB556,083,000 only.

As at 30 June 2021, certain borrowings whose principal amounts of RMB887,480,000 and interest payable amounts of RMB443,715,000, relating to borrowings with a total principal amount of RMB2,936,245,000 ("Overdue Borrowings") were overdue. In addition, part of the principal and interests of certain borrowings not abovementioned with a total principal amount of RMB5,945,623,000 were overdue in the loan period ("Other Overdue Borrowings"); although these overdue amounts were subsequently settled before 30 June 2021, these borrowings remain to be in default as at 30 June 2021. Furthermore, the Group breached certain terms and conditions of borrowings with a total principal amount of RMB1,871,303,000 during the the loan period and as at 30 June 2021. The aggregate principal amount of the aforementioned borrowings of RMB10,753,171,000 would be immediately repayable if requested by the lenders. This amount included borrowings of RMB669,146,000 with original contractual repayment dates beyond 30 June 2022 which have been reclassified as current liabilities as at 30 June 2021 (note 14).

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, any default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amount of borrowings of RMB4,234,600,000 were considered as cross-default ("Cross-default Borrowings"), of which RMB3,455,000,000 with original contractual repayment dates beyond 30 June 2022 have been reclassified as current liabilities as at 30 June 2021 (note 14).

Subsequent to the balance sheet date, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of certain loan agreements, including principal of RMB1,498,100,000 and interest of RMB37,764,000 relating to certain of the Overdue Borrowings with a total principal amount of RMB1,979,870,000.

The Group is in active negotiations with all the lenders in respect of the Overdue Borrowings, Other Overdue Borrowings and Cross-default Borrowings for renewal and extension of the relevant borrowings and the Directors are confident that agreements will be reached in due course. Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delays in principal and interest repayments will not enforce their rights of requesting for immediate repayment. Management is also confident that lenders of the cross-default borrowings will not exercise their rights of requesting for immediate repayment under the cross-default provisions.

The spread of COVID-19 pandemic had also brought challenges and uncertainties to the global economy. The COVID-19 pandemic has been brought under control in China after taking effective measures by the government. The management believes that the effect of COVID-19 pandemic is temporary and manageable.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) The Group has been actively negotiating with a number of commercial banks for renewal, extension and replacement of bank loans and credit facilities;

(ii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iii) The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable car parks. Overall, the Group expects to gradually launch sales of properties from new phases of two major projects upon obtaining the pre-sales permits in the second half of 2021;

(iv) The Group has implemented measures to speed up the collection of outstanding sales proceeds; and

(v) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2021. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond 30 June 2022 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in the year subsequent to 30 June 2021; (b) were overdue as at 30 June 2021 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (c) became or might become overdue in the year subsequent to 30 June 2021;

(ii) Successful obtaining of additional new sources of financing as and when needed;

(iii) Successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows; and

(iv) Successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms;

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial information.

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2020 as included in the Company's annual report for the year ended 31 December 2020.

A number of new or amended standards became applicable for the current reporting period:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the above new or amended standards.

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020, with the exception of changes in estimates that are required in determining the provision for income taxes and the adoption of the new and amended standards as set out below.

Taxes on income in the six months ended 30 June 2021 are accrued using the tax rate that would be applicable to expected total annual earnings.

4 Segment information

The Executive Directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors consider the Group's business from a geographical perspective and assesses the performance of property development in four reportable operating segments, namely Shanghai Region, Yangtze River Delta (excluding Shanghai), Pan Bohai Rim and Northeast China. "Others" segment represents corporate support functions.

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes depreciation, fair value changes of investment properties, provision for loss allowance of financial assets, changes in provision for impairment of properties under development and completed properties held for sale, interest income and finance costs from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim financial information.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Other unallocated corporate assets represent interest expenses incurred at corporate level which have been capitalised on qualifying assets of the subsidiaries.

The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Total**
Six months ended 30 June 2021 (unaudited)						
Revenue						
At a point in time	**247,842**	**59,240**	**—**	**9,970**	**—**	**317,052**
Over time	**12,797**	**—**	**—**	**—**	**—**	**12,797**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**260,639**	**59,240**	**—**	**9,970**	**—**	**329,849**
Segment results	**88,413**	**(61,271)**	**(24,876)**	**(118,237)**	**(19,195)**	**(135,166)**
Depreciation	**(6,666)**	**(962)**	**(552)**	**(46)**	**(30)**	**(8,256)**
Fair value changes of investment properties	**(259,783)**	**(24,514)**	**—**	**(18,605)**	**—**	**(302,902)**
Provision for loss allowance of financial assets	**(1,556)**	**(26,318)**	**(114)**	**(3,234)**	**—**	**(31,222)**
Changes in provision for impairment of properties under development and completed properties held for sale	**(74,542)**	**—**	**(11,851)**	**(3,948)**	**—**	**(90,341)**
Interest income	**898**	**400**	**333**	**102**	**—**	**1,733**
Finance costs	**(637,516)**	**(172,792)**	**(68,926)**	**(4,093)**	**(9,885)**	**(893,212)**
Income tax credits/(expenses)	**39,959**	**(8,496)**	**(3,684)**	**(2,344)**	**—**	**25,435**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2020 (unaudited)						
Revenue						
At a point in time	312,813	22,929	24,114	—	—	359,856
Over time	37,094	—	—	—	—	37,094
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	349,907	22,929	24,114	—	—	396,950
Segment results	73,111	(40,531)	(22,275)	(44,997)	(54,842)	(89,534)
Depreciation	(1,471)	(599)	(1,150)	(12)	(430)	(3,662)
Fair value changes of investment properties	1,300,813	523,792	(1,831)	(20,567)	—	1,802,207
Provision for loss allowance of financial assets	(1,173)	(137)	—	(49)	—	(1,359)
Changes in provision for impairment of properties under development and completed properties held for sale	—	—	(82,390)	(52,438)	—	(134,828)
Interest income	25,290	292	73	462	—	26,117
Finance costs	(714,685)	(145,342)	(176,177)	(4,738)	(44,919)	(1,085,861)
Income tax expenses	(282,615)	(88,940)	(31,777)	(56,849)	—	(460,181)

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
As at 30 June 2021 (unaudited)							
Total segment assets	**50,437,162**	**23,737,605**	**5,527,241**	**7,577,239**	**3,451,573**	**(46,438,787)**	**44,292,033**
Total segment assets include:							
Investment in an associate	**4,132**	**—**	**—**	**—**	**—**	**—**	**4,132**
Investment in a joint venture	**770,711**	**—**	**—**	**—**	**—**	**—**	**770,711**
Deferred income tax assets							**339,528**
Other unallocated corporate assets							**9,184,524**
Total assets							**53,816,085**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2020 (audited)							
Total segment assets	49,463,964	22,401,399	5,106,169	5,899,067	4,470,822	(44,993,032)	42,348,389
Total segment assets include:							
Investment in an associate	4,800	—	—	—	—	—	4,800
Investment in a joint venture	771,502	—	—	—	—	—	771,502
Deferred income tax assets							305,778
Other unallocated corporate assets							9,159,660
Total assets							51,813,827

	Six months ended 30 June	
RMB'000	**2021** ***(unaudited)***	2020 *(unaudited)*
Segment results	**(135,166)**	(89,534)
Depreciation	**(8,256)**	(3,662)
Fair value changes of investment properties	**(302,902)**	1,802,207
Provision for loss allowance of financial assets	**(31,222)**	(1,359)
Changes in provision for impairment of properties under development and completed properties held for sale	**(90,341)**	(134,828)
Operating (loss)/profit	**(567,887)**	1,572,824
Interest income	**1,733**	26,117
Finance costs	**(893,212)**	(1,085,861)
(Loss)/profit before taxation	**(1,459,366)**	513,080
Additions to:		
Property, plant and equipment	**741**	454
Investment properties	**191,473**	855,113
	192,214	855,567

5 Other income

RMB'000	Six months ended 30 June **2021** ***(unaudited)***	2020 *(unaudited)*
Rental income	**22,815**	15,498
Others	**1,155**	1,840
	23,970	17,338

6 Other (losses)/gains, net

RMB'000	Six months ended 30 June **2021** ***(unaudited)***	2020 *(unaudited)*
Fair value changes of investment properties	**(302,902)**	1,802,207
Exchange gains/(losses), net	**6,524**	(44,739)
	(296,378)	1,757,468

7 Expenses by nature

(Loss)/profit before taxation is stated after charging the following:

RMB'000	Six months ended 30 June **2021** ***(unaudited)***	2020 *(unaudited)*
Advertising costs	**19,480**	10,404
Other taxes and levies	**13,896**	8,451
Costs of properties sold (including changes in provision for impairment of properties under development and completed properties held for sale)	**310,845**	353,225
Depreciation	**8,256**	3,662
Staff costs — excluding directors' emoluments	**94,464**	70,322
Rental expenses	**1,755**	1,113

8 Finance costs, net

RMB'000	**Six months ended 30 June** **2021** ***(unaudited)***	2020 *(unaudited)*
Finance income		
— Interest income	**1,733**	26,117
Finance costs		
Interest expenses		
— Bank borrowings	**(1,014,991)**	(1,543,638)
— Bond	**(5,512)**	(5,425)
— Others	**(126,731)**	(49,796)
Total interest expenses	**(1,147,234)**	(1,598,859)
Less: interest capitalised on qualifying assets	**254,022**	512,998
Finance costs expensed	**(893,212)**	(1,085,861)
Finance costs, net	**(891,479)**	(1,059,744)

9 Income tax credits/(expenses)

RMB'000	**Six months ended 30 June** **2021** ***(unaudited)***	2020 *(unaudited)*
Current income tax expenses:		
PRC corporate income tax	**(5,081)**	(2,837)
PRC land appreciation tax	**(161,506)**	(102,759)
	(166,587)	(105,596)
Deferred income tax credits/(expenses):		
Origination and reversal of temporary differences	**192,022**	(354,585)
	192,022	(354,585)
	25,435	(460,181)

10 (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
	(unaudited)	*(unaudited)*
(Loss)/profit attributable to the owners of the Company (RMB'000)	**(1,427,058)**	59,927
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the six months ended 30 June 2020 and 2021, the Company's share options are anti-dilutive as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

11 Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

12 Trade and other receivables, prepayments and other financial assets

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
Trade receivables due from third parties, net (a)	**484,981**	480,041
Other receivables due from third parties	**2,142,182**	1,552,396
Prepayments and deposits for land premium	**788,636**	2,051,097
Prepayments and deposits for construction costs:	**2,243,525**	923,981
Related parties	**28,185**	32,624
Third parties	**2,215,340**	891,357
Prepaid other taxes	**246,151**	224,645
Less: Provision for loss allowance	**(823,629)**	(792,344)
	5,081,846	4,439,816

(a) Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables before provision at the balance sheet dates based on revenue recognition date is as follows:

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
Within 6 months	**4,160**	3,894
Between 7 and 12 months	**8,705**	4,842
Over 12 months	**478,290**	477,542
	491,155	486,278

The Group applied the HKFRS 9 simplified approach to measure expected credit losses which used a lifetime expected loss allowance for all trade receivables.

Movement in the Group's provision for loss allowance of trade receivables is as follows:

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
At beginning of the period/year	**6,237**	4,511
(Reversal of provision)/provision for loss allowance of trade receivables	**(63)**	1,726
At end of the period/year	**6,174**	6,237

As at 30 June 2021, trade receivables of RMB491,155,000 (2020: RMB486,278,000) includes an amount due from a local government authority of RMB422,215,000 (2020: RMB422,215,000) upon recognising the revenue relating to certain relocation and resettlement housing. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

During the year ended 31 December 2017, the Group was involved in a litigation with the aforementioned local government authority over an amount of approximately RMB601 million, associated with a property development project in Shanghai. Instead of owing the Group RMB422 million, the local government authority claims that the Group has to pay an amount of RMB179 million. Based on management assessment, apart from no payment obligation arising from the claimed amount, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422 million. Accordingly, a counter claim has been filed on 31 July 2017 to Shanghai No.2 Intermediate People's Court and no provision has been made by the Group against the above receivable balance as at year end date. During the year ended 31 December 2020 and the six months period ended 30 June 2021, the management assessment has remained unchanged.

(b) As at 30 June 2021 and 31 December 2020, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

13 Trade and other payables

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
Trade payables (a):	**2,714,341**	3,577,779
Related parties	**9,873**	9,533
Third parties	**2,704,468**	3,568,246
Other payables due to third parties and accrued expenses (b)	**1,717,000**	1,238,270
Other taxes payable	**752,394**	699,931
	5,183,735	5,515,980

(a) The ageing analysis of trade payables at the balance sheet date is as follows:

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
Within 6 months	**1,055,467**	1,597,120
Between 7 and 12 months	**673,982**	842,300
Over 12 months	**984,892**	1,138,359
	2,714,341	3,577,779

(b) All other payables due to third parties are unsecured, interest free and repayable on demand.

14 Borrowings

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**2,119,944**	—
	2,119,944	—
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**14,649,853**	17,684,928
Bond — secured	**66,886**	84,551
Loan from a non-controlling interest (b)	**635,304**	595,574
Other borrowings — unsecured (c)	**421,396**	823,643
Other borrowings — secured (c)	**1,871,806**	1,075,039
	17,645,245	20,263,735
Total borrowings	**19,765,189**	20,263,735

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
Bank borrowings	**15,490,462**	15,964,947
Bond	**66,568**	84,164
Loan from a non-controlling interest	**532,857**	532,857
Other borrowings	**2,135,562**	1,683,773
Sub-total	**18,225,449**	18,265,741
Adjusted by: unamortised loan arrangement fees and accrued interests	**1,539,740**	1,997,994
Total borrowings	**19,765,189**	20,263,735

The Group's total borrowings at the balance sheet date were repayable as follows:

RMB'000	**30 June 2021** ***(unaudited)***	31 December 2020 *(audited)*
Amounts of borrowings that are repayable:		
Repayable on demand or within 1 year (a)	**17,645,245**	20,263,735
After 1 and within 2 years	**1,419,944**	—
After 2 and within 5 years	**700,000**	—
After 5 years	**—**	—
	19,765,189	20,263,735

The Group's borrowings comprise loans from commercial banks, other financial institutions and certain individuals. Apart from certain other borrowings as further mentioned in (c) below, all of the Group's borrowings are secured by the construction in progress, investment properties, properties under development, completed projects held for sale, restricted cash, equity interests of certain subsidiaries and a joint venture of the Group.

(a) The current bank borrowings included borrowings with principal amounts of RMB4,124,146,000 with original maturity beyond 30 June 2022 which have been reclassified as current liabilities as at 30 June 2021 as a result of the matters described in note 2(i).

Management estimates that if the Group can successfully implement the measures as set out in note 2(i) and with its endeavors to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 30 June 2022.

(b) As at 30 June 2021, loans from a non-controlling interest of RMB635,304,000 (31 December 2020: RMB595,574,000) are secured, interest-bearing and are repayable within 18-36 months from the date of drawdown.

(c) As at 30 June 2021, short-term borrowings from third parties of RMB421,396,000 (31 December 2020: RMB823,643,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown.

Short-term borrowings from third parties of RMB1,871,806,000 (31 December 2020: RMB1,075,039,000) are secured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

The Group recorded a consolidated revenue of RMB329.8 million in the first half of 2021, which decreased by 16.9% as compared to the corresponding period in 2020. For the six months ended 30 June 2021, the Group recorded a loss attributable to the owners of the Company of RMB1,427.1 million, as compared to a profit attributable to the owners of the Company of RMB59.9 million for the corresponding period in 2020. During the first half of 2021, the Group's revenue recognised continued to remain at a low level, and the gross profit and gross profit margin decreased due to larger proportion arising from the sale of low margin car park units. Besides, the Group recorded a significant loss for the six months ended 30 June 2021 due to the substantial amount of finance costs not being capitalised but were recorded directly as current period expenses, as well as the inclusion of fair value loss attributable to the Group's investment properties during the first half of 2021.

The Group recorded a consolidated revenue of RMB329.8 million in the first half of 2021, representing a decrease of 16.9% compared to RMB397.0 million recorded in the first half of 2020. The delivered GFA increased to 31,706 sq.m. in the first half of 2021 from 13,014 sq.m. in the first half of 2020, representing an increase of 143.6%. The average selling price recognised (excluding revenue from interior decoration of properties) decreased by 63.8% to RMB10,000 per sq.m. in the first half of 2021 from RMB27,651 per sq.m. in the corresponding period in 2020, mainly due to larger proportion of property area attributable to the sale of stock of car park units. During the six months ended 30 June 2021, the Group did not have new phases of properties being completed. All the recognised revenue for the first half of 2021 were derived from the current period's sale of the remaining units of the properties completed in prior years. During the six months ended 30 June 2021, a substantial portion of the Group's revenue were attributable to the properties located in Shanghai Region, which contributed recognised revenue (including revenue from property sales and interior decoration) of RMB260.6 million and sold and delivered GFA of 17,014 sq.m., representing 79.0% and 53.7% of the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai Bay in Shanghai was completed and delivered a new phase of properties in the second half of 2018. The Group continued to sell the remaining units of these completed properties, which contributed RMB138.8 million to the Group's revenue from property sales for the six months ended 30 June 2021. Apart from the projects in Shanghai Region, the projects of the Yangtze River Delta and the Northeast China also only had remaining units available for sale, thus their combined revenue was only RMB69.2 million and sold and delivered GFA was 14,692 sq.m., representing 21.0% and 46.3% of the Group's total revenue and sold and delivered GFA for the current period respectively. Projects from the Pan Bohai Rim did not have revenue contribution in the current period. On the other hand, the Group continued to put extra effort in selling the stock of car park units and the remaining residential units in different cities, for which the average selling price of car park units were substantially lower than the residential units. Certain of the Group's property projects that had completed and delivered in earlier years only had revenue derived from the sale of car park units in the current period, thus causing the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) to decrease by 63.8% from RMB27,651 per sq.m. in the first half of 2020 to RMB10,000 per sq.m. in the corresponding period in 2021.

The cost of sales for the six months ended 30 June 2021 was RMB324.7 million, representing a decrease of 10.2% as compared to RMB361.7 million from the corresponding period in 2020. The cost of sales for the current period included a provision for impairment of certain property development projects which amounted to RMB90.3 million (six months ended 30 June 2020: RMB134.8 million). The provision for impairment of properties in the current period was mainly due to further costs added to the Group's property development projects, including substantial amount of finance costs capitalised as project costs as well as further construction costs incurred. Excluding the provision for impairment and the cost of interior decoration of properties sold of RMB8.2 million, the Group's cost of sales for the six months ended 30 June 2021 was RMB226.2 million, which increased by 46.1% as compared to RMB154.8 million for the corresponding period in 2020. The increase in cost of sales of the properties sold and delivered in the current period was mainly due to the increase in area sold and delivered. The Group's average cost of sales for the first half of 2021 was RMB7,135 per sq.m., which was 40.0% lower than that of RMB11,897 per sq.m. for the corresponding period in 2020. The average cost of sales was lower in the current period as a larger proportion of GFA sold and delivered were attributable to the car park units that generally have lower cost of construction.

The Group recorded a consolidated gross profit of RMB5.1 million for the six months ended 30 June 2021, as compared to a gross profit of RMB35.3 million for the corresponding period in 2020. The Group's gross margin for the current period was 1.5%, as compared to 8.9% for the corresponding period in 2020. As a substantial proportion of the properties sold and delivered in the current period were attributable to the sale of stock car park units for which unit selling prices and profit margin were substantially lower than residential units, the Group was only able to record a very thin consolidated gross profit margin in the current period. At the same time, the Group made provision for impairment of properties of RMB90.3 million in the current period (six months ended 30 June 2020: RMB134.8 million). Excluding the provision for impairment, the Group's gross profit margin for the first half of 2021 was 28.9% (six months ended 30 June 2020: 42.9%).

Other income for the six months ended 30 June 2021 was RMB24.0 million, representing an increase of 38.3% from RMB17.3 million for the corresponding period in 2020. Other income mainly includes rental income.

Other (losses)/gains, net for the six months ended 30 June 2021 was a loss of RMB296.4 million, as compared to a net gain of RMB1,757.5 million for the corresponding period in 2020. In the current period, the Group recorded a fair value loss of RMB302.9 million for the Group's investment properties because the increase in the fair value of the Group's properties was smaller than the additional costs and finance costs incurred in that period. During the corresponding period of 2020, the Group recorded a substantial amount of fair value gain of RMB1,802.2 million as a result of certain properties being completed and reclassified to investment properties and gave rise to a substantial amount of fair value gain, as well as the existing investment properties also gave rise to a fair value increase that was higher than the additional costs and finance costs incurred in the current period. On the other hand, due to the depreciation of RMB against US$ in the first half of 2020, the Group recorded an exchange loss of RMB44.7 million that was resulted from the conversion of the Company's US$ borrowings into RMB. There was only exchange gain of RMB6.5 million in the six months ended 30 June 2021 as the Group repaid all material USD denominated loans in 2020.

Selling and marketing expenses for the six months ended 30 June 2021 was RMB76.2 million, representing an increase of 43.3% from RMB53.2 million for the corresponding period in 2020. Administrative expenses for the six months ended 30 June 2021 were RMB193.7 million, which was 9.8% higher than RMB176.4 million for the corresponding period in 2020.

Gross finance costs for the six months ended 30 June 2021 were RMB1,147.2 million, representing a decrease of 28.2% from RMB1,598.9 million for the corresponding period in 2020. In the current period, finance costs of RMB254.0 million (six months ended 30 June 2020: RMB513.0 million) had been capitalised, and the remaining RMB893.2 million (six months ended 30 June 2020: RMB1,085.9 million) was charged directly to the condensed consolidated statement of comprehensive income. After netting off the finance income of RMB1.7 million (six months ended 30 June 2020: RMB26.1 million), the amount of finance costs, net was RMB891.5 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB1,059.7 million). The Group incurred lower amount of gross finance costs for the first half of 2021 as compared to the corresponding period in 2020 mainly because the Group's average level of total net borrowings decreased in the current period as compared to the corresponding period in 2020, and at the same time the Group's average cost of borrowing decreased. As the amount of gross finance costs incurred in the current period exceeded the amount that can be capitalised based on the Group's qualifying assets, a portion of the finance costs were not capitalised and were recorded as current period expenses.

The Group recorded a loss before taxation of RMB1,459.4 million for the six months ended 30 June 2021, as compared to a profit before taxation of RMB513.1 million for the corresponding period in 2020. The Group recorded a loss before taxation in the current period mainly due to the lower profit margin, fair value loss of investment properties and the significant amount of finance costs in the current period. Although the Group also recorded significant amount of finance costs for the first half of 2020, the Group recorded significant amount of fair value gain for the investment properties the first half of 2020 such that the Group recorded a profit before taxation.

The Group recorded income tax credits of RMB25.4 million for the six months ended 30 June 2021, while it was income tax expenses of RMB460.2 million for the corresponding period in 2020. The Group recorded tax credits in the current period as the provision for PRC corporate income tax and PRC land appreciation tax was offset by the reversal of deferred income tax associated with the fair value loss of the Group's investment properties and certain other timing differences.

The Group recorded a loss attributable to the owners of the Company of RMB1,427.1 million for the six months ended 30 June 2021, as compared to a profit attributable to the owners of the Company of RMB59.9 million for the corresponding period in 2020. The Group recorded a loss attributable to the owners of the Company in the current period mainly due to the lower profit margin, fair value loss of investment properties and the significant amount of finance costs in the current period. Although the Group also recorded a significant amount of finance costs for the first half of 2020, the Group recorded significant amount of fair value gain for the investment properties the first half of 2020 such that the Group recorded a small amount of profit attributable to the owners of the Company.

Current Assets and Liabilities

As at 30 June 2021, the Group held total current assets of approximately RMB28,419.0 million, which was 10.2% higher than RMB25,798.2 million as at 31 December 2020.

As at 30 June 2021, the Group's current assets mainly comprised properties under development, and completed properties held for sale and trade and other receivables and prepayments. As at 30 June 2021, balance of properties under development was RMB17,051.5 million, which was 12.3% higher than RMB15,183.5 million as at 31 December 2020. Despite the decrease in the carrying value of properties under development that has been recognised as cost of sales, as well as the provision for impairment made to the Group's properties also further reduced the carrying value of properties under development, the continuous progress of the Group's property development projects had resulted in an increase in the carrying value of properties under development in the first half of 2021. Completed properties held for sale decreased by 2.2% from RMB5,180.0 million as at 31 December 2020 to RMB5,068.4 million as at 30 June 2021. The lower balance of completed properties held for sale was mainly due to the Group's continuous effort to sell the remaining units of existing projects in the current period and certain completed properties held for sale was transferred to investment properties upon the change in use of the properties to generate rental income in the current period. Trade and other receivables and prepayments increased by 14.5% from RMB4,439.8 million as at 31 December 2020 to RMB5,081.8 million as at 30 June 2021. Trade and other receivables and prepayments comprised prepayments for construction costs, prepayments for land premium for which the relevant land use right certificates were yet to be obtained and certain other receivables arising from the Group's business. The increase in trade and other receivables in the first half of 2021 was mainly due to additional prepayment made for construction costs to certain contractors of the Group's projects as a result of construction needs in the current period.

Total current liabilities as at 30 June 2021 amounted to RMB45,369.1 million, which was 3.4% higher than that of RMB43,894.2 million as at 31 December 2020. The increase in total current liabilities as at 30 June 2021 was mainly due to the significant increase in contract liabilities as a result of recording substantial amount of property sales in the first half 2021.

As at 30 June 2021, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.63 (31 December 2020: 0.59). The higher current ratio was mainly resulted from the increase in total current assets.

Liquidity and Financial Resources

During the first half of 2021, the Group funded its property development projects principally with proceeds from the pre-sales of properties and bank loans. As at 30 June 2021, the Group had cash and cash equivalents of RMB556.1 million (31 December 2020: RMB395.5 million).

During the first half of 2021, the new borrowings obtained by the Group amounted to RMB4,071.3 million and repayment of borrowings was RMB3,901.3 million. As at 30 June 2021, the Group's total borrowings amounted to RMB19,765.2 million, representing a decrease of 2.5% compared to RMB20,263.7 million as at 31 December 2020.

As at 30 June 2021, the Group had total banking facilities of RMB15,906 million (31 December 2020: RMB16,280 million) consisting of used banking facilities of RMB15,490 million (31 December 2020: RMB15,965 million) and unused banking facilities of RMB416 million (31 December 2020: RMB315 million).

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings (excluding loan from a non-controlling interest) less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 30 June 2021 and 31 December 2020 were as follows:

RMB'000	**30 June 2021** ***(unaudited)***	31 December 2020 *(audited)*
Total borrowings (excluding loan from a non-controlling interest)	**19,129,885**	19,668,161
Less: cash and bank balances	**(916,602)**	(741,526)
Net debt	**18,213,283**	18,926,635
Total equity attributable to the owners of the Company	**4,013,100**	5,440,158
Gearing ratio	**453.8%**	347.9%

The gearing ratio as at 30 June 2021 was higher than that as at 31 December 2020 as a result of the significant decrease in the Group's equity attributable to the owners of the Company due to the substantial loss recorded for the current period.

Going Concern and Mitigation Measures

For the six months ended 30 June 2021, the Group reported a loss attributable to the owners of the Company of RMB1,427.1 million and had a net operating cash outflow of RMB258.8 million. As at 30 June 2021, the Group had accumulated losses of RMB4,844.1 million and the Group's current liabilities exceeded its current assets by RMB16,950.1 million. As at the same date, the Group's total borrowings amounted to RMB19,765.2 million, of which current borrowings amounted to RMB17,645.2 million, while its cash and cash equivalents amounted to RMB556.1 million only. In addition, as at 30 June 2021, certain borrowings whose principal amounts of RMB887.5 million and interest payable amounts of RMB443.7 million, relating to borrowings with a total principal amount of RMB2,936.2 million were overdue. In addition, part of the principal and interests of certain borrowings not abovementioned with a total principal amount of RMB5,945.6 million were overdue in the loan period; although these overdue amounts were subsequently settled before 30 June 2021, these borrowings remain to be in default as at 30 June 2021. Furthermore, the Group breached certain terms and conditions of borrowings with a total principal amount of RMB1,871.3 million during the loan period and as at 30 June 2021. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,234.6 million as at 30 June 2021. These conditions, together with other matters described in note 2(i) to the condensed consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which include:

(i) The Group has been actively negotiating with a number of commercial banks for renewal, extension and replacement of bank loans and credit facilities;

(ii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iii) The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable car parks. Overall, the Group expects to gradually launch sales of properties from new phases of two major projects upon obtaining the pre-sales permits in the second half of 2021;

(iv) The Group has implemented measures to speed up the collection of outstanding sales proceeds; and

(v) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures.

Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Group has been actively implementing the aforementioned measures in the past few years. As a result of the efforts over such period, a number of financial data has gradually showed improvements, including steady growth in property sales and maintained at a reasonable level, trend of decreasing balance of total borrowings, as well as continuous improvements in the operating cash flows, thought occasionally there was operating net cash outflow. In the first half of 2021, the Group recorded a significant loss. This was mainly because the Group did not have new round of completion of properties in the Group's business plan for 2021, thus the recognised revenue was only attributable to the sale of remaining units or stock car park units such that not only the amount of revenue remained at a low level, the gross profit and gross profit margin decreased due to larger proportion arising from the sale of low margin car park units. Besides, the loss was also due to the substantial amount of finance costs not being capitalised but were recorded directly as current period expenses, as well as the inclusion of fair value loss attributable to the Group's investment properties during the first half of 2021. The Group has been actively implement the business plan and target to adhere to the construction plan for ensuring the completion and delivery of the properties from the major projects in 2021. Despite the significant loss in the current period, the Group achieved steady growth in property sales. During the first half of 2021, the Group recorded contracted property sales of RMB5,431.3 million, representing an increase of 39.4% as compared to the corresponding period in 2020. The pre-sales of Tower 16 of Shanghai Bay in Shanghai commenced in the first half of 2021 and received satisfactory sales results, which brought in substantial amount of sales proceeds. The Group utilised such sales process for repayment of the borrowings such that the Group's total borrowings decrease by 2.5% from RMB20,263.7 million at the end of 2020 to RMB19,765.2 million as at 30 June 2021; on the other the Group utilised these sales proceeds for the payment of construction costs so as to speed up the pace of construction of the Group's property projects, thus leading to an operating net cash outflow of RMB258.8 million for the six months ended 30 June 2021. As at 30 June 2021, the Group has overdue borrowings of RMB887.5 million, which was 76.2% lower than that of RMB3,735.6 million as at 31 December 2020, which indicated the Group's hard work on debt restructuring of debt replacement of the overdue borrowings has reached a big success in the first half of 2021. Further, as at 30 June 2021, the Group's overall effective interest rate for the borrowings was 9.7%, which was substantially lower than 12.7% as at 31 December 2020 by 3 percentage points, indicating a noticeable achievement of the Group's objective to reduce the borrowing costs. The Group will actively implement the business plan in the second half of 2021, on one hand continue to adhere to the business plan to construct and launch sale of the property projects so as to increase the cash inflow, on the other hand to actively negotiate with financial institutions to renew and extend the bank loans, and to identifying opportunities to obtain new borrowings so as to improve the Group's debt structure.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 30 June 2021, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**30 June 2021 *(unaudited)***	31 December 2020 *(audited)*
Cash and bank balances:		
US$	**270**	274
HK$	**653**	278
Total	**923**	552
Borrowings:		
US$	**82,009**	355,717
HK$	**105,841**	131,875
Total	**187,850**	487,592
Trade and other payables:		
US$	**4,573**	5,220
HK$	**6,455**	6,119
Total	**11,028**	11,339

Apart from the above listed balances that were denominated in foreign currencies, all of the Group's borrowings and cash balances were denominated in RMB.

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arises.

Interest Rate Risk

The Group holds interest-bearing assets including cash at bank and certain bank deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed interest rates and expose the Group to fair value interest rate risk. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is conducted for the interest rate risk arising from the Group's interest-bearing assets.

The Group's interest rate risk mainly arises from its borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risk. Borrowings at fixed interest rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions.

As at 30 June 2021, the Group's total borrowings amounted to RMB19,765.2 million (31 December 2020: RMB20,263.7 million), of which RMB16,470.6 million (31 December 2020: RMB19,771.3 million) bore fixed interest rate.

Pledge of Assets

As at 30 June 2021, the Group had pledged certain of its subsidiaries' and a joint venture's shares, construction in progress, investment properties, properties under development and completed properties held for sale to secure its borrowings.

Financial Guarantees

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligations of such purchasers. As at 30 June 2021, the amount of outstanding guarantees for mortgages was RMB4,402.3 million (31 December 2020: RMB3,924.0 million).

Capital Commitments

As at 30 June 2021, the Group had capital commitment of RMB7,662.5 million (31 December 2020: RMB4,177.4 million).

Contingent Liabilities

During 2017, the Group was involved in a litigation raised by the local government authority for claiming an amount of approximately RMB179 million associated with a property development project in Shanghai. Based on management assessment, apart from having no payment obligation arising from the claimed amount, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422.2 million. Accordingly, a counter claim was filed in July 2017 and no provision has been made by the Group against the above receivable as at 31 December 2020 and 30 June 2021.

EMPLOYEES

As at 30 June 2021, the Group had a total of 667 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover as well as share options.

SHARE OPTION SCHEME

In order to attract, retain and motivate executives and key employees serving any members of the Group or other persons contributing to the Group, the Company had adopted a share option scheme (the "Share Option Scheme") on 9 September 2009 in addition to a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") which was adopted by the Company on the same day. Since the exercise period of any share options granted under the Pre-IPO Share Option Scheme was not longer than ten years from the date of grant of the relevant share options, all the outstanding share options granted under the Pre-IPO Share Option Scheme has lapsed since 9 September 2019.

On 4 February 2019, the Company resolved to grant 632,388,000 share options to eligible participants (the "Grantees") to subscribe for a total of 632,388,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme. A total of 2,393,000 share options granted were not accepted by the Grantees within the required acceptance period under the Share Option Scheme. The accepted 629,995,000 share options are exercisable at any time during the option period from 4 February 2019 to 3 February 2024 (both dates inclusive) at an exercise price of HK$0.45 per share.

On 23 July 2019, the Company resolved to grant 26,397,000 share options to another batch of eligible participants to subscribe for a total of 26,397,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme. Among the share options granted, 22,367,000 share options were granted to the directors of the Company. The accepted 26,397,000 share options are exercisable at any time during the option period from 23 July 2019 to 22 July 2024 (both dates inclusive) at an exercise price of HK$0.45 per share.

In respect of the share options granted on 4 February 2019 and 23 July 2019, unless with the prior written consent of the Board, at any time during a period of six months from the date of the allotment and issue of the shares pursuant to exercise of the share options by the aforesaid eligible participants, they shall not dispose of, nor enter into any agreement to dispose of, the shares subscribed pursuant to the exercise of the share options.

As at 30 June 2021, there were totally 175,900,000 share options that were granted to the directors and employees of the Company under the Share Option Scheme and remained outstanding.

In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

CORPORATE GOVERNANCE

Deviation from the Corporate Governance Code of the Listing Rules

The Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the six months ended 30 June 2021, save for the deviation from the code provision A.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Upon the change of the chairman of the Board (the "Chairman") of the Company on 5 June 2018, Mr. Ding Xiang Yang ("Mr. Ding"), currently the Chairman of the Company has been acting as both the Chairman and chief executive officer of the Company. The Board understands that the assumption of two roles by one person has deviated from the code provision A.2.1 of the CG Code.

Mr. Ding has been an executive Director of the Company since 2001 and played an integral role in formulating the development strategies, operational management of the Company and its subsidiaries (collectively "the Group") and supervising the construction of the Group's projects. He has the appropriate standing, management skills and business acumen which are the essential prerequisites for assuming the two roles. The Board is therefore of opinion that vesting both roles in Mr. Ding has provided the Group with in-depth knowledge and consistent leadership and, at the same time, has enabled more effective and efficient overall strategic planning for the Group; and does not impair the balance of power and authority of the Board. If the positions are occupied by different persons, the business operation and the performance of the Group may be affected. As such, the existing structure of the Board is beneficial to the Group and the shareholders as a whole.

The Company reviews the structure from time to time and will make adjustments when suitable circumstances arise.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference, and comprises three independent non-executive directors, namely, Prof. Liu Tao (chairman of the Audit Committee), Dr. Hu Jinxing and Mr. Han Ping.

The Audit Committee has reviewed with management the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2021 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company at www.gloriousphl.com.cn and the Stock Exchange at www.hkexnews.hk. The 2021 interim report of the Company for the six months ended 30 June 2021 containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the same websites in due course.

By order of the Board
Glorious Property Holdings Limited
Ding Xiang Yang
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the executive directors of the Company are Messrs. Ding Xiang Yang, Xia Jing Hua and Yan Zhi Rong; the independent non-executive directors of the Company are Prof. Liu Tao, Dr. Hu Jinxing and Mr. Han Ping.