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 2022

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 2022 (the "2022 Interim Results"). The 2022 Interim Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 31 August 2022.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB458.0 million and the average selling price (excluding interior decoration) was RMB11,163 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB973.6 million
- Total borrowings was RMB20,564.0 million
- Property sales was RMB1,053.2 million and GFA sold was 60,270 sq.m.

OVERALL RESULTS

For the six months ended 30 June 2022, the Group recorded a consolidated revenue of RMB458.0 million, which increased by 38.8% as compared to the corresponding period in 2021. For the six months ended 30 June 2022, the Group recorded a loss attributable to the owners of the Company of RMB973.6 million, which decreased by 31.8% as compared to the corresponding period in 2021.

Loss per share for the six months ended 30 June 2022 was RMB0.12 (six months ended 30 June 2021: Loss per share of RMB0.18).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2022, the outbreak of the Russia-Ukraine war caused new uncertainties to the global economy that has just recovered from the Coronavirus Disease 2019 pandemic ("COVID-19"). The continued spread of COVID-19 around the world and the risk of war posed multiple intertwined challenges to the global economy, thwarting the momentum of global economic recovery. The United States and China, the two major economies, play a long game. Europe is suffering energy shortages. Emerging economies are still affected by the pandemic. Worries about economic recession intensify around the world, and economic growth has slowed to varying degrees. China's economy has also been affected by the global economy and the pandemic, and the government has placed a higher priority on stabilising economic growth. The core principle is to prioritise stability while pursuing progress to sustain economic growth. With the implementation of a package of policies to stabilise the economy and greater precision in macroeconomic regulation, the domestic economy is recovering at a faster pace and is gradually stabilising and picking up.

Due to the unexpected impact of the pandemic and strict control measures in the country, the downward pressure on China's economy led to the in-depth adjustment of the national real estate industry in the first half of 2022, resulting in a sharp year-on-year decline in the sales of commercial housing and industry investments. In the first half of 2022, the first-tier cities saw a year-on-year decrease of 33% in commercial housing sales area, the lowest compared with a year-on-year decline of 42% in the second-tier cities and a year-on-year decline of 44% in the third-tier and fourth-tier cities. Residential investments in 10 provinces and municipalities showed negative growth, seven of which saw a year-on-year decline of more than 20%, putting unprecedented financial pressure on property developers. Governments slowed land supply to some extent. The area of land parcels launched and transaction area fell by 44.3% and 55.6%, respectively. The transaction area was at the lowest level since 2009. In the face of the two-way contraction of supply and demand in the real estate sector, China's central bank cut the reserve requirement ratio and interest rates to boost economic stability, while local governments relaxed real estate regulatory policies based on local conditions, and reduced the down payment ratio, increased efforts to introduce talents, and raised the ceiling for housing provident fund loans, etc., in a bid to boost confidence in the real estate market and guide real estate transactions back to normal. The first-tier cities and hot second-tier cities saw steady improvement thanks to their economic resilience and potential, while the third-tier and fourth-tier cities made relatively slow response as these cities were more deeply affected by the economy. Currently, the real estate industry still plays an important role in promoting the development of upstream and downstream industries and driving the growth of the national economy. Its position in the structure of the national economy remains unchanged.

In the first half of 2022, the Group was impacted by anti-pandemic measures. Shanghai, where it has the most flagship projects, enforced strict "lockdowns" for two months, which severely affected all economic activities. The projects in East China have also been dragged down. The Group's sales and payment collection declined significantly, which may have an impact on its sales and payment collection targets for this year. With the gradual resumption of work in June, the Group focused on strengthening the sales system, accelerating the construction of projects, cutting costs, etc. Meanwhile, it strengthened its information-based management from the perspective of operation, so as to improve efficient decision-making and fine project management.

In the first half of 2022, the Group made full use of the advantages of the monetary easing policy, and took active and effective measures to maintain financing security and stability and adjust the financing structure, so as to ensure that the Group could get through the cash crunch. The Group, which always takes debt reduction as the primary task and follows the principle of pragmatism and benefits, altered the governance structure according to different development stages, achieved the synergy with projects, and strengthened its flat operation mechanism, 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 RMB458.0 million in the first half of 2022, representing an increase of 38.8% compared to RMB329.8 million for the first half of 2021. The delivered GFA increased to 39,763 sq.m. in the first half of 2022 from 31,706 sq.m. in the first half of 2021, representing an increase of 25.4%. The average selling price recognised (excluding revenue from interior decoration of properties) increased by 11.6% to RMB11,163 per sq.m. in the first half of 2022 from RMB10,000 per sq.m. in the corresponding period in 2021.

During the six months ended 30 June 2022, the Group only had small scale of property completed for Changchun Villa Glorious in the Northeast China region, together with the sales of its remaining units and car park units, Changchun Villa Glorious contributed revenue of RMB181.7 million. Other than Changchun Villa Glorious, all other recognised revenue for the first half of 2022 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 2022, the largest 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 RMB203.7 million and sold and delivered GFA of 3,580 sq.m., representing 44.5% and 9.0% 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 2018. The Group continued to sell the remaining units of these completed properties, which contributed RMB186.1 million to the Group's revenue (including revenue from property sales and interior decoration) for the six months ended 30 June 2022. The projects from the Northeast China, as a result of newly completed properties from Changchun Villa Glorious, the entire region contributed revenue of RMB185.7 million and sold and delivered GFA was 29,688 sq.m., representing 40.6% and 74.7% of the Group's total revenue and sold and delivered GFA for the current period respectively. The projects from the Yangtze River Delta only had remaining units for sale in the current period, which recorded revenue of RMB68.5 million and sold and delivered GFA was 6,495 sq.m., representing 15.0% and 16.3% 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.

In the current period, 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 the average recognised selling prices were substantially lower than the prices of residential units in the local market. Since the revenue from the sale of car park units remained at a high proportion, and there was a larger proportion of properties with recognised revenue in the current period came from projects outside Shanghai Region, both of which caused the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a low level of RMB11,136 per sq.m., which was only slightly higher than RMB10,000 per sq.m. in the corresponding period in 2021.

Projects sold and delivered during the six months ended 30 June 2022 included:

		2022			2021		
Property projects	**City**	**Revenue** *(RMB'000)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price recognised** *(RMB/sq.m.)*	Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB/sq.m.)*
Revenue from sale of properties:							
Sunshine Venice	Shanghai	**1,562**	**169**	**9,243**	102,426	12,990	7,885
Shanghai Bay	Shanghai	**172,015**	**2,276**	**75,578**	125,997	2,036	61,885
Shanghai City Glorious	Shanghai	**1,376**	**198**	**6,949**	12,343	1,688	7,312
Shanghai Park Avenue	Shanghai	**11,537**	**731**	**15,782**	—	—	N/A
Chaetau De Paris	Shanghai	**3,194**	**206**	**15,505**	1,502	108	13,907
Holiday Royal	Shanghai	**—**	**—**	**N/A**	5,574	192	29,031
No.1 City Promotion	Wuxi	**1,151**	**792**	**1,453**	4,656	379	12,285
Nantong Villa Glorious	Nantong	**—**	**—**	**N/A**	7,520	2,144	3,507
Nantong Royal Bay	Nantong	**—**	**—**	**N/A**	33,952	3,083	11,013
Hefei Bashangjie Project	Hefei	**63,677**	**3,329**	**19,128**	1,382	105	13,162
Hefei Royal Garden	Hefei	**3,671**	**2,374**	**1,546**	11,730	6,200	1,892
Sunny Town	Shenyang	**1,898**	**388**	**4,892**	—	—	N/A
Harbin Royal Garden	Harbin	**—**	**—**	**N/A**	457	125	3,656
Changchun Villa Glorious	Changchun	**181,696**	**29,081**	**6,248**	8,951	2,542	3,521
Dalian Villa Glorious	Dalian	**2,113**	**219**	**9,648**	562	114	4,921
Sub-total		**443,890**	**39,763**	**11,163**	317,052	31,706	10,000
Revenue from interior decoration for properties sold:							
Shanghai Bay	Shanghai	**14,060**			12,797		
Total		**457,950**			329,849		

II. Property Sales

During the first half of 2022, the Group recorded contracted property sales of RMB1,053.2 million, representing a year-over-year ("YOY") decrease of 80.6%; while the contracted GFA sold was 60,270 sq.m., representing a YOY decrease of 70.8%.

In the first half of 2022, a number of cities in the PRC were affected by the COVID-19, in particular the severe lockdown measures imposed in Shanghai from mid-March to May 2022, which severely hit the Group's property sales business, resulting in a two-month suspension of property sales in Shanghai and weaker sales performance in cities near Shanghai.

In the current period, Nantong Royal Bay in the Yangtze River Delta region obtained the pre-sales permit for a new round of properties that was launched for sale, but only achieved property sales of RMB216.6 million in the current period due to the pandemic and the weak market demand. During the six months ended 30 June 2022, 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 the four regions, namely Shanghai Region, the Yangtze River Delta, the Pan Bohai Rim and the Northeast China, contributed property sales of RMB555.4 million, RMB252.0 million, RMB68.9 million and RMB176.9 million respectively, representing 52.7%, 23.9%, 6.6%, and 16.8% of the Group's total property sales respectively. Shanghai Bay in Shanghai contributed property sales from its remaining units and car park units of RMB530.2 million, representing 50.3% of the Group's total property sales for the first half of 2022.

During the six months ended 30 June 2022, the average selling price was RMB17,475 per sq.m. representing 33.6% lower than RMB26,327 per sq.m. for the corresponding period in 2021, which was mainly due to larger proportion of property area arising from the sale of of properties outside Shanghai Region in the current period.

Details of property sales and GFA sold during the six months ended 30 June 2022 were as follows:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2022	2021	Change (%)	**2022**	2021	Change (%)
Shanghai Region	**555,411**	4,340,459	-87.2%	**11,022**	82,881	-86.7%
Yangtze River Delta [(1)]	**252,036**	200,470	25.7%	**17,891**	34,067	-47.5%
Pan Bohai Rim	**68,905**	369,520	-81.4%	**7,542**	25,863	-70.8%
Northeast China	**176,873**	520,827	-66.0%	**23,815**	63,490	-62.5%
Total	**1,053,225**	5,431,276	-80.6%	**60,270**	206,301	-70.8%

Note:

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

III. Construction and Development

During the first half of 2022, the total GFA completed by the Group was approximately 19,000 sq.m. and new construction area added during the first half of the year was approximately 78,000 sq.m.. The Group expects that the new construction area for the year 2022 will be approximately 721,000 sq.m.. As at 30 June 2022, the Group had projects with a total area under construction of 2.31 million sq.m..

IV. Land Bank

As at 30 June 2022, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 6.2 million sq.m., The average land cost was RMB1,573 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 12.7% was in first-tier cities and 87.3% was in second- and third-tier cities.

Details of land bank by project as at 30 June 2022 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	849,701	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				2,506,178	1,440	
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	422,923	1,004	100%
	Subtotal				542,314	1,032	
Total					**6,249,061**	**1,573**	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 30 June 2022, the Group has total GFA of approximately 2.6 million sq.m. that is planned for the development of commercial properties, of which approximately 819,000 sq.m. of commercial properties were completed by the Group, and around 767,000 sq.m. of commercial property projects are still under construction.

As at 30 June 2022, 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 2022

COVID-19 and its variants will still spread globally in the second half of 2022, but the overall impact will be significantly diminished compared with the previous two years. With the continuous improvement of vaccination coverage and vaccine development capability, the global pandemic is expected to become normal in the second half of the year. However, the strategic rivalry between China and the United States, the Russia-Ukraine war and the increasingly complex security situation around China will cause uncertainties to the economic outlook for 2022. The recovery of the global economy will depend on the trend of the pandemic and the recovery of global demands. The Chinese economy faces multiple difficulties and obstacles. In the face of the COVID-19 pandemic and the competition with the U.S., China will take proactive actions in macroeconomic governance and release a series of policies to boost domestic demand, so as to keep its economic operations within a reasonable range and ensure sound development in the long run.

In the second half of 2022, the turnaround of the sluggish real estate sector will depend on the domestic economic recovery and the effect of regulatory policies to be implemented. The monetary policy will continuously work to stabilise the macroeconomy. The issuance of local special bonds will be accelerated. The construction of infrastructure projects will commence at a faster pace, and China will give full play to the driving role of infrastructure. China upholds the basic principle of “houses should be for living in, not for speculation”, but policies to guide and restore the healthy development of the real estate sector will be “proactive and city-specific”. The first-tier cities and hot second-tier cities have limited room for loosening regulation, but they have strong economic resilience, self-healing ability and needs for housing improvement. The third-tier and fourth-tier cities are more reliant on favourable policies and more sensitive to housing prices due to their longer economic recovery. Therefore, property developers will increase efforts to expand channels to boost sales, and the marketing expense will go up. In order to cope with the tightening market expectations, property developers will adopt moderate price concessions. These companies will be still under high operating pressure.

The Group predicts that the sales area and prices of commercial housing in the second half of the year will recover at a low level, and the upward trend in the prices of land and second-hand housing will be affected by the economic downturn. It's hard for the property sector to heat up again. In the context of gradual recovery, the first-tier and second-tier cities will see steadily rising demand, and housing prices and sales area will see a slight growth over the first half of the year. Demand shrinkage in the third-tier and fourth-tier cities will continue for a relatively long time. It is only possible to spark buying enthusiasm locally. In the second half of 2022, transactions will slow down significantly, and housing prices tend to return to rational and go down moderately.

The Group will always adhere to the business strategy of steady development, keep a close eye on changes in industry policies and market expectations, and maintain a rational and objective judgment on the real estate operating environment. In the meantime, the Group will tighten control over new construction projects and delivery cycles, strengthen the adaptability and pertinence of sales plans, and enhance the ability of rapid monetisation. It will step up efforts to sell existing commercial products and lease out office buildings and shops to get gains on commercial assets, which will be a good supplement to the Group's funds. Moreover, the Group will further leverage the achievements in informatisation to enhance its management efficiency and capital arrangement.

The Group, which will insist on adopting prudent financial policies, will further reduce debt, make every effort to optimise its debt structure, and increase long-term low-interest loans when appropriate, in a bid to effectively avoid financial risks and operating pressure, ensure financial security, and achieve the sustainable, healthy and stable development.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
RMB'000	*Note*	***(unaudited)***	*(unaudited)*
Revenue	*4*	**457,950**	329,849
Cost of sales	*7*	**(283,838)**	(324,741)
Gross profit		**174,112**	5,108
Other income	*5*	**22,902**	23,970
Other losses, net	*6*	**(139,657)**	(296,378)
Provision for loss allowance of financial assets		**(4,180)**	(31,222)
Selling and marketing expenses	*7*	**(45,078)**	(76,210)
Administrative expenses	*7*	**(213,259)**	(193,728)
Finance costs, net	*8*	**(780,407)**	(891,479)
Share of profit/(loss) of an associate		**305**	(668)
Share of (loss)/profit of a joint venture		**(3,457)**	1,241
Loss before taxation		**(988,719)**	(1,459,366)
Income tax credits	*9*	**8,310**	25,435
Loss for the period		**(980,409)**	(1,433,931)
Loss attributable to:			
– the owners of the Company		**(973,569)**	(1,427,058)
– non-controlling interests		**(6,840)**	(6,873)
		(980,409)	(1,433,931)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(980,409)**	(1,433,931)
Total comprehensive loss for the period attributable to:			
– the owners of the Company		**(973,569)**	(1,427,058)
– non-controlling interests		**(6,840)**	(6,873)
		(980,409)	(1,433,931)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*10*	**(0.12)**	(0.18)
– Diluted	*10*	**(0.12)**	(0.18)
Dividend	*11*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2022

RMB'000	*Note*	**30 June 2022 *(unaudited)***	31 December 2021 *(audited)*
Non-current assets			
Property, plant and equipment		**97,181**	101,060
Right-of-use assets		**268,137**	272,494
Investment properties		**24,316,408**	24,309,410
Intangible assets		**1,800**	1,800
Investment in an associate		**6,532**	6,227
Interest in a joint venture		**788,408**	876,497
Deferred income tax assets		**271,739**	279,313
		25,750,205	25,846,801
Current assets			
Properties under development		**14,886,145**	14,713,865
Completed properties held for sale		**5,122,277**	5,151,379
Trade and other receivables, prepayments and other financial assets	*12*	**3,425,335**	3,289,127
Prepaid taxes		**281,166**	289,727
Restricted cash		**346,242**	406,615
Cash and cash equivalents		**182,531**	191,642
		24,243,696	24,042,355
Total assets		**49,993,901**	49,889,156

RMB'000	*Note*	**30 June 2022** ***(unaudited)***	31 December 2021 *(audited)*
Current liabilities			
Contract liabilities		**12,696,677**	12,151,831
Trade and other payables	*13*	**6,245,111**	6,163,042
Income tax payable		**8,585,059**	8,474,992
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**20,564,033**	20,084,005
Lease liabilities		**284**	436
		48,444,193	47,227,335
Non-current liabilities			
Borrowings	*14*	**—**	—
Deferred income tax liabilities		**2,105,476**	2,237,180
		2,105,476	2,237,180
Total liabilities		**50,549,669**	49,464,515
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		**(8,575,170)**	(7,601,601)
		(683,443)	290,126
Non-controlling interests		**127,675**	134,515
Total (deficit on equity)/equity		**(555,768)**	424,641
Total liabilities and equity		**49,993,901**	49,889,156

NOTES:

1 General information

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

The Company 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 31 August 2022.

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 2022 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 2021, 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 2022, the Group reported a loss attributable to the owners of the Company of RMB973,569,000 but only had a net operating cash inflow of RMB28,054,000. As at 30 June 2022, the Group had accumulated losses of RMB9,552,825,000, the Group's current liabilities exceeded its current assets by RMB24,200,497,000 and there was a total deficit on equity of RMB555,768,000. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB20,564,033,000, while its cash and cash equivalents amounted to RMB182,531,000 only.

As at 30 June 2022, certain borrowings whose principal amounts of RMB2,934,254,000 and interest payable amounts of RMB1,711,210,000, relating to borrowings with a total principal amount of RMB5,765,160,000 ("Overdue Borrowings") were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB10,062,912,000 had been overdue during the loan period ("Other Overdue Borrowings"); although these overdue balances and interests were subsequently settled before 30 June 2022, the Other Overdue Borrowings remain to be in default as at 30 June 2022. Furthermore, the Group breached certain specific terms and conditions of borrowings with a total principal amount of RMB302,857,000 during the period and as at 30 June 2022 ("Other Default Borrowings"). The aggregate principal amount of the aforementioned borrowings of RMB16,130,929,000 would be immediately repayable if requested by the lenders. This amount included borrowings with principal amount of RMB5,434,006,000 with original contractual repayment dates beyond 30 June 2023 which have been reclassified as current liabilities as at 30 June 2022 (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 RMB785,000,000 were considered as cross-default ("Cross-default Borrowings"), of which RMB427,500,000 with original contractual repayment dates beyond 30 June 2023 have been reclassified as current liabilities as at 30 June 2022 (note 14).

Subsequent to the balance sheet date and up to the date of this interim financial information, the Group had no additional material loan principals or interests that remained unpaid upon their respective scheduled repayment or payment dates.

The recent resurgence of COVID-19 pandemic in a number of cities in China in the first half of 2022 resulted in COVID-19 related lockdown and tightened prevention and control measures being put in place in Shanghai, where the Group's headquarters and main operating subsidiaries are located. As the COVID-19 pandemic and control measures in Shanghai have persisted longer than originally expected, the Group's business was not able to operate normally and in particular the construction progress of the Group's projects and pre-sales and sales of its properties under development and completed properties have been delayed during the lockdown period. As a result, the adverse impact of COVID-19 on the Group may continue.

The business of the Group is also subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures, including but not limited to "Three Red Lines" requirements, may have unfavourable impact to the working capital available to the Group.

The Group is in active negotiations with all the lenders in respect of the Overdue Borrowings, Other Overdue Borrowings, Other Default Borrowings and Cross-default Borrowings not to enforce their rights to request for immediate repayments and negotiate with them for terms modification, renewal, extension and replacement of the relevant borrowings.

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 improve the liquidity pressure and to improve its financial position; and to remediate certain delayed repayments and breach of specific terms and conditions of borrowings for financial institutions which include, but are not limited to, the following:

(i) The Group has been actively negotiating with a number of lenders for terms modification, 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 to three existing projects upon obtaining the pre-sales permits starting in the second half of 2022;

(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 2022. 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 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial information on a going concern basis.

Notwithstanding the above, material 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 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;

(ii) Successful negotiations with the lenders for the renewal of or extension for repayments beyond 30 June 2023 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 2022; (b) were overdue as at 30 June 2022 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 2022;

(iii) Successfully obtaining additional new sources of financing as and when needed; and

(iv) Successful acceleration of pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds, including meeting all of the necessary conditions to launch the pre-sale and make these pre-sales at the expected sale prices and in accordance with the timelines of cash flow projections prepared by management; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows.

The Group's ability to obtain the above-mentioned financing and operating funds depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; and (2) whether the lenders of existing borrowings are agreeable to the terms and conditions for such extension or renewal and the Group's ability to continuously comply with the relevant terms and conditions of borrowings.

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 2021 as included in the Company's annual report for the year ended 31 December 2021.

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

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 2021
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs Amendments	Annual improvements 2018-2020 Cycle

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 2021, 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 2022 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 2022 (unaudited)						
Revenue						
At a point in time	**189,684**	**68,499**	**—**	**185,707**	**—**	**443,890**
Over time	**14,060**	**—**	**—**	**—**	**—**	**14,060**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**203,744**	**68,499**	**—**	**185,707**	**—**	**457,950**
Segment results	**(61,985)**	**42,127**	**(34,533)**	**21,950**	**(16,546)**	**(48,987)**
Depreciation	**(7,250)**	**(376)**	**(734)**	**(53)**	**(28)**	**(8,441)**
Fair value changes of investment properties	**(58,878)**	**(39,348)**	**—**	**(31,386)**	**—**	**(129,612)**
Provision for loss allowance of financial assets	**(209)**	**(3,523)**	**(15)**	**(433)**	**—**	**(4,180)**
Changes in provision for impairment of properties under development and completed properties held for sale	**—**	**—**	**(16,168)**	**(924)**	**—**	**(17,092)**
Interest income	**139**	**6,164**	**325**	**108**	**—**	**6,736**
Finance costs	**(539,095)**	**(217,045)**	**(15,021)**	**(5,180)**	**(10,802)**	**(787,143)**
Income tax (expenses)/credits	**(2,613)**	**8,207**	**406**	**2,310**	**—**	**8,310**

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**	**Elimination**	**Total**
As at 30 June 2022 (unaudited)							
Total segment assets	**50,911,050**	**22,016,778**	**5,173,800**	**4,866,116**	**3,419,011**	**(45,897,673)**	**40,489,082**
Total segment assets include:							
Investment in an associate	**6,532**	**—**	**—**	**—**	**—**	**—**	**6,532**
Investment in a joint venture	**767,710**	**—**	**—**	**—**	**—**	**—**	**767,710**
Deferred income tax assets							**271,739**
Other unallocated corporate assets							**9,233,080**
Total assets							**49,993,901**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2021 (audited)							
Total segment assets	50,748,104	21,912,670	4,712,987	4,952,198	3,400,185	(45,308,131)	40,418,013
Total segment assets include:							
Investment in an associate	6,227	—	—	—	—	—	6,227
Investment in a joint venture	772,562	—	—	—	—	—	772,562
Deferred income tax assets							279,313
Other unallocated corporate assets							9,191,830
Total assets							49,889,156

	Six months ended 30 June	
RMB'000	**2022** ***(unaudited)***	2021 *(unaudited)*
Segment results	**(48,987)**	(135,166)
Depreciation	**(8,441)**	(8,256)
Fair value changes of investment properties	**(129,612)**	(302,902)
Provision for loss allowance of financial assets	**(4,180)**	(31,222)
Changes in provision for impairment of properties under development and completed properties held for sale	**(17,092)**	(90,341)
Operating loss	**(208,312)**	(567,887)
Interest income	**6,736**	1,733
Finance costs	**(787,143)**	(893,212)
Loss before taxation	**(988,719)**	(1,459,366)
Additions to:		
Property, plant and equipment	**3,821**	741
Investment properties	**148,092**	191,473
	151,913	192,214

5 Other income

RMB'000	Six months ended 30 June **2022** ***(unaudited)***	 2021 *(unaudited)*
Rental income	**22,000**	22,815
Others	**902**	1,155
	22,902	23,970

6 Other losses, net

RMB'000	Six months ended 30 June **2022** ***(unaudited)***	 2021 *(unaudited)*
Fair value changes of investment properties	**(129,612)**	(302,902)
Exchange (losses)/gains, net	**(10,045)**	6,524
	(139,657)	(296,378)

7 Expenses by nature

Loss before taxation is stated after charging the following:

RMB'000	Six months ended 30 June **2022** ***(unaudited)***	 2021 *(unaudited)*
Advertising costs	**4,230**	19,480
Other taxes and levies	**5,411**	13,896
Costs of properties sold (including changes in provision for impairment of properties under development and completed properties held for sale)	**278,427**	310,845
Depreciation	**8,441**	8,256
Staff costs — excluding directors' emoluments	**76,268**	94,464
Rental expenses	**4,069**	1,755

8 Finance costs, net

RMB'000	**Six months ended 30 June** **2022** ***(unaudited)***	2021 *(unaudited)*
Finance income		
— Interest income	**6,736**	1,733
Finance costs		
Interest expenses		
— Bank borrowings	**(843,900)**	(1,014,991)
— Bond	**(4,035)**	(5,512)
— Others	**(112,165)**	(126,731)
Total interest expenses	**(960,100)**	(1,147,234)
Less: interest capitalised on qualifying assets	**172,957**	254,022
Finance costs expensed	**(787,143)**	(893,212)
Finance costs, net	**(780,407)**	(891,479)

9 Income tax credits

RMB'000	**Six months ended 30 June** **2022** ***(unaudited)***	2021 *(unaudited)*
Current income tax expenses:		
PRC corporate income tax	**(5,679)**	(5,081)
PRC land appreciation tax	**(110,141)**	(161,506)
	(115,820)	(166,587)
Deferred income tax credits:		
Origination and reversal of temporary differences	**124,130**	192,022
	124,130	192,022
	8,310	25,435

10 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss 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	
	2022	2021
	(unaudited)	*(unaudited)*
Loss attributable to the owners of the Company (RMB'000)	**(973,569)**	(1,427,058)
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted loss 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 2021 and 2022, 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 2022 (six months ended 30 June 2021: Nil).

12 Trade and other receivables, prepayments and other financial assets

RMB'000	**30 June 2022** ***(unaudited)***	31 December 2021 *(audited)*
Trade receivables due from third parties, net (a)	**467,413**	469,822
Other receivables due from third parties and other financial assets	**1,301,776**	1,232,671
Prepayments and deposits for land premium	**148,000**	148,000
Prepayments and deposits for construction costs:	**2,025,448**	1,962,720
Related parties	**43,233**	32,500
Third parties (b)	**1,982,215**	1,930,220
Prepaid other taxes	**276,169**	265,561
Less: Provision for loss allowance of other receivables and other financial assets	**(793,471)**	(789,647)
	3,425,335	3,289,127

(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 2022** ***(unaudited)***	31 December 2021 *(audited)*
Within 6 months	**9,877**	4,412
Between 7 and 12 months	**4,368**	6,880
Over 12 months	**459,337**	464,343
	473,582	475,635

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 2022** ***(unaudited)***	31 December 2021 *(audited)*
At beginning of the period/year	**5,813**	6,237
Provision/(reversal of provision) for loss allowance of trade receivables for the period/year	**356**	(424)
At end of the period/year	**6,169**	5,813

As at 30 June 2022, trade receivables of RMB467,413,000 (2021: RMB469,822,000) includes an amount due from a local government authority of RMB430,063,000 (2021: RMB430,063,000) upon recognising the revenue relating to certain relocation and resettlement housing.

During the year ended 31 December 2017, the Group was involved in a litigation with the aforementioned local government authority associated with a property development project in Shanghai. In previous years, management considered that apart from no payment obligation arising from the amount claimed by the government authority, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422.2 million.

During the year ended 31 December 2021, the Shanghai No.2 Intermediate People's Court issued a ruling for the above claim and decided that (1) the receivables amount relating to the abovementioned receivable balance which is relocation and resettlement housing outstanding receivable shall be RMB430.1 million, instead of RMB422.2 million; (2) the Group shall be responsible for the additional land premium costs of the project amounted to approximately RMB500 million due to different interpretation of obligation of the incurred costs shared between the Group and the local government. The directors have re-evaluated all the circumstances and, after obtaining legal advice on the above claim and ruling, applied for an appeal. The directors have further obtained legal advice after applying the appeal. Taking into account the latest judgement and legal advice, management recognised additional trade receivable of RMB7.8 million and a payable for construction cost amounting to approximately RMB500 million during the year ended 31 December 2021. During the six months ended 30 June 2022, the management's assessment has remained unchanged.

(b) During the year ended 31 December 2021, the Group made prepayments amounted to RMB1,232,724,000 to various third party contractors and suppliers for certain construction materials and declaration materials in respect of the Group's four projects located in Shanghai and one project located in Hefei in accordance with payment schedules of the respective contracts. Those prepayments had not been utilised as at 31 December 2021 and 30 June 2022 due to delay in construction progress of the relevant projects caused by, including but not limited to, delay in the grant of approvals from local government bodies for change in construction plan, pre-sale permit or other permit. Although the abovementioned projects were further delayed with limited construction progress due to development of COVID-19 pandemic in PRC in first half of 2022, management considered that those prepayments can be subsequently utilised in second half of 2022 based on the latest construction plan.

(c) As at 30 June 2022 and 31 December 2021, 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 2022** ***(unaudited)***	31 December 2021 *(audited)*
Trade payables (a):	**3,746,871**	3,863,046
Related parties	**9,621**	9,621
Third parties	**3,737,250**	3,853,425
Other payables due to third parties and accrued expenses (b)	**1,797,540**	1,598,692
Other taxes payable	**700,700**	701,304
	6,245,111	6,163,042

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

RMB'000	**30 June 2022** ***(unaudited)***	31 December 2021 *(audited)*
Within 6 months	**1,416,341**	1,590,291
Between 7 and 12 months	**904,038**	881,379
Over 12 months	**1,426,492**	1,391,376
	3,746,871	3,863,046

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

14 Borrowings

RMB'000	**30 June 2022 (unaudited)**	31 December 2021 (audited)
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**—**	—
	—	—
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**17,116,092**	16,916,340
Bond — secured	**59,716**	57,324
Loan from a non-controlling interest (b)	**715,114**	675,597
Other borrowings — unsecured (c)	**623,903**	502,643
Other borrowings — secured (c)	**2,049,208**	1,932,101
	20,564,033	20,084,005
Total borrowings	**20,564,033**	20,084,005

RMB'000	**30 June 2022 (unaudited)**	31 December 2021 (audited)
Bank borrowings	**15,059,396**	15,153,306
Bond	**57,298**	55,597
Loan from a non-controlling interest	**532,857**	532,857
Other borrowings	**2,225,357**	2,198,953
Sub-total	**17,874,908**	17,940,713
Adjusted by: accrued interests	**2,689,125**	2,143,292
Total borrowings	**20,564,033**	20,084,005

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

RMB'000	**30 June 2022** ***(unaudited)***	31 December 2021 *(audited)*
Amounts of borrowings that are repayable:		
Repayable on demand or within 1 year (a)	**20,564,033**	20,084,005
After 1 and within 2 years	**—**	—
After 2 and within 5 years	**—**	—
After 5 years	**—**	—
	20,564,033	20,084,005

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 property, plant and equipment, right-of-use assets, investment properties, properties under development, completed projects held for sale, equity interests of certain subsidiaries and equity interests of a joint venture of the Group.

(a) The current bank borrowings included borrowings with principal amounts of RMB5,861,506,000 with original maturity beyond 30 June 2023 which have been reclassified as current liabilities as at 30 June 2022 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 2023.

(b) As at 30 June 2022, loans from a non-controlling interest of RMB715,114,000 (31 December 2021: RMB675,597,000) are secured, interest-bearing and are repayable within 18-36 months from the date of drawdown.

(c) As at 30 June 2022, short-term borrowings from third parties of RMB623,903,000 (31 December 2021: RMB502,643,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown.

As at 30 June 2022, short-term borrowings from third parties of RMB2,049,208,000 (31 December 2021: RMB1,932,101,000) are secured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

The Group recorded a consolidated revenue of RMB458.0 million in the first half of 2022, which increased by 38.8% as compared to RMB329.8 million for the corresponding period in 2021. For the six months ended 30 June 2022, the Group recorded a loss attributable to the owners of the Company of RMB973.6 million, which was 31.8% lower than the loss of RMB1,427.1 million for the corresponding period in 2021. During the first half of 2022, the Group's revenue recognised continued to remain at a low level. The Group continued to record a significant loss for the six months ended 30 June 2022 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 2022.

The Group recorded a consolidated revenue of RMB458.0 million in the first half of 2022, representing an increase of 38.8% compared to RMB329.8 million for the first half of 2021. The delivered GFA increased to 39,763 sq.m. in the first half of 2022 from 31,706 sq.m. in the first half of 2021, representing an increase of 25.4%. The average selling price recognised (excluding revenue from interior decoration of properties) increased by 11.6% to RMB11,163 per sq.m. in the first half of 2022 from RMB10,000 per sq.m. in the corresponding period in 2021. During the six months ended 30 June 2022, the Group only had small scale of property completed for Changchun Villa Glorious in the Northeast China region, together with the sales of its remaining units and car park units, Changchun Villa Glorious contributed revenue of RMB181.7 million. Other than Changchun Villa Glorious, all other recognised revenue for the first half of 2022 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 2022, the largest 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 RMB203.7 million and sold and delivered GFA of 3,580 sq.m., representing 44.5% and 9.0% 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 2018. The Group continued to sell the remaining units of these completed properties, which contributed RMB186.1 million to the Group's revenue (including revenue from property sales and interior decoration) for the six months ended 30 June 2022. The projects from the Northeast China, as a result of newly completed properties from Changchun Villa Glorious, the entire region contributed revenue of RMB185.7 million and sold and delivered GFA was 29,688 sq.m., representing 40.6% and 74.7% of the Group's total revenue and sold and delivered GFA for the current period respectively. The projects from the Yangtze River Delta only had remaining units for sale in the current period, which recorded revenue of RMB68.5 million and sold and delivered GFA was 6,495 sq.m., representing 15.0% and 16.3% 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. In the current period, 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 the average recognised selling prices were substantially lower than the prices of residential units in the local market. Since the revenue from the sale of car park units remained at a high proportion, and there was a larger proportion of properties with recognised revenue in the current period came from projects outside Shanghai Region, both of which caused the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a low level of RMB11,136 per sq.m., which was only slightly higher than RMB10,000 per sq.m. in the corresponding period in 2021.

The cost of sales for the six months ended 30 June 2022 was RMB283.8 million, representing a decrease of 12.6% as compared to RMB324.7 million from the corresponding period in 2021. The cost of sales for the current period included a provision for impairment of certain property development projects which amounted to RMB17.1 million (six months ended 30 June 2021: RMB90.3 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 of RMB17.1 million and the cost of interior decoration of properties sold of RMB5.7 million, the Group's cost of sales for the six months ended 30 June 2022 was RMB261.1 million, which increased by 15.4% as compared to RMB226.2 million for the corresponding period in 2021, the increase was mainly due to increase in the GFA sold and delivered in the current period. The Group's average cost of sales for the first half of 2022 was RMB6,565 per sq.m., which was 8.0% lower than that of RMB7,135 per sq.m. for the corresponding period in 2021.

The Group recorded a consolidated gross profit of RMB174.1 million for the six months ended 30 June 2022, as compared to RMB5.1 million for the corresponding period in 2021. The Group's gross margin for the current period was 38.0%, as compared to 1.5% for the corresponding period in 2021. As a larger proportion of the properties sold and delivered in the current period were attributable to the sale of residential units for which unit selling prices and profit margin were higher than stock of car park units, the Group recorded a higher gross profit margin in the current period. At the same time, the Group made provision for impairment of properties of RMB17.1 million in the current period (six months ended 30 June 2021: RMB90.3 million). Excluding the provision for impairment, the Group's gross profit margin for the first half of 2022 was 41.8% (six months ended 30 June 2021: 28.9%).

Other income for the six months ended 30 June 2022 was RMB22.9 million, representing an decrease of 4.5% from RMB24.0 million for the corresponding period in 2021. Other income mainly includes rental income.

Other losses, net for the six months ended 30 June 2022 was a loss of RMB139.7 million, as compared to a loss of RMB296.4 million for the corresponding period in 2021. In the current period, the Group recorded a fair value loss of RMB129.6 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 the current period, as compared to a fair value loss of RMB302.9 million for the corresponding period in 2021. On the other hand, due to the depreciation of RMB against US$ in the first half of 2022, the Group recorded an exchange loss of RMB10.0 million that was resulted from the conversion of the Company's US$ borrowings into RMB. There was an exchange gain of RMB6.5 million for the corresponding period in 2021.

Selling and marketing expenses for the six months ended 30 June 2022 was RMB45.1 million, representing a decrease of 40.9% from RMB76.2 million for the corresponding period in 2021. Administrative expenses for the six months ended 30 June 2022 were RMB213.3 million, which was 10.1% higher than RMB193.7 million for the corresponding period in 2021.

Gross finance costs for the six months ended 30 June 2022 were RMB960.1 million, representing a decrease of 16.3% from RMB1,147.2 million for the corresponding period in 2020. In the current period, finance costs of RMB173.0 million (six months ended 30 June 2021: RMB254.0 million) had been capitalised, and the remaining RMB787.1 million (six months ended 30 June 2021: RMB893.2 million) was charged directly to the condensed consolidated statement of comprehensive income. After netting off the finance income of RMB6.7 million (six months ended 30 June 2021: RMB1.7 million), the amount of finance costs, net was RMB780.4 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB891.5 million). The Group incurred lower amount of gross finance costs for the first half of 2022 as compared to the corresponding period in 2021 mainly because the Group's average level of total net borrowings decreased in the current period as compared to the corresponding period in 2021, and at the same time the Group's average cost of borrowing significantly 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 RMB988.7 million for the six months ended 30 June 2022, which was 32.3% lower than RMB1,459.4 million for the corresponding period in 2021. The Group recorded a loss before taxation in the current period mainly due to the significant amount of finance costs and the fair value loss of investment properties in the current period.

The Group recorded income tax credits of RMB8.3 million for the six months ended 30 June 2022, as compared to RMB25.4 million for the corresponding period in 2021.

The Group recorded a loss attributable to the owners of the Company of RMB973.6 million for the six months ended 30 June 2022, which was 31.8% lower than RMB1,427.1 million for the corresponding period in 2021. The Group recorded a loss attributable to the owners of the Company in the current period mainly due to the significant amount of finance costs and the fair value loss of investment properties in the current period.

Current Assets and Liabilities

As at 30 June 2021, the Group held total current assets of approximately RMB24,243.7 million, which was slightly higher than RMB24,042.4 million as at 31 December 2021 by 0.8%.

As at 30 June 2022, the Group's current assets mainly comprised properties under development, and completed properties held for sale and trade and other receivables, prepayments and other financial assets. As at 30 June 2022, balance of properties under development was RMB14,886.1 million, which was 1.2% higher than RMB14,713.9 million as at 31 December 2021. 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 2022. Completed properties held for sale decreased slightly by 0.6% from RMB5,151.4 million as at 31 December 2021 to RMB5,122.3 million as at 30 June 2022. 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. Trade and other receivables, prepayments and other financial assets increased by 4.1% from RMB3,289.1 million as at 31 December 2021 to RMB3,425.3 million as at 30 June 2022. Trade and other receivables, prepayments and other financial assets 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, prepayments and other financial assets in the first half of 2022 was mainly due to additional prepayments 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 2022 amounted to RMB48,444.2 million, which was 2.6% higher than that of RMB47,227.3 million as at 31 December 2021. The increase in total current liabilities as at 30 June 2022 was mainly due to the increase in contract liabilities as a result of receipt of property sales proceeds in the first half 2022.

As at 30 June 2022, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.50 (31 December 2021: 0.51). The decrease in current ratio was mainly resulted from the increase in total current liabilities.

Liquidity and Financial Resources

During the first half of 2022, the Group funded its property development projects principally with proceeds from the presales of properties and bank loans. As at 30 June 2022, the Group had cash and cash equivalents of RMB182.5 million (31 December 2021: RMB191.6 million).

During the first half of 2022, the new borrowings obtained by the Group amounted to RMB720.9 million and repayment of borrowings was RMB712.0 million. As at 30 June 2022, the Group's total borrowings amounted to RMB20,564.0 million, representing an increase of 2.4% compared to RMB20,084.0 million as at 31 December 2021.

As at 30 June 2022, the Group had total banking facilities of RMB15,137 million (31 December 2021: RMB15,165 million) consisting of used banking facilities of RMB15,059 million (31 December 2021: RMB15,153 million) and unused banking facilities of RMB78 million (31 December 2021: RMB12 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 2022 and 31 December 2021 were as follows:

RMB'000	**30 June 2022** ***(unaudited)***	31 December 2021 *(audited)*
Total borrowings (excluding loan from a non-controlling interest)	**19,848,919**	19,408,408
Less: cash and bank balances	**(528,773)**	(598,257)
Net debt	**19,320,146**	18,810,151
Total (deficit on equity)/equity attributable to the owners of the Company	**(683,443)**	290,126
Gearing ratio	**N/A**	6,483.4%

As at 30 June 2022, no gearing ratio was available as the Group was in a net deficit on equity as at 30 June 2022 as a result of further net loss recorded for the six months ended 30 June 2022. Nevertheless, the Group gearing ratio continued to stay at a high level as at 30 June 2022. Management used other measures to monitor the Group's liquidity and will consider to adopt alternative method of calculation of gearing ratio in the future as appropriate.

Going Concern and Mitigation Measures

For the six months ended 30 June 2022, the Group reported a loss attributable to the owners of the Company of RMB973.6 million but only had a net operating cash inflow of RMB28.1 million. As at 30 June 2022, the Group had accumulated losses of RMB9,552.8 million, the Group's current liabilities exceeded its current assets by RMB24,200.5 million and there was a total deficit on equity of RMB555.8 million. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB20,564.0 million, while its cash and cash equivalents amounted to RMB182.5 million only. In addition, as at 30 June 2022, certain borrowings whose principal amounts of RMB2,934.3 million and interest payable amounts of RMB1,711.2 million, relating to borrowings with a total principal amount of RMB5,765.2 million were overdue. In addition, part of the principal and interests of certain borrowings not above-mentioned with a total principal amount of RMB10,062.9 million have been overdue during the loan period; although these overdue balances and interests were subsequently settled before 30 June 2022, these borrowings remain to be in default as at 30 June 2022. Furthermore, the Group breached certain specific terms and conditions of borrowings with a total principal amount of RMB302.9 million during the period and as at 30 June 2022. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB785.0 million as at 30 June 2022. These conditions, together with other matters described in note 2(i) to the condensed consolidated financial information, 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 lenders for terms modification, 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 to three existing projects upon obtaining the pre-sales permits starting from July 2022;

(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 shown 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, although occasionally there was operating net cash outflow. In the first half of 2022, the Group continued to record loss attributable to the owners of the Company, but the amount of loss narrowed as compared to the corresponding period in 2021. The loss was mainly due to the fact that in the first half of 2022, there was no major completion of new phase of properties by the Group's projects, coupled with the severe lockdown measures implemented in Shanghai due to the COVID-19 pandemic, many other cities in China were also affected by COVID-19, causing adverse impact on the Group's property sales performance, progress of project constructions and the Group's overall operation in the first half of the year. As a result, the amount of Group's recognised revenue for the first half of 2022 continued to maintain at a low level. 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 current period. In the first half of 2022, due to the impact of COVID-19 and other factors, the Group only achieved contracted property sales of RMB1,053.2 million, representing a significant decrease of 80.6% as compared with the corresponding period in 2021. As at 30 June 2022, the Group had overdue principal amounts of certain borrowings of RMB2,934.3 million. Notwithstanding the stressful financial resources, the Group's total borrowings only increased slightly by 2.4% from RMB20,084.0 million at the end of 2021 to RMB20,564.0 million as at 30 June 2022, and recorded an operating cash inflow of RMB28.1 million for the first half of 2022. As at 30 June 2022, the Group's overall effective interest rate for the borrowings was 9.0%, which was lower than 9.2% as at 31 December 2021, and was noticeably lower than 12.7% as at 31 December 2020, indicating a continuing achievement of the Group's objective to reduce the borrowing costs. The Group will actively implement the business plan in the second half 2022 and afterwards, 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 identify 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 2022, 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 2022 *(unaudited)***	31 December 2021 *(audited)*
Cash and bank balances:		
US$	**263**	264
HK$	**163**	251
Total	**426**	515
Borrowings:		
US$	**90,134**	85,627
HK$	**67,957**	56,369
Total	**158,091**	141,996
Trade and other payables:		
US$	**4,573**	4,463
HK$	**1,621**	4,898
Total	**6,194**	9,361

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 2022, the Group's total borrowings amounted to RMB20,564.0 million (31 December 2021: RMB20,084.0 million), of which RMB17,184.7 million (31 December 2021: RMB16,810.7 million) bore fixed interest rate.

Pledge of Assets

As at 30 June 2021, the Group had pledged certain of its subsidiaries' shares and a joint venture's shares, property, plant and equipment, right-of-use assets, 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 2022, the amount of outstanding guarantees for mortgages was RMB4,026.1 million (31 December 2021: RMB4,094.3 million).

Capital Commitments

As at 30 June 2022, the Group had capital commitment of RMB9,540.5 million (31 December 2021: RMB9,867.4 million).

EMPLOYEES

As at 30 June 2022, the Group had a total of 586 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.

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 2022, there were totally 170,439,000 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 2022, save for the deviation from the code provision C.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 C.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 2022.

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 2022 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 2022.

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 2022 interim report of the Company for the six months ended 30 June 2022 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, 31 August 2022

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.