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 2023

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 2023 (the "**2023 Interim Results**"). The 2023 Interim Results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 31 August 2023.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB482.3 million and the average selling price was RMB13,776 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB686.5 million
- Total borrowings was RMB21,315.2 million
- Property sales was RMB888.4 million and GFA sold was 52,875 sq.m.

OVERALL RESULTS

For the six months ended 30 June 2023, the Group recorded a consolidated revenue of RMB482.3 million, which increased by 5.3% as compared to the corresponding period in 2022. For the six months ended 30 June 2023, the Group recorded a loss attributable to the owners of the Company of RMB686.5 million, which decreased by 29.5% as compared to the corresponding period in 2022.

Loss per share for the six months ended 30 June 2023 was RMB0.09 (six months ended 30 June 2022: Loss per share of RMB0.12).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2023, under the ongoing Russian-Ukraine conflict, surging inflation, hike in Federal Reserve's interest and other complex and varying factors, global economy is still in turmoil. While the direct impact of Coronavirus Disease 2019 ("**COVID-19**") has diminished, the prospects for global economic recovery still face challenges of uncertainty and imbalance. The impact of rapidly tightening global financing situation and other factors posed significant pressure to many developing countries and economies in transition, which limited the recovery of the global economy. The drag on China's economic growth and the impact on the stability of the supply chain caused by COVID-19 were gradually receding, but shrinking demand and expected decline led to fluctuation in the recovery of China's economy and risks of economic downturn. The central and local governments prioritized society stability, in order to leverage on the edges of development resilience and potential of China's economy while adhering to the general principle of maintaining stable growth. They are coordinating efforts to achieve steady growth and mitigate risks within the recovery framework, ensuring the fundamental trajectory remains positive amid the twists and turns of the journey.

In the first quarter of the year, while continuing the plans made in the Economic Working Conference 2022 and stipulated in the various documents published previously, the importance of the real estate industry in the national economy was further emphasized. The industry's themes were defined as 'stabilizing the pillar,' 'boosting demand,' and 'preventing risks.' Both central and local governments promulgated various policies to ensure property delivery and provide financial relief. Market activity has rebounded, while homebuyers' optimism began to rise. Market activity showed signs of recovery, with potential relaxation in buyer sentiments, coupled with a brief retaliatory surge in sales due to the pent-up demand from the previous year. However, since March, there were no significant positive indications. Unemployment rate remained at a relatively high level, and there was a severe lack of positive factors to maintain market growth. Almost all first-tier cities and second-tier cities saw a decline in the volume of new home transaction and the price of second-hand housing. New construction projects under real estate companies reached the lowest point in the last 10 years. Meanwhile, the collapses of certain large-scale real estate companies led to further deterioration of homebuyers' confidence and reduced the positive impact of policies. The whole real estate market faced unprecedented pressure for adjustment. Development of the industry has stagnated. During the current economic downturn, private real estate companies faced severe pressure. The real estate industry suffered the hardest hit in this economic landscape. Only customized, comprehensive and coordinated industry policies and initiatives could revitalize the weakened market.

In the first quarter of the year, the Group's sales rebounded significantly. All projects on sale recorded remarkable sales results. However, affected by the domestic economic decline as compared with the first quarter, sales in the second quarter declined significantly. Given the expanded channels and increased sales costs, it was difficult to reverse the overall sales decline. The gap from achieving sales and collection target of the Group in this year was further enlarged. Construction and delivery status also limited sales to a certain extent. The Group has always optimized its sales management system with reference to the industry landscape. In terms of operation, we focus on promoting sales and cash collection and coordination and arrangement of construction. Through strict implementation of efficient decision making of the Group and with consideration of the current market landscape, we can further align the target control and its actual implementation.

In the first half of 2023, the Group fully leveraged the financial policies for guaranteeing housing delivery and differed financing support for the demand side to provide support for both the survival of the Company and financial institutions. We stroke the balance between the pressures of financing risks and corporate operation to ensure safe and stable financing and normal corporate operation. We strived to minimize the impact of various accidents caused by severe lack of cash flow to enhance confidence, allowing both the Group and our projects to address temporary difficulties hand-in-hand and promote the sustainable and stable development of the Group.

Business Review

I. Revenue

The Group recorded a consolidated revenue of RMB482.3 million in the first half of 2023, representing an increase of 5.3% compared to RMB458.0 million for the first half of 2022. The delivered GFA decreased to 35,010 sq.m. in the first half of 2023 from 39,763 sq.m. in the first half of 2022, representing a decrease of 12.0%. The average selling price recognised (excluding revenue from interior decoration of properties) increased by 23.4% to RMB13,776 per sq.m. in the first half of 2023 from RMB11,163 per sq.m. in the corresponding period in 2022.

During the six months ended 30 June 2023, the Group continued to sell the remaining units of the properties completed in prior years. During the six months ended 30 June 2023, 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 RMB390.2 million and sold and delivered GFA of 17,108 sq.m., representing 80.9% and 48.9% 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 RMB174.1 million to the Group's revenue for the six months ended 30 June 2023. The projects from the Northeast China contributed revenue of RMB60.7 million and sold and delivered GFA was 13,982 sq.m., representing 12.6% and 39.9% 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 RMB14.7 million and sold and delivered GFA was 2,766 sq.m., representing 3.0% and 7.9% 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. The Beijing Region only had car park units selling in the current period, which recorded revenue of RMB16.7 million and sold and delivered GFA of 1,154 sq.m., representing 3.5% and 3.3% of the Groups total revenue and sold and delivered GFA respectively.

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, the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a low level of RMB13,776 per sq.m., which was only slightly higher than RMB11,136 per sq.m. in the corresponding period in 2022.

Projects sold and delivered during the six months ended 30 June 2023 and 2022 included:

Property projects	City	**2023** Revenue *(RMB'000)*	**2023** GFA sold and delivered *(sq.m.)*	**2023** Average selling price recognised *(RMB/sq.m.)*	2022 Revenue *(RMB'000)*	2022 GFA sold and delivered *(sq.m.)*	2022 Average selling price recognised *(RMB/sq.m.)*
Revenue from sale of properties:							
Sunshine Venice	Shanghai	**65,138**	**5,950**	**10,948**	1,562	169	9,243
Shanghai Bay	Shanghai	**174,113**	**3,528**	**49,352**	172,015	2,276	75,578
Shanghai City Glorious	Shanghai	**38,175**	**2,155**	**17,715**	1,376	198	6,949
Shanghai Park Avenue	Shanghai	**—**	**—**	**—**	11,537	731	15,782
Chaetau De Paris	Shanghai	**77,571**	**2,218**	**34,973**	3,194	206	15,505
Royal Lakefront	Shanghai	**25,741**	**2,465**	**10,443**	—	—	N/A
Holiday Royal	Shanghai	**9,431**	**792**	**11,908**	—	—	N/A
Royal Mansion	Beijing	**16,711**	**1,154**	**14,481**	—	—	N/A
No.1 City Promotion	Wuxi	**—**	**—**	**—**	1,151	792	1,453
Nantong Villa Glorious	Nantong	**904**	**636**	**1,421**	—	—	N/A
Nantong Royal Bay	Nantong	**2,744**	**95**	**28,884**	—	—	N/A
Nantong Glorious Chateau	Nantong	**1,056**	**193**	**5,472**	—	—	N/A
Hefei Bashangjie Project	Hefei	**8,797**	**1,036**	**8,491**	63,677	3,329	19,128
Hefei Royal Garden	Hefei	**1,238**	**806**	**1,536**	3,671	2,374	1,546
Sunny Town	Shenyang	**—**	**—**	**—**	1,898	388	4,892
Harbin Royal Garden	Harbin	**3,027**	**2,577**	**1,175**	—	—	N/A
Changchun Villa Glorious	Changchun	**57,649**	**11,405**	**5,055**	181,696	29,081	6,248
Dalian Villa Glorious	Dalian	**—**	**—**	**—**	2,113	219	9,648
Sub-total		**482,295**	**35,010**	**13,776**	443,890	39,763	11,163
Revenue from interior decoration for properties sold:							
Shanghai Bay	Shanghai	**—**			14,060		
Total		**482,295**			457,950		

II. Property Sales

During the first half of 2023, the Group recorded contracted property sales of RMB888.4 million, representing a year-over-year ("**YOY**") decrease of 15.7%; while the contracted GFA sold was 52,875 sq.m., representing a YOY decrease of 12.3%.

In the first half of 2023, the unemployment rate remained high and domestic economy declined, coupled with pronounced inflationary pressures and consequent hiking of the Federal Reserve's interest rate, causing an adverse impact on the Group's property sales performance, progress of project constructions and the Group's overall operation.

During the six months ended 30 June 2023, 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 RMB421.3 million, RMB280.6 million, RMB69.9 million and RMB116.6 million respectively, representing 47.4%, 31.6%, 7.9%, and 13.1% of the Group's total property sales respectively. Shanghai Bay in Shanghai contributed property sales from its remaining units and car park units of RMB312.2 million, representing 35.1% of the Group's total property sales for the first half of 2023.

During the six months ended 30 June 2023, the average selling price was RMB16,802 per sq.m. representing 3.9% lower than RMB17,475 per sq.m. for the corresponding period in 2022, which was mainly due to the promotion of sales of car park units, as well as a larger proportion of property sales arising from properties from projects in the second- and third-tier cities.

Property sales for the period ended 30 June 2023 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB452.0 million and RMB436.4 million respectively, which accounted for 50.9% and 49.1% (six months ended 30 June 2022: 55.4% and 44.6%) of the Group's total property sales for the period ended 30 June 2023 respectively.

Details of property sales and GFA sold during the six months ended 30 June 2023 and 2022 were as follows:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2023	2022	Change (%)	**2023**	2022	Change (%)
Shanghai Region	**421,327**	555,411	(24.14%)	**10,604**	11,022	(3.79%)
Yangtze River Delta [1]	**280,574**	252,036	11.32%	**13,131**	17,891	(26.61%)
Pan Bohai Rim	**69,885**	68,905	1.42%	**8,120**	7,542	7.66%
Northeast China	**116,632**	176,873	(34.06%)	**21,020**	23,815	(11.74%)
Total	**888,418**	1,053,225	(15.65%)	**52,875**	60,270	(12.27%)

Note:

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

III. Construction and Development

During the first half of 2023, the total GFA of the new construction area was approximately 24,000 sq.m.. As at 30 June 2023, the Group had projects with a total area under construction of 2.2 million sq.m..

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources. The Group did not acquire any new land parcel during the first half of 2023.

As at 30 June 2023, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 5.9 million sq.m., the average land cost was RMB1,597 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 11.3% was in first-tier cities and 88.7% was in second- and third-tier cities.

Details of land bank by project as at 30 June 2023 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	279,867	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, office and commercial	83,422	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	101,548	9,703	100%
5	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	80,646	9,703	100%
	Subtotal				657,773	3,337	

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	455,749	1,396	100%
13	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
14	Tianjin Central City	Tianjin	Binhai New Area	Residential and commercial	205,961	2,792	100%
15	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,243,535	1,399	
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					**5,949,800**	**1,597**	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 30 June 2023, the Group has total GFA of approximately 2.7 million sq.m. that is planned for the development of commercial properties, of which approximately 826,000 sq.m. of commercial properties were completed by the Group, and around 779,000 sq.m. of commercial property projects are still under construction.

As at 30 June 2023, retail commercial properties, office buildings and hotels accounted for 62.4%, 24.1% and 13.5% 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 2023

In the second half of 2023, global economic landscape still faces complex and grim circumstances. The strategic conflict between China and the US further intensified, while the Russia-Ukraine war poses many uncertainties. The outlook for the recovery of the overall economy remains uncertain, resulting in unbalanced economic recovery. After the post-pandemic transition period and the shift between the domestic and international cycles, China's overall economy remained stable. For macroeconomic management, the government emphasizes stable growth and puts more effort on internal reforms and innovations to improve the organic growth of the economy. By consolidating economic fundamentals and providing favorable business environment, the government can control risks for downturn. The combination of strategies for expanding domestic demand and extensive structural supply reforms can accelerate the establishment of a new development landscape, in order to promote high quality development and maintain the direction of stable long-term growth.

The Group predicts that it is common for the overall real estate to suffer from the current situation. The support for recovery is relatively weak and is deeply affected by the economy. This creates a stand-off among companies. As the number of second-hand housing in market keeps rising, it will be hard for its price to maintain at the current high level, and will gradually decline. Currently speaking, given the supply and demand in the real estate market and the expected significant changes in the market, central and local governments will definitely promulgate strategies to promote the stable and healthy development of the real estate market. With customized strategy, the sales area and price of the commercial housing in China will maintain fluctuated growth in the second half of the year. The industry will begin to bottom out after its sustained decline, but there will be limited room for housing price increase. Given their solid economic basis, the demand in first-tier and second-tier cities will increase more rapidly, but the overall sales will not see significant increase. Periodically, certain regions will see a slight growth in housing price, sales area and activity. Demand in third-tier and fourth-tier cities will decline instead. Securing housing delivery becomes even more important. Weakened sales will sustain for a longer time. Certain regions with stronger supportive policies from local governments will experience a temporary increase in transaction activity, but the overall decline remains extensive. Housing price will lag behind the rational predictions.

The Group will adhere to its operation strategy of stable development while paying close attention to changes in industrial policies and market expectation. Lean management system can accelerate the Group's decision making process and strengthen the implementation of its projects. Meanwhile, strengthened strategic and objective judgement on real estate industry operation allow use to improve the Group's control for construction and delivery cycle, enhance the flexibility of sales solutions and raise the competitiveness of our sales team. The Group will redouble our sales effort for stock commercial products and lease out our offices and shops to increase the rate of capital realization for our various existing residential and commercial projects, which will be a good supplement to the Group's capital. The Group will place more emphasis on more detailed capital arrangement to maximize its capital utilization efficiency.

The Group will insist on adopting prudent financial policies, with the aim of reducing debt and financial expenses, in order to timely alleviate operation pressure. The Group will select the suitable financing tools after considering various means and aspects to adjust and improve the debt structure of the Group. Reasonable increase in long-term low-interest loans allows the Group to safely avoid financial risks and operation pressure, which will ensure its overall financial security and achieve sustainable, healthy and stable development.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
RMB'000	*Note*	***(unaudited)***	*(unaudited)*
Revenue	*4*	**482,295**	457,950
Cost of sales	*7*	**(355,413)**	(283,838)
Gross profit		**126,882**	174,112
Other income	*5*	**26,435**	22,902
Other losses, net	*6*	**(135,757)**	(139,657)
Reversal of provision/(provision) for loss allowances of financial assets		**326**	(4,180)
Selling and marketing expenses	*7*	**(64,668)**	(45,078)
Administrative expenses	*7*	**(110,977)**	(213,259)
Finance costs, net	*8*	**(542,782)**	(780,407)
Share of (loss)/profit of an associate		**(3,044)**	305
Share of profit/(loss) of a joint venture		**20,855**	(3,457)
Loss before taxation		**(682,730)**	(988,719)
Income tax (expenses)/credits	*9*	**(3,755)**	8,310
Loss for the period		**(686,485)**	(980,409)
Loss attributable to:			
— the owners of the Company		**(686,466)**	(973,569)
— non-controlling interests		**(19)**	(6,840)
		(686,485)	(980,409)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(686,485)**	(980,409)
Total comprehensive loss for the period attributable to:			
— the owners of the Company		**(686,466)**	(973,569)
— non-controlling interests		**(19)**	(6,840)
		(686,485)	(980,409)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
— Basic	*10*	**(0.09)**	(0.12)
— Diluted	*10*	**(0.09)**	(0.12)
Dividend	*11*	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

RMB'000	*Note*	**30 June 2023 *(unaudited)***	31 December 2022 *(audited)*
Non-current assets			
Property, plant and equipment		**89,732**	93,248
Right-of-use assets		**251,884**	259,187
Investment properties		**23,910,943**	23,818,035
Intangible assets		**1,800**	1,800
Investment in an associate		**4,006**	7,050
Interest in a joint venture		**832,526**	815,381
Deferred income tax assets		**706,650**	628,556
		25,797,541	25,623,257
Current assets			
Properties under development		**13,113,934**	12,663,590
Completed properties held for sale		**5,593,867**	5,924,243
Trade and other receivables, prepayments and other financial assets	*12*	**3,728,952**	3,400,930
Prepaid taxes		**411,158**	491,399
Cash and bank balance, and restricted deposits		**373,225**	390,682
		23,221,136	22,870,844
Total assets		**49,018,677**	48,494,101

RMB'000	*Note*	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Current liabilities			
Contract liabilities		**8,182,554**	7,601,642
Trade and other payables	*13*	**6,373,861**	6,146,344
Income tax payable		**10,575,812**	10,501,491
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**21,315,156**	20,963,726
Lease liabilities		**778**	433
		46,801,190	45,566,665
Non-current liabilities			
Borrowings	*14*	**—**	—
Deferred income tax liabilities		**2,776,797**	2,799,595
Lease liabilities		**—**	666
		2,776,797	2,800,261
Total liabilities		**49,577,987**	48,366,926
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		**(8,585,422)**	(7,898,956)
		(693,695)	(7,229)
Non-controlling interests		**134,385**	134,404
Total (deficit on equity)/equity		**(559,310)**	127,175
Total liabilities and equity		**49,018,677**	48,494,101

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 2023.

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 2023 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 2022, 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 2023, the Group reported a loss attributable to the owners of the Company of RMB686,466,000 but only had a net operating cash inflow of RMB329,225,000. As at 30 June 2023, the Group had accumulated losses of RMB9,608,665,000, the Group's current liabilities exceeded its current assets by RMB23,580,054,000 and there was a total deficit on equity of RMB559,310,000. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB21,315,156,000 and commitments for capital and property development expenditure amounted to RMB8,986,241,000, while its cash and cash equivalents amounted to RMB289,874,000 only.

As at 30 June 2023, certain borrowings whose principal amounts of RMB8,946,136,000 and interest payable amounts of RMB2,836,136,000, relating to borrowings with a total principal amount of RMB9,677,736,000 ("**Overdue Borrowings**") were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,775,719,000 had been overdue during the loan period ("**Other Overdue Borrowings**"); although these overdue balances and interests were subsequently settled before 30 June 2023, the Other Overdue Borrowings remain to be in default as at 30 June 2023. The aggregate principal amount of the aforementioned borrowings of RMB11,453,455,000 would be immediately repayable if requested by the lenders. This amount included borrowings with principal amount of RMB1,350,000,000 with original contractual repayment dates beyond 30 June 2024 which have been reclassified as current liabilities as at 30 June 2023 (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 RMB4,556,784,000 were considered as cross-default ("**Cross-default Borrowings**"), of which RMB4,077,469,000 with original contractual repayment dates beyond 30 June 2024 have been reclassified as current liabilities as at 30 June 2023 (note 14).

Subsequent to the end of the reporting period 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.

During the past several years of COVID-19 disruptions, lockdowns, distancing measures, and travel restrictions caused significant disruptions to the Group's operation. With communal immunity becoming the new normal, the new challenge of the Group is to control the negative impacts such as high inflation resulting from low productivity, supply-demand imbalances, and labor shortages.

In the first half of 2023, economic uncertainty had a significant adverse impact on China's property sector. The post-Covid recovery, reduced disposable incomes, and a pessimistic outlook on property investment due to unforeseeable near-term growth potential led to the decline in contracted sales of the Group. Construction and delivery status also limited sales to a certain extent. It is reasonably expected that the transaction volume of the Group will not return to pre-COVID-19 level within the next 12 to 18 months.

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 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 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 carparks. 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 2023;

(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 2023. 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 2023. Accordingly, the directors are satisfied that it is appropriate to prepare this condensed consolidated interim 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 2024 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 2023; (b) were overdue as at 30 June 2023 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 2023;

(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 can agree 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 this condensed consolidated interim 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 2022 as included in the Company's annual report for the year ended 31 December 2022.

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

HKFRS 17 and the Related Amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimate
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The Group has not applied any new amendments to HKFRS that are not yet effective for the current reporting period.

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 2022.

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 allowances 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 2023 (unaudited)						
Revenue						
At a point in time	**390,169**	**14,739**	**16,711**	**60,676**	**—**	**482,295**
Over time	**—**	**—**	**—**	**—**	**—**	**—**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**390,169**	**14,739**	**16,711**	**60,676**	**—**	**482,295**
Segment results	**129,893**	**(62,626)**	**(28,460)**	**(28,560)**	**(12,236)**	**(1,989)**
Depreciation	**(10,063)**	**(102)**	**(118)**	**(50)**	**(27)**	**(10,360)**
Fair value changes of investment properties	**—**	**(92,454)**	**—**	**(35,471)**	**—**	**(127,925)**
Reversal of provision/(provision) for loss allowances of financial assets	**665**	**(395)**	**174**	**(118)**	**—**	**326**
Interest income	**75**	**948**	**135**	**46**	**2**	**1,206**
Finance costs	**(331,476)**	**(158,492)**	**(46,379)**	**(4,205)**	**(3,436)**	**(543,988)**
Income tax (expenses)/credits	**(36,661)**	**14,938**	**14,561**	**3,407**	**—**	**(3,755)**

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 allowances 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**	**Elimination**	**Total**
As at 30 June 2023 (unaudited)							
Total segment assets	**53,404,056**	**22,566,785**	**3,579,445**	**5,506,214**	**3,796,665**	**(48,820,790)**	**40,032,375**
Total segment assets include:							
Investment in an associate	**4,006**	**—**	**—**	**—**	**—**	**—**	**4,006**
Investment in a joint venture	**775,306**	**—**	**—**	**—**	**—**	**—**	**775,306**
Deferred income tax assets							**706,650**
Other unallocated corporate assets							**8,279,652**
Total assets							**49,018,677**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2022 (audited)							
Total segment assets	44,978,610	26,693,696	4,058,509	5,508,612	3,589,061	(45,942,433)	38,886,055
Total segment assets include:							
Investment in an associate	7,050	—	—	—	—	—	7,050
Investment in a joint venture	758,161	—	—	—	—	—	758,161
Deferred income tax assets							628,556
Other unallocated corporate assets							8,979,490
Total assets							48,494,101

RMB'000	**Six months ended 30 June** **2023** ***(unaudited)***	2022 *(unaudited)*
Segment results	**(1,989)**	(48,987)
Depreciation	**(10,360)**	(8,441)
Fair value changes of investment properties	**(127,925)**	(129,612)
Reversal of provision/(provision) for loss allowances of financial assets	**326**	(4,180)
Changes in provision for impairment of properties under development and completed properties held for sale	**—**	(17,092)
Operating loss	**(139,948)**	(208,312)
Interest income	**1,206**	6,736
Finance costs	**(543,988)**	(787,143)
Loss before taxation	**(682,730)**	(988,719)
Additions to:		
Property, plant and equipment	**83**	3,821
Investment properties	**220,833**	148,092
	220,916	151,913

5 Other income

RMB'000	Six months ended 30 June 2023 (unaudited)	2022 (unaudited)
Rental income	**23,444**	22,000
Others	**2,991**	902
	26,435	22,902

6 Other losses, net

RMB'000	Six months ended 30 June 2023 (unaudited)	2022 (unaudited)
Fair value changes of investment properties	**(127,925)**	(129,612)
Exchange losses, net	**(7,832)**	(10,045)
	(135,757)	(139,657)

7 Expenses by nature

Loss before taxation is stated after charging the following:

RMB'000	Six months ended 30 June 2023 (unaudited)	2022 (unaudited)
Advertising costs	**3,850**	4,230
Other taxes and levies	**25,037**	5,411
Costs of properties sold (including changes in provision for impairment of properties under development and completed properties held for sale)	**330,376**	278,427
Depreciation	**10,360**	8,441
Staff costs — excluding directors' emoluments	**86,248**	76,268
Rental expenses	**2,948**	4,069

8 Finance costs, net

RMB'000	Six months ended 30 June 2023 (unaudited)	2022 (unaudited)
Finance income		
— Interest income	**1,206**	6,736
Finance costs		
Interest expenses		
— Bank borrowings	**(772,082)**	(843,900)
— Bond	**(3,439)**	(4,035)
— Others	**(22,772)**	(112,165)
Total interest expenses	**(798,293)**	(960,100)
Less: interest capitalised on qualifying assets	**254,305**	172,957
Finance costs expensed	**(543,988)**	(787,143)
Finance costs, net	**(542,782)**	(780,407)

9 Income tax (expenses)/credits

RMB'000	Six months ended 30 June 2023 (unaudited)	2022 (unaudited)
Current income tax expenses:		
PRC corporate income tax	**(48,811)**	(5,679)
PRC land appreciation tax	**(55,836)**	(110,141)
	(104,647)	(115,820)
Deferred income tax credits:		
Origination and reversal of temporary differences	**100,892**	124,130
	100,892	124,130
	(3,755)	8,310

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	
	2023	2022
	(unaudited)	*(unaudited)*
Loss attributable to the owners of the Company (RMB'000)	**(686,466)**	(973,569)
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 2023 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 2023 (six months ended 30 June 2022: Nil).

12 Trade and other receivables, prepayments and other financial assets

RMB'000	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Trade receivables due from third parties, net (a)	**530,238**	476,830
Other receivables due from third parties and other financial assets	**1,354,160**	1,443,808
Prepayments and deposits for land premium	**148,000**	148,000
Prepayments and deposits for construction costs:	**2,419,038**	2,050,775
Related parties	**2,891**	2,891
Third parties	**2,416,147**	2,047,884
Prepaid other taxes	**77,326**	81,327
Less: Provision for loss allowance of other receivables and other financial assets	**(799,810)**	(799,810)
	3,728,952	3,400,930

(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 date of the condensed consolidated statement of financial position based on revenue recognition date is as follows:

RMB'000	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Within 6 months	**62,738**	9,643
Between 7 and 12 months	**1,393**	515
Over 12 months	**472,395**	473,286
	536,526	483,444

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 2023 *(unaudited)***	31 December 2022 *(audited)*
At beginning of the period/year	**6,614**	5,813
Reversal of provision/(provision) for loss allowance of trade receivables for the period/year	**(326)**	801
At end of the period/year	**6,288**	6,614

(b) As at 30 June 2023 and 31 December 2022, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each date of the condensed consolidated statement of financial position 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 2023 *(unaudited)***	31 December 2022 *(audited)*
Trade payables and construction cost accrual (a):	**3,466,875**	3,360,659
Related parties	**143,150**	71,996
Third parties	**3,323,725**	3,288,663
Other payables due to third parties and accrued expenses (b)	**2,023,217**	1,910,581
Other taxes payable	**883,769**	875,104
	6,373,861	6,146,344

(a) The ageing analysis of trade payables at the date of the condensed consolidated statement of financial position is as follows:

RMB'000	**30 June 2023 *(unaudited)***	31 December 2022 *(audited)*
Within 6 months	**113,445**	198,273
Between 7 and 12 months	**198,273**	694,701
Over 12 months	**3,155,157**	2,467,685
	3,466,875	3,360,659

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

14 Borrowings

RMB'000	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**—**	—
	—	—
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**17,983,558**	17,666,027
Bond — secured	**66,495**	60,950
Loans from a non-controlling interest (b)	**720,506**	720,506
Other borrowings — unsecured (c)	**556,548**	581,610
Other borrowings — secured (c)	**1,988,049**	1,934,633
	21,315,156	20,963,726
Total borrowings	**21,315,156**	20,963,726

RMB'000	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Bank borrowings	**14,899,639**	15,119,842
Bond	**66,021**	58,063
Loans from a non-controlling interest	**532,857**	532,857
Other borrowings	**1,981,732**	1,999,774
Sub-total	**17,480,249**	17,710,536
Adjusted by: accrued interests	**3,834,907**	3,253,190
Total borrowings	**21,315,156**	20,963,726

The Group's total borrowings at the date of the condensed consolidated statement of financial position were repayable as follows:

RMB'000	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Amounts of borrowings that are repayable:		
Repayable on demand or within 1 year (a)	**21,315,156**	20,963,726
After 1 and within 2 years	**—**	—
After 2 and within 5 years	**—**	—
After 5 years	**—**	—
	21,315,156	20,963,726

The Group's borrowings comprise loans from commercial banks, other financial institutions, non-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 RMB6,099,069,000 with original maturity beyond 30 June 2024 which have been reclassified as current liabilities as at 30 June 2023 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 2024.

(b) As at 30 June 2023, loans from a non-controlling interest of RMB720,506,000 (31 December 2022: RMB720,506,000) are secured, interest-bearing and are repayable within 18–36 months from the date of drawdown.

(c) As at 30 June 2023, short-term borrowings from third parties of RMB556,548,000 (31 December 2022: RMB581,610,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown.

As at 30 June 2023, short-term borrowings from third parties of RMB1,988,049,000 (31 December 2022: RMB1,934,633,000) are secured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

The Group recorded a consolidated revenue of RMB482.3 million in the first half of 2023, which increased by 5.3% as compared to RMB458.0 million for the corresponding period in 2022. For the six months ended 30 June 2023, the Group recorded a loss attributable to the owners of the Company of RMB686.5 million, which was 29.5% lower than the loss of RMB973.6 million for the corresponding period in 2022. During the first half of 2023, 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 2023 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 2023.

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, as well as continuous improvements in the operating cash flows. In the first half of 2023, trend of decreasing principal balance of total borrowings, 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 2022. During the six months ended 30 June 2023, the Group continued to sell the remaining units of the properties completed in prior years. During the six months ended 30 June 2023, 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 RMB390.2 million and sold and delivered GFA of 17,108 sq.m., representing 80.9% and 48.9% 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 RMB174.1 million to the Group's revenue (including revenue from property sales and interior decoration) for the six months ended 30 June 2023. The projects from the Northeast China contributed revenue of RMB60.7 million and sold and delivered GFA was 13,982 sq.m., representing 12.6% and 39.9% 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 RMB14.7 million and sold and delivered GFA was 2,766 sq.m., representing 3.0% and 7.9% 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. The Beijing Region only had car park units selling in the current period, which recorded revenue of RMB16.7 million and sold and delivered GFA of 1,154 sq.m., representing 3.5% and 3.3% of the Group's total revenue and sold and delivered GFA respectively.

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, the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a low level of RMB13,776 per sq.m., which was only slightly higher than RMB11,136 per sq.m. in the corresponding period in 2022.

The cost of sales for the six months ended 30 June 2023 was RMB355.4 million, representing an increase of 25.2% as compared to RMB283.8 million from the corresponding period in 2022. For six months ended 30 June 2023, no further provision for impairment was made for the Group's property development projects (six months ended 30 June 2022: RMB17.1 million) as the newly added construction costs was not material as result of low level of business activities of the Group's projects in the first half of 2023, such that no further impairment loss provision was considered necessary in the current period, and also the impairment provision made to the carrying value of the original land parcel of one of the Group's project that was swapped to another land parcel as a result of certain government land planning adjustment did not recur in the current period. The Group's average cost of sales for the first half of 2023 was RMB10,152 per sq.m., which was 42.2% higher than that of RMB7,137 per sq.m. for the corresponding period in 2022.

The Group recorded a consolidated gross profit of RMB126.9 million for the six months ended 30 June 2023, as compared to RMB174.1 million for the corresponding period in 2022. The Group's gross margin for the current period was 26.3%, as compared to 38.0% for the corresponding period in 2022. As a larger proportion of the properties sold and delivered in the current period were attributable to the sale of car park units for which unit selling prices and profit margin were lower than stock of residential units, the Group recorded a lower gross profit margin in the current period.

Other income for the six months ended 30 June 2023 was RMB26.4 million, representing an increase of 15.4% from RMB22.9 million for the corresponding period in 2022. Other income mainly includes rental income.

Other losses, net for the six months ended 30 June 2023 was a loss of RMB135.8 million, as compared to a loss of RMB139.7 million for the corresponding period in 2022. In the current period, the Group recorded a fair value loss of RMB127.9 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 the current period, as compared to a fair value loss of RMB129.6 million for the corresponding period in 2022. On the other hand, due to the depreciation of RMB against US$ in the first half of 2023, the Group recorded an exchange loss of RMB7.8 million that was resulted from the conversion of the Company's US$ borrowings into RMB, as compared to an exchange loss of RMB10.0 million for the corresponding period in 2022.

Selling and marketing expenses for the six months ended 30 June 2023 was RMB64.7 million, representing an increase of 43.5% from RMB45.1 million for the corresponding period in 2022. Administrative expenses for the six months ended 30 June 2023 were RMB111.0 million, which was 48.0% lower than RMB213.3 million for the corresponding period in 2022.

Gross finance costs for the six months ended 30 June 2023 were RMB798.3 million, representing a decrease of 16.9% from RMB960.1 million for the corresponding period in 2022. In the current period, finance costs of RMB254.3 million (six months ended 30 June 2022: RMB173.0 million) had been capitalised, and the remaining RMB544.0 million (six months ended 30 June 2022: RMB787.1 million) was charged directly to the condensed consolidated statement of comprehensive income. After netting off the finance income of RMB1.2 million (six months ended 30 June 2022: RMB6.7 million), the amount of finance costs, net was RMB542.8 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB780.4 million). The Group incurred lower amount of gross finance costs for the first half of 2023 as compared to the corresponding period in 2022 mainly because the Group's average level of total net borrowings decreased in the current period as compared to the corresponding period in 2022, 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 RMB682.7 million for the six months ended 30 June 2023, which was 30.9% lower than RMB988.7 million for the corresponding period in 2022. 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 expenses of RMB3.8 million for the six months ended 30 June 2023, as compared to an income tax credits of RMB8.3 million for the corresponding period in 2022.

The Group recorded a loss attributable to the owners of the Company of RMB686.5 million for the six months ended 30 June 2023, which was 29.5% lower than RMB973.6 million for the corresponding period in 2022. 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 2023, the Group held total current assets of approximately RMB23,221.1 million, which was slightly higher than RMB22,870.8 million as at 31 December 2022 by 1.5%.

As at 30 June 2023, 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 2023, balance of properties under development was RMB13,113.9 million, which was 3.6% higher than RMB12,663.6 million as at 31 December 2022. During the six months ended 30 June 2023, the Group has quite a number of property development projects under continuous progress, which had resulted in an increase in the carrying value of properties under development, but the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties. Completed properties held for sale decreased slightly by 5.6% from RMB5,924.2 million as at 31 December 2022 to RMB5,593.9 million as at 30 June 2023. 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 9.6% from RMB3,400.9 million as at 31 December 2022 to RMB3,729.0 million as at 30 June 2023. 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 2023 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 2023 amounted to RMB46,801.2 million, which was 2.7% higher than that of RMB45,566.7 million as at 31 December 2022. The increase in total current liabilities as at 30 June 2023 was mainly due to the increase in contract liabilities as a result of receipt of property sales proceeds in the first half 2023.

As at 30 June 2023, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.50 (31 December 2022: 0.50).

Liquidity and Financial Resources

During the first half of 2023, the Group funded its property development projects principally with proceeds from the presales of properties and bank loans. As at 30 June 2023, the Group had cash and cash equivalents of RMB289.9 million (31 December 2022: RMB290.9 million).

During the first half of 2023, the new borrowings obtained by the Group amounted to RMB143.0 million and repayment of borrowings was RMB215.9 million. As at 30 June 2023, the Group's total borrowings amounted to RMB21,315.2 million, representing an increase of 1.7% compared to RMB20,963.7 million as at 31 December 2022.

As at 30 June 2023, the Group had total banking facilities of RMB17,984 million (31 December 2022: RMB17,666 million) consisting of used banking facilities of RMB17,984 million (31 December 2022: RMB17,666 million) and no unused banking facilities (31 December 2022: Nil).

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 and restricted deposits. The gearing ratios as at 30 June 2023 and 31 December 2022 were as follows:

RMB'000	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Total borrowings (excluding loan from a non-controlling interest)	**20,594,650**	20,243,220
Less: cash and bank balances, and restricted deposits	**(373,225)**	(390,682)
Net debt	**20,221,425**	19,852,538
Total (deficit on equity)/equity attributable to the owners of the Company	**(693,695)**	(7,229)
Gearing ratio	**N/A**	N/A

As at 30 June 2023 and 2022, no gearing ratio was available as the Group was in a net deficit on equity as at 30 June 2023 and 2022. Nevertheless, the Group gearing ratio continued to stay at a high level as at 30 June 2023 and 2022. Management also uses other measures, such as net debt and current ratio, 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 2023, the Group reported a loss attributable to the owners of the Company of RMB686.5 million but only had a net operating cash inflow of RMB329.2 million. As at 30 June 2023, the Group had accumulated losses of RMB9,608.7 million, the Group's current liabilities exceeded its current assets by RMB23,580.1 million and there was a total deficit on equity of RMB559.3 million. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB21,315.2 million, while its cash and cash equivalents amounted to RMB289.9 million only. In addition, as at 30 June 2023, certain borrowings whose principal amounts of RMB8,946.1 million and interest payable amounts of RMB2,836.1 million, relating to borrowings with a total principal amount of RMB9,677.7 million were overdue. In addition, part of the principal and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,775.7 million have been overdue during the loan period; although these overdue balances and interests were subsequently settled before 30 June 2023, these borrowings remain to be in default as at 30 June 2023. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,556.8 million as at 30 June 2023. These conditions, together with other matters described in note 2(i) to the condensed consolidated interim 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 carparks. 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 2023;

(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 condensed consolidated interim financial statements on a going concern basis.

The Group has been actively implementing the aforementioned measures in the past few years by focusing on reduction of debt balance and impairing debt structure. 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, as well as continuous improvements in the operating cash flows. In the first half of 2023, 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 2022. The loss was mainly due to the fact that in the first half of 2023, there was no major completion of new phase of properties by the Group's projects, coupled with pronounced inflationary pressures and consequent hiking of the Federal Reserve's interest rate, 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 2023 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 2023, due to domestic economic slowdown and other factors, the Group only achieved contracted property sales of RMB888.4 million, representing a decrease of 15.7% as compared with the corresponding period in 2022. As at 30 June 2023, the Group had overdue principal amounts of certain borrowings of RMB12,991.6 million. Notwithstanding the stressful financial resources, the Group's total borrowings only increased slightly by 1.7% from RMB20,963.7 million at the end of 2022 to RMB21,315.2 million as at 30 June 2023, and recorded an operating cash inflow of RMB329.2 million for the first half of 2023. The Group will actively implement the business plan in the second half 2023 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 2023, the Group had cash and bank balances, and restricted deposits, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**30 June 2023** ***(unaudited)***	31 December 2022 *(audited)*
Cash and bank balances, and restricted deposits:		
US$	**62**	268
HK$	**227**	136
Total	**289**	404
Borrowings:		
US$	**97,042**	93,972
HK$	**143,379**	134,774
Total	**240,421**	228,746
Trade and other payables:		
US$	**282**	700
HK$	**6,404**	6,380
Total	**6,686**	7,080

Apart from the above listed balances that were denominated in foreign currencies, all of the Group's borrowings and cash and bank balances, and restricted deposits 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 bank balances and restricted 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 2023, the Group's total borrowings amounted to RMB21,315.2 million (31 December 2022: RMB20,963.7 million), of which RMB17,566.9 million (31 December 2022: RMB17,309.0 million) bore fixed interest rate.

Pledge of Assets

As at 30 June 2023, the Group had pledged equity interest of certain subsidiaries and equity interest in 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 2023, the amount of outstanding guarantees for mortgages was RMB3,598.2 million (31 December 2022: RMB3,378.2 million).

Capital Commitments

As at 30 June 2023, the Group had capital commitment of RMB8,986.2 million (31 December 2022: RMB9,105.4 million).

EMPLOYEES

As at 30 June 2023, the Group had a total of 482 employees (31 December 2022: 509). 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 2023, there were totally 155,090,000 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

Compliance with the Corporate Governance Code of the Listing Rules

The Company has 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 2023.

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 2023.

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 2023 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 2023.

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 2023 interim report of the Company for the six months ended 30 June 2023 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 2023

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