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 Code: 00845)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2024 (the "**2024 Interim Results**"). The 2024 Interim Results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 30 August 2024.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB2,326.9 million and the average selling price was RMB57,945 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB617.0 million
- Total borrowings was RMB23,699.4 million
- Property sales was RMB380.8 million and GFA sold was 19,472 sq.m.

OVERALL RESULTS

For the six months ended 30 June 2024, the Group recorded a consolidated revenue of RMB2,326.9 million, which increased by 382.5% as compared to the corresponding period in 2023. For the six months ended 30 June 2024, the Group recorded a loss attributable to the owners of the Company of RMB617.0 million, which decreased by 10.1% as compared to the corresponding period in 2023.

Loss per share for the six months ended 30 June 2024 was RMB0.08 (six months ended 30 June 2023: Loss per share of RMB0.09).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2024, the global economic recovery lacked momentum, with geopolitical tensions in certain regions. The ongoing Russia-Ukraine conflict, significant inflation in the US and Europe, and the Federal Reserve's interest rate hikes and other complex and volatile situations led to uneven global economic growth. China continued to face strategic containment from developed countries, and the economic and trade rivalry between China and the US caused subtle adjustments in international relations, negatively impacting China's economy with shrinking domestic demand and weakening expectations. However, both central and local governments, facing significant pressure on the economy, remained steadfast in deepening governance efficiency across various fields and sectors, fully leveraging on the edges of resilience and potential of China's economy to effectively prevent further economic downturn risks. They are enhancing the coordination of policy implementation, creating new opportunities in the midst of crises, and opening new prospects amid changes to ensure a proactive journey for driving the China's economy to forge ahead.

In the first half of the year, due to the substantial impact of reduced household income and falling housing prices, the national real estate market remained under overall downward pressure. The new home market continued its downward trend, while a large number of second-hand homes were listed without any transactions. The survival and development of the property market have faced severe challenges and tests. The Politburo meeting of 30 April clarified the direction of the property market policy, emphasizing on "the policies and measures to digest existing properties and optimize new housing." The new "one-stop" policy on real estate which was introduced on 17 May focused on stabilizing the market and destocking, showing positive signals. On 7 June, the Standing Committee of the National People's Congress once again emphasized on the need to solidly advance the digestion of existing properties and land. Under the successive support of various government policies, the wait-and-see sentiment in the second-hand housing market of some core cities such as Shanghai and Shenzhen has shown signs of gradual loosening. This indicates that the policies have begun to take effect in certain areas, positively influencing market sentiment. However, the overall new housing market has not yet shown significant improvement, and downward pressure still exists. The transaction volume and prices remain low, and the task of stabilizing the market and reducing inventory remains arduous. In terms of the land market, the supply and demand scale of residential land in 300 cities nationwide decreased by more than 30% year-on-year. Both the average transacted floor price and premium rate of land declined, reflecting a low willingness of real estate enterprises to acquire land, which has constrained the future real estate development investment and new construction area.

In the first half of the year, the Group's sales remained low due to the overall sluggish outlook of the real estate industry and the domestic economic contraction from the second half of last year. The Group and the projects were working harder to focus on the construction projects and the stability work for ensuring delivery of properties across the country. The Group consistently implemented the project-based responsibility, synchronizing target control with actual progress. The Group coordinated efficient decision-making with the current market conditions of the projects, enhancing the completion rate of target outcomes. The management team was determined not to relax the continuity of sales and cash inflow, rationally explored policies that support sales and fully coordinated the reasonable arrangements for various fund payments.

In the first half of 2024, the Group continued to optimize its capital management capabilities and rationalize usage arrangements, further improving multi-party communication for ensuring property delivery to gain government and owner support for delivery, ensuring the stability of enterprise survival and loan structure handling solutions. The Group balanced financing security and stability, ensured normal business operations, strived to mitigate and resolved various emergencies caused by severe cash flow shortages, ensured confidence to win the cycle, 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 RMB2,326.9 million in the first half of 2024, representing an increase of 382.5% compared to RMB482.3 million for the first half of 2023. The sold and delivered GFA decreased to 34,504 sq.m. in the first half of 2024 from 35,010 sq.m. in the first half of 2023, representing a decrease of 1.4%. The average selling price recognised (excluding revenue from interior decoration of properties) increased by 320.6% to RMB57,945 per sq.m. in the first half of 2024 from RMB13,776 per sq.m. in the corresponding period in 2023.

During the six months ended 30 June 2024, the Group continued to sell the remaining units of the properties completed in prior years. 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 RMB2,218.3 million and sold and delivered GFA of 18,110 sq.m., representing 95.3% and 52.5% of the Group's total recognised revenue and sold and delivered GFA, respectively. All sales revenue in Shanghai Region for the six months ended 30 June 2024 was derived from the Shanghai Bay project, which continued to sell and deliver the remaining units of these completed properties this period. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and the Northeast China, also only had remaining units available for sale, thus their combined revenue was RMB108.6 million and the sales and delivery areas was 16,394 sq.m., representing 4.7% and 47.5% of the Group's total revenue and the sales and delivery areas for the current period 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. As a vast majority of the properties sold and delivered in the current period were residential units from the Shanghai Bay project in Shanghai, the average selling price of which was substantially higher than all of the Group's other projects, the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a high level of RMB57,945 per sq.m., which was much higher than RMB13,776 per sq.m. in the corresponding period in 2023.

Projects sold and delivered during the six months ended 30 June 2024 and 2023 included:

Property projects	City	2024 Revenue (RMB'000)	2024 GFA sold and delivered (sq.m.)	2024 Average selling price recognised (RMB/sq.m.)	2023 Revenue (RMB'000)	2023 GFA sold and delivered (sq.m.)	2023 Average selling price recognised (RMB/sq.m.)
Revenue from sale of properties:							
Sunshine Venice	Shanghai	–	–	–	65,138	5,950	10,948
Shanghai Bay	Shanghai	**1,890,795**	**18,110**	**104,406**	174,113	3,528	49,352
Shanghai City Glorious	Shanghai	–	–	–	38,175	2,155	17,715
Chaetau De Paris	Shanghai	–	–	–	77,571	2,218	34,973
Royal Lakefront	Shanghai	–	–	–	25,741	2,465	10,443
Holiday Royal	Shanghai	–	–	–	9,431	792	11,908
Royal Mansion	Beijing	**47,730**	**1,048**	**45,544**	16,711	1,154	14,481
Nantong Villa Glorious	Nantong	**322**	**290**	**1,110**	904	636	1,421
Nantong Royal Bay	Nantong	**6,714**	**1,211**	**5,544**	2,744	95	28,884
Nantong Glorious Chateau	Nantong	–	–	–	1,056	193	5,472
Hefei Bashangjie Project	Hefei	**10,683**	**1,621**	**6,590**	8,797	1,036	8,491
Hefei Royal Garden	Hefei	**4,571**	**2,887**	**1,583**	1,238	806	1,536
Harbin Royal Garden	Harbin	**800**	**719**	**1,113**	3,027	2,577	1,175
Changchun Villa Glorious	Changchun	**37,707**	**8,618**	**4,375**	57,649	11,405	5,055
Sub-total		**1,999,322**	**34,504**	**57,945**	482,295	35,010	13,776
Revenue from interior decoration for properties sold:							
Shanghai Bay	Shanghai	**327,548**			–		
Total		**2,326,870**			482,295		

II. *Property Sales*

During the first half of 2024, the Group recorded contracted property sales of RMB380.8 million, representing a year-over-year ("**YOY**") decrease of 57.1%; while the contracted GFA sold was 19,472 sq.m., representing a YOY decrease of 63.2%.

In the first half of 2024, 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 2024, 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 RMB34.4 million, RMB288.2 million, RMB2.9 million and RMB55.3 million respectively, representing 9.0%, 75.7%, 0.8%, and 14.5% of the Group's total property sales respectively. During the period, most of the Group's property sales were generated from the Yangtze River Delta, mainly from Nanjing Royal Bay Project launched in the second half of 2023, with sales amounting to RMB199.8 million, which represented 52.5% of the Group's total property sales for the period.

During the six months ended 30 June 2024, the average selling price was RMB19,559 per sq.m. representing 16.4% higher than RMB16,802 per sq.m. for the corresponding period in 2023, mainly due to the higher unit selling price of properties from Nanjing Royal Bay project.

Property sales for the period ended 30 June 2024 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB36.5 million and RMB344.3 million respectively, which accounted for 9.6% and 90.4% (six months ended 30 June 2023: 50.9% and 49.1%) of the Group's total property sales for the period ended 30 June 2024 respectively.

Details of property sales and GFA sold during the six months ended 30 June 2024 and 2023 were as follows:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2024	2023	Change (%)	**2024**	2023	Change (%)
Shanghai Region	**34,399**	421,327	-91.8%	**3,098**	10,604	-70.8%
Yangtze River Delta (1)	**288,190**	280,574	2.7%	**9,061**	13,131	-31.0%
Pan Bohai Rim	**2,917**	69,885	-95.8%	**627**	8,120	-92.3%
Northeast China	**55,347**	116,632	-52.5%	**6,686**	21,020	-68.2%
Total	**380,853**	888,418	-57.1%	**19,472**	52,875	-63.2%

Note:

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

III. Construction and Development

During the first half of 2024, there was no new construction area added. As at 30 June 2024, the Group had projects with a total area under construction of 2.1 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 2024.

As at 30 June 2024, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 5.7 million sq.m., the average land cost was RMB1,446 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 11.8% was in first-tier cities and 88.2% was in second- and third-tier cities.

Details of land bank by project as at 30 June 2024 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	35,730	6,013	60%
	Subtotal				2,253,258	1,041	
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					**5,696,880**	**1,446**	

V. *Development of Commercial Properties*

The Group will steadily foster the development of its commercial properties. As at 30 June 2024, the Group has total GFA of approximately 2.0 million sq.m. that is planned for the development of commercial properties, of which approximately 143,361 sq.m. of commercial properties were completed by the Group, around 635,128 sq.m. of commercial property projects are under construction, and 1,187,465 sq.m. of commercial property projects are still under planning.

As at 30 June 2024, retail commercial properties, office buildings and hotels accounted for 67.4%, 10.3% and 22.3% 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 2024

In the second half of 2024, the global economic situation remains complex, and the election results in multiple countries in the United States and Europe will bring a new round of changes to the strategic rivalry between the two major economies, China and the United States. The Russia-Ukraine war still has many uncertainties, presenting unpredictability for the overall global economic recovery. The Chinese government, focusing on Chinese-style modernization, further comprehensively deepens the overall reform deployment to promote the Chinese-style construction of a strong nation and the national rejuvenation governance system. At the same time, we will expand high-level opening-up in China, strengthen technological innovation, improve the business environment, and cultivate new momentum for sustainable development, thereby promoting global development. The development of China's economy must emphasize on driving technological innovation and enhancing the momentum of internal economic reforms, laying a solid foundation for high-quality development in macroeconomic governance and the comprehensive establishment of a high-level socialist market economy system.

The Group predicts that, in the second half of the year, the overall real estate market environment will continue the low trend of the first half. With further optimization and implementation of policies, especially measures to stabilize the market and reduce inventory, market sentiment is expected to gradually recover. Especially the market activity in some core cities has rebounded, helping to drive the overall recovery of the national market. However, whether the overall market can truly stabilize at the bottom still depends on the improvement of residents' income expectations and the recovery of their confidence in purchasing houses. In the second half of the year, with the gradual emergence of the policy support effect, the market may enter a slow bottom-building phase, leading to a moderate recovery in certain areas. The second-hand property market maintained a certain transaction volume under the background of 'price for volume'. The scale of newly purchased commercial housing will still incline towards economically stable first-tier cities and some core second-tier cities, while other second-tier, third-tier, and fourth-tier cities may still face significant adjustment pressure. All cities need to seize the policy window period, increase marketing efforts, and enhance product strength. At the same time, attention should also be paid to the policies of state-owned enterprises' acquisition and storage, as well as the simultaneous promotion of renting and selling, actively participating in destocking and alleviating financial pressure. The policy in the second half of the year, precisely targeting both the demand and supply sides, will help to gradually stabilize the national real estate market. Overall, a full recovery of the real estate market will still take time.

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, we will strengthen and deepen the Group's control for construction and delivery cycle, enhance the flexibility of sales solutions and raise the comprehensive 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, commercial projects and car parking spaces, 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. The timely disposal of non-performing assets as a debt resolution tool 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 2024

RMB'000	*Note*	**Six months ended 30 June 2024 *(unaudited)***	2023 *(unaudited)*
Revenue	*4*	**2,326,870**	482,295
Cost of sales	*7*	**(1,545,807)**	(355,413)
Gross profit		**781,063**	126,882
Other income	*5*	**25,063**	26,435
Other losses, net	*6*	**(107,859)**	(135,757)
Reversal of provision for loss allowances of financial assets		**—**	326
Selling and marketing expenses	*7*	**(22,466)**	(64,668)
Administrative expenses	*7*	**(57,929)**	(110,977)
Finance costs, net	*8*	**(881,864)**	(542,782)
Share of loss of an associate		**(591)**	(3,044)
Share of profit of a joint venture		**13,116**	20,855
Loss before taxation		**(251,467)**	(682,730)
Income tax expenses	*9*	**(365,531)**	(3,755)
Loss for the period		**(616,998)**	(686,485)
Loss attributable to:			
— the owners of the Company		**(616,972)**	(686,466)
— non-controlling interests		**(26)**	(19)
		(616,998)	(686,485)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(616,998)**	(686,485)
Total comprehensive loss for the period attributable to:			
— the owners of the Company		**(616,972)**	(686,466)
— non-controlling interests		**(26)**	(19)
		(616,998)	(686,485)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
— Basic	*10*	**(0.08)**	(0.09)
— Diluted	*10*	**(0.08)**	(0.09)
Dividend	*11*	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

RMB'000	*Note*	**30 June 2024 *(unaudited)***	31 December 2023 *(audited)*
Non-current assets			
Property, plant and equipment		**69,013**	70,023
Right-of-use assets		**238,800**	245,811
Investment properties		**22,389,275**	22,385,588
Intangible assets		**1,800**	1,800
Investment in an associate		**5,309**	5,900
Interest in a joint venture		**357,107**	343,991
Deferred income tax assets		**697,359**	697,359
		23,758,663	23,750,472
Current assets			
Properties under development		**11,056,550**	10,633,066
Completed properties held for sale		**5,202,683**	6,724,782
Trade and other receivables, prepayments and other financial assets	*12*	**3,357,517**	3,290,102
Prepaid taxes		**190,614**	187,799
Cash and cash equivalents, and restricted deposits		**150,601**	241,867
		19,957,965	21,077,616
Total assets		**43,716,628**	44,828,088

RMB'000	Note	30 June 2024 (unaudited)	31 December 2023 (audited)
Current liabilities			
Contract liabilities		**5,211,627**	6,288,579
Trade and other payables	*13*	**5,238,080**	5,899,753
Income tax payable		**10,244,887**	10,061,759
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**23,699,367**	22,663,387
Lease liabilities		**569**	936
		44,747,559	45,267,443
Non-current liabilities			
Borrowings	*14*	**—**	—
Deferred income tax liabilities		**2,407,574**	2,382,035
Lease liabilities		**493**	610
		2,408,067	2,382,645
Total liabilities		**47,155,626**	47,650,088
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		**(11,465,081)**	(10,848,109)
		(3,573,354)	(2,956,382)
Non-controlling interests		**134,356**	134,382
Total deficit on equity		**(3,438,998)**	(2,822,000)
Total liabilities and equity		**43,716,628**	44,828,088

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 30 August 2024.

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 2024 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 2023, 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 2024, the Group reported a loss attributable to the owners of the Company of RMB616,972,000 and had a net operating cash outflow of RMB105,239,000. As at 30 June 2024, the Group had accumulated losses of RMB11,465,081,000, the Group's current liabilities exceeded its current assets by RMB24,789,594,000. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB23,699,367,000 and commitments for capital and property development expenditure amounted to RMB8,644,376,000 while its cash and cash equivalents amounted to RMB150,601,000 only.

As at 30 June 2024, certain borrowings whose principal amounts of RMB10,670,746,000 and interest payable amounts of RMB4,921,628,000, relating to borrowings with a total principal amount of RMB10,670,746,000 ("**Overdue Borrowings**") were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,551,600,000 had been overdue during the loan period ("**Other Overdue Borrowings**"); although these overdue balances and interests were subsequently settled before 30 June 2024, the Other Overdue Borrowings remain to be in default as at 30 June 2024. The aggregate principal amount of the aforementioned borrowings of RMB12,222,346,000 would be immediately repayable if requested by the lenders. This amount included borrowings with principal amount of RMB700,000,000 with original contractual repayment dates beyond 30 June 2025 which have been reclassified as current liabilities as at 30 June 2024 (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 RMB4,351,273,000 were considered as cross-default ("**Cross-default Borrowings**"), of which RMB3,151,273,000 with original contractual repayment dates beyond 30 June 2025 have been reclassified as current liabilities as at 30 June 2024 (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.

In the first half of 2024, 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. Affected by the overall downturn in the real estate industry and the quarter-on-quarter contraction of the domestic economy, it is reasonably expected that the Group's transaction volume will remain at a low level in 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.

(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 2024. 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 2024. 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 2025 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 2024; (b) were overdue as at 30 June 2024 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 2024;

(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

Application of revised HKFRSs

In the current interim period, the Group has applied the following revised HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods or on the disclosures set out in these condensed consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The following new and revised HKFRSs have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

The Group is assessing the full impact of the new and revised HKFRSs.

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 2023.

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 2024 (unaudited)						
Revenue						
At a point in time	**1,890,794**	**22,291**	**47,730**	**38,507**	**—**	**1,999,322**
Over time	**327,548**	**—**	**—**	**—**	**—**	**327,548**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**2,218,342**	**22,291**	**47,730**	**38,507**	**—**	**2,326,870**
Segment results	**866,298**	**(69,210)**	**(73)**	**(50,388)**	**(2,629)**	**743,998**
Depreciation	**(7,157)**	**(109)**	**(242)**	**(43)**	**(26)**	**(7,577)**
Fair value changes of investment properties	**—**	**(91,323)**	**—**	**(14,701)**	**—**	**(106,024)**
Reversal of provision/(provision) for loss allowances of financial assets	**—**	**—**	**—**	**—**	**—**	**—**
Interest income	**28**	**584**	**35**	**13**	**—**	**660**
Finance costs	**(641,263)**	**(169,951)**	**(27,659)**	**(29,210)**	**(15,441)**	**(882,524)**
Income tax (expenses)/credits	**(392,880)**	**23,276**	**(44)**	**4,117**	**—**	**(365,531)**

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**	**Elimination**	**Total**
As at 30 June 2024 (unaudited)							
Total segment assets	**45,953,716**	**19,566,702**	**4,385,152**	**5,001,499**	**6,586,167**	**(47,173,379)**	**34,319,857**
Total segment assets include:							
Investment in an associate	**5,309**	**—**	**—**	**—**	**—**	**—**	**5,309**
Investment in a joint venture	**308,465**	**—**	**—**	**—**	**—**	**—**	**308,465**
Deferred income tax assets							**697,359**
Other unallocated corporate assets							**8,699,412**
Total assets							**43,716,628**

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

	Six months ended 30 June	
RMB'000	**2024** ***(unaudited)***	2023 *(unaudited)*
Segment results	**743,998**	(1,989)
Depreciation	**(7,577)**	(10,360)
Fair value changes of investment properties	**(106,024)**	(127,925)
Reversal of provision for loss allowances of financial assets	**—**	326
	630,397	(139,948)
Interest income	**660**	1,206
Finance costs	**(882,524)**	(543,988)
Loss before taxation	**(251,467)**	(682,730)

5 Other income

RMB'000	Six months ended 30 June 2024 (unaudited)	2023 (unaudited)
Rental income	**17,777**	23,444
Others	**7,286**	2,991
	25,063	26,435

6 Other losses, net

RMB'000	Six months ended 30 June 2024 (unaudited)	2023 (unaudited)
Fair value changes of investment properties	**(106,024)**	(127,925)
Exchange losses, net	**(1,835)**	(7,832)
	(107,859)	(135,757)

7 Loss before taxation

Loss before taxation is stated after charging the following:

RMB'000	Six months ended 30 June 2024 (unaudited)	2023 (unaudited)
Advertising costs	**2,769**	3,850
Other taxes and levies	**23,708**	25,037
Costs of properties sold (including changes in provision for impairment of properties under development and completed properties held for sale)	**1,522,099**	330,376
Depreciation	**7,577**	10,360
Staff costs — excluding directors' emoluments	**41,070**	86,248
Rental expenses	**4,412**	2,948

8 Finance costs, net

RMB'000	**Six months ended 30 June 2024 *(unaudited)***	2023 *(unaudited)*
Finance income		
— Interest income	**660**	1,206
Finance costs		
Interest expenses		
— Bank borrowings	**(971,864)**	(772,082)
— Bond	**(9,244)**	(3,439)
— Others	**(116,984)**	(22,772)
Total interest expenses	**(1,098,092)**	(798,293)
Less: interest capitalised on qualifying assets	**215,568**	254,305
Finance costs expensed	**(882,524)**	(543,988)
Finance costs, net	**(881,864)**	(542,782)

9 Income tax (expenses)/credits

RMB'000	**Six months ended 30 June 2024 *(unaudited)***	2023 *(unaudited)*
Current income tax expenses:		
PRC corporate income tax	**(98,967)**	(48,811)
PRC land appreciation tax	**(294,328)**	(55,836)
	(393,295)	(104,647)
Deferred income tax credits:		
Origination and reversal of temporary differences	**27,764**	100,892
	27,764	100,892
	(365,531)	(3,755)

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	
	2024	2023
	(unaudited)	*(unaudited)*
Loss attributable to the owners of the Company (RMB'000)	**(616,972)**	(686,466)
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 2024 and 2023, 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 2024 (six months ended 30 June 2023: Nil).

12 Trade and other receivables, prepayments and other financial assets

RMB'000	**30 June 2024 *(unaudited)***	31 December 2023 *(audited)*
Trade receivables due from third parties, net (a)	**219,472**	167,291
Other receivables due from third parties and other financial assets	**1,582,829**	1,567,276
Prepayments and deposits for land premium	**148,000**	148,000
Prepayments and deposits for construction costs:	**2,049,934**	2,047,520
Related parties	**3,375**	3,375
Third parties	**2,046,559**	2,044,145
Prepaid other taxes	**131,056**	133,789
Less: Provision for loss allowance of other receivables and other financial assets	**(773,774)**	(773,774)
	3,357,517	3,290,102

(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 2024 *(unaudited)***	31 December 2023 *(audited)*
Within 6 months	**52,181**	116,181
Between 7 and 12 months	**116,181**	19,126
Over 12 months	**68,401**	49,275
	236,763	184,582

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 2024 *(unaudited)***	31 December 2023 *(audited)*
At beginning of the period/year	**17,291**	6,614
Provision for loss allowance of trade receivables for the period/year	**—**	10,677
At end of the period/year	**17,291**	17,291

(b) As at 30 June 2024 and 31 December 2023, 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 2024 *(unaudited)***	31 December 2023 *(audited)*
Trade payables and construction cost accrual (a):	**2,947,241**	2,792,450
Related parties	**67,105**	71,030
Third parties	**2,880,136**	2,721,420
Other payables due to third parties and accrued expenses (b)	**1,259,728**	2,171,675
Other taxes payable	**1,031,111**	935,628
	5,238,080	5,899,753

(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 2024 *(unaudited)***	31 December 2023 *(audited)*
Within 6 months	**154,791**	13,742
Between 7 and 12 months	**13,742**	267,748
Over 12 months	**2,778,708**	2,510,960
	2,947,241	2,792,450

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

14 Borrowings

RMB'000	30 June 2024 (unaudited)	31 December 2023 (audited)
Borrowings included in non-current liabilities:		
Bank borrowings — secured	—	—
Loan from a non-controlling interest	—	—
	—	—
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**20,048,143**	19,192,645
Bond — secured	**82,485**	72,683
Loans from a non-controlling interest (b)	**839,672**	799,263
Other borrowings — unsecured (c)	**783,685**	724,957
Other borrowings — secured (c)	**1,945,382**	1,873,839
	23,699,367	22,663,387
Total borrowings	**23,699,367**	22,663,387

RMB'000	30 June 2024 (unaudited)	31 December 2023 (audited)
Bank borrowings	**15,091,974**	15,456,141
Bond — unlisted	**54,761**	54,373
Loans from a non-controlling interest	**532,857**	532,857
Other borrowings	**1,742,734**	1,310,306
Sub-total	**17,422,326**	17,353,677
Adjusted by: accrued interests	**6,277,041**	5,309,710
Total borrowings	**23,699,367**	22,663,387

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

RMB'000	**30 June 2024** ***(unaudited)***	31 December 2023 *(audited)*
Amounts of borrowings that are repayable:		
Repayable on demand or within 1 year (a)	**23,699,367**	22,663,387
After 1 and within 2 years	**—**	—
After 2 and within 5 years	**—**	—
After 5 years	**—**	—
	23,699,367	22,663,387

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 (d) below, all of the Group's borrowings are secured by the 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) As at 30 June 2024, bank borrowings with principal amounts of RMB9,969,128,000 (31 December 2023: RMB9,616,694,000) are overdue. As stipulated in the relevant loan and financing agreements in respect of certain bank borrowings of the Group other than aforesaid, any default of the Group's bank borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amounts of borrowings of RMB4,351,273,000 (31 December 2023: RMB4,374,080,000) were considered as cross-default.

The current bank borrowings included borrowings with principal amounts of RMB3,151,273,000 with original maturity beyond 30 June 2025 which have been reclassified as current liabilities as at 30 June 2024 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 2025.

(b) As at 30 June 2024, secured bond of RMB54,761,000 (2023: RMB54,373,000) is overdue.

(c) As at 30 June 2024, loans from a non-controlling interest of RMB839,672,000 (31 December 2023: RMB799,263,000), in which its principal amounts of RMB532,857,000 (31 December 2023: RMB532,857,000) are overdue, are secured, interest-bearing and are repayable within 18–36 months from the date of drawdown.

(d) As at 30 June 2024, short-term borrowings from third parties of RMB783,685,000 (31 December 2023: RMB724,957,000), in which its principal amounts of RMB108,800,000 (31 December 2023: RMB53,800,000) are overdue, are unsecured, interest-bearing and are repayable within one year from the date of drawdown. Short-term borrowings from third parties of RMB1,945,382,000 (31 December 2023: RMB1,873,839,000), in which its principal amounts of RMB5,200,000 (31 December 2023: RMB5,200,000) are overdue, are secured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

The Group recorded a consolidated revenue of RMB2,326.9 million in the first half of 2024, which increased by 382.5% as compared to RMB482.3 million for the corresponding period in 2023. For the six months ended 30 June 2024, the Group recorded a loss attributable to the owners of the Company of RMB617.0 million, which was 10.1% lower than the loss of RMB686.5 million for the corresponding period in 2023. The Group's revenue level increased significantly compared to the corresponding period in 2023 due to the fact that the new round of completed and delivered properties during the year was from high-value and high-margin projects in Shanghai. However, the Group recorded a significant loss of RMB617.0 million during the current period as the Group continued to incur a significant amount of finance costs that could not be capitalised and were recorded directly as current expenses during the current period and the Group recorded a fair value loss on its investment properties in the first half of 2024 and substantial amounts of provision for land appreciation tax and corporate income tax incurred by the high-value and high-margin properties completed and delivered during the current period.

During the six months ended 30 June 2024, the Group continued to sell the remaining units of the properties completed in prior years. 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 RMB2,218.3 million and sold and delivered GFA of 18,110 sq.m., representing 95.3% and 52.5% of the Group's total recognised revenue and sold and delivered GFA, respectively. All sales revenue in Shanghai Region for the six months ended 30 June 2024 was derived from the Shanghai Bay project, which continued to sell and deliver the remaining units of these completed properties this period. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and the Northeast China, also only had remaining units available for sale, thus their combined revenue was RMB108.6 million and the sales and delivery areas was 16,394 sq.m., representing 4.7% and 47.5% of the Group's total revenue and the sales and delivery areas for the current period 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. As a vast majority of the properties sold and delivered in the current period were residential units from the Shanghai Bay project in Shanghai, the average selling price of which was substantially higher than all of the Group's other projects, the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a high level of RMB57,945 per sq.m., which was much higher than RMB13,776 per sq.m. in the corresponding period in 2023.

The cost of sales for the six months ended 30 June 2024 was RMB1,545.8 million, representing an increase of 334.9% as compared to RMB355.4 million from the corresponding period in 2023. The increase in cost of sales during the period is mainly due to the sales revenue of 95.3% recognised by the Group from the Shanghai Bay Project in Shanghai. At the same time, the majority of properties completed and delivered during the period were fully decorated properties, and the relatively higher internal decoration cost is also an important reason for the increase in the Group's cost of sales during the period.

The Group recorded a consolidated gross profit of RMB781.1 million for the six months ended 30 June 2024, as compared to RMB126.9 million for the corresponding period in 2023. The Group's gross profit margin for the current period was 33.6%, as compared to 26.3% for the corresponding period in 2023. As a larger proportion of the properties sold and delivered in the current period were attributable to the sale of residential units in Shanghai Region for which unit selling prices and gross profit margin were higher than all of the Group's other units, the Group recorded a higher consolidated gross profit margin in the current period.

Other income for the six months ended 30 June 2024 was RMB25.1 million, representing a decrease of 5.2% from RMB26.4 million for the corresponding period in 2023. Other income mainly includes rental income.

Other losses, net for the six months ended 30 June 2024 was a loss of RMB107.9 million, as compared to a loss of RMB135.8 million for the corresponding period in 2023. In the current period, the Group recorded a fair value loss of RMB106.0 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 RMB127.9 million for the corresponding period in 2023. On the other hand, due to the depreciation of RMB against US$ in the first half of 2024, the Group recorded an exchange loss of RMB1.8 million that was resulted from the conversion of the Company's US$ borrowings into RMB, as compared to an exchange loss of RMB7.8 million for the corresponding period in 2023.

Selling and marketing expenses for the six months ended 30 June 2024 was RMB22.5 million, representing a decrease of 65.3% from RMB64.7 million for the corresponding period in 2023. Administrative expenses for the six months ended 30 June 2024 were RMB57.9 million, which was 47.8% lower than RMB111.0 million for the corresponding period in 2023. The significant decrease in both selling and marketing expenses and administrative expenses in the current period was due to fewer sales activities by the Group in the current period and the management's continued adjustment and strengthening of capital management, with increased efforts to control various expenses. Additionally, the reduction in the number of employees significantly lowered employee expenses.

Gross finance costs for the six months ended 30 June 2024 were RMB1,098.1 million, representing an increase of 37.6% from RMB798.3 million for the corresponding period in 2023. In the current period, finance costs of RMB215.6 million (six months ended 30 June 2023: RMB254.3 million) had been capitalised, and the remaining RMB882.5 million (six months ended 30 June 2023: RMB544.0 million) was charged directly to the condensed consolidated statement of comprehensive income. After netting off the finance income of RMB0.7 million (six months ended 30 June 2023: RMB1.2 million), the amount of finance costs, net was RMB881.9 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB542.8 million). The Group incurred higher amount of gross finance costs for the first half of 2024 as compared to the corresponding period in 2023 mainly because the Group's average level of total net borrowings increased in the current period as compared to the corresponding period in 2023, and at the same time the Group's average cost of borrowing increased. As the amount of gross finance costs incurred in the current period continued to exceed 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 RMB251.5 million for the six months ended 30 June 2024, which was 63.2% lower than RMB682.7 million for the corresponding period in 2023. 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 RMB365.5 million for the six months ended 30 June 2024, as compared to an income tax expenses of RMB3.8 million for the corresponding period in 2023. The increase in income tax expense for the first half of 2024 was mainly because the properties completed and delivered were mainly high-value and high-margin such that substantial amounts of provision for land appreciation tax and corporate income tax were accrued in the current period.

The Group recorded a loss attributable to the owners of the Company of RMB617.0 million for the six months ended 30 June 2024, which was 10.1% lower than RMB686.5 million for the corresponding period in 2023. As the Group continued to incur a significant amount of finance costs that could not be capitalised and were recorded directly as current expenses during the current period and the Group recorded a fair value loss on its investment properties in the first half of 2024 and substantial amounts of provision for land appreciation tax and corporate income tax incurred by the high-value and high-margin properties completed and delivered during the current period.

Current Assets and Liabilities

As at 30 June 2024, the Group held total current assets of approximately RMB19,958.0 million, which was lower than RMB21,077.6 million as at 31 December 2023 by 5.3%.

As at 30 June 2024, 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 2024, balance of properties under development was RMB11,056.6 million, which was 4.0% higher than RMB10,633.1 million as at 31 December 2023. During the six months ended 30 June 2024, 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. Completed properties held for sale decreased by 22.6% from RMB6,724.8 million as at 31 December 2023 to RMB5,202.7 million as at 30 June 2024. The lower balance of completed properties held for sale was mainly due to the Group's continuous effort to sell and deliver the remaining units of existing projects in the current period. Trade and other receivables, prepayments and other financial assets increased by 2.0% from RMB3,290.1 million as at 31 December 2023 to RMB3,357.5 million as at 30 June 2024. 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.

Total current liabilities as at 30 June 2024 amounted to RMB44,747.6 million, which was 1.1% lower than that of RMB45,267.4 million as at 31 December 2023. The decrease in total current liabilities as at 30 June 2024 was mainly due to the decrease in contract liabilities as a result of the recognition of significant amount of pre-sales proceeds as revenue upon completion and delivery of properties in the first half 2024.

As at 30 June 2024, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.45 (31 December 2023: 0.47).

Liquidity and Financial Resources

During the first half of 2024, the Group funded its property development projects principally with proceeds from the presales of properties and bank loans. As at 30 June 2024, the Group had cash and cash equivalents of RMB150.6 million (31 December 2023: RMB241.9 million).

During the first half of 2024, the new borrowings obtained by the Group amounted to RMB31.5 million and repayment of borrowings was RMB22.8 million. As at 30 June 2024, the Group's total borrowings amounted to RMB23,699.4 million, representing an increase of 4.6% compared to RMB22,663.4 million as at 31 December 2023.

As at 30 June 2024, the Group had total banking facilities of RMB20,048 million (31 December 2023: RMB19,193 million) consisting of used banking facilities of RMB20,048 million (31 December 2023: RMB19,193 million) and no unused banking facilities (31 December 2023: 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 2024 and 31 December 2023 were as follows:

RMB'000	**30 June 2024** ***(unaudited)***	31 December 2023 *(audited)*
Total borrowings (excluding loan from a non-controlling interest)	**22,859,696**	21,864,124
Less: cash and bank balances, and restricted deposits	**(150,601)**	(241,867)
Net debt	**22,709,095**	21,622,257
Total deficit on equity attributable to the owners of the Company	**(3,573,354)**	(2,956,382)
Gearing ratio	**N/A**	N/A

As at 30 June 2024 and 2023, no gearing ratio was available as the Group was in a net deficit on equity. Nevertheless, the Group gearing ratio continued to stay at a high level as at 30 June 2024 and 2023. 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 2024, the Group reported a loss attributable to the owners of the Company of RMB617.0 million but only had a net operating cash outflow of RMB105.2 million. As at 30 June 2024, the Group had accumulated losses of RMB11,465.1 million, the Group's current liabilities exceeded its current assets by RMB24,789.6 million. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB23,699.4 million, while its cash and cash equivalents amounted to RMB150.6 million only. In addition, as at 30 June 2024, certain borrowings whose principal amounts of RMB10,670.7 million and interest payable amounts of RMB4,921.6 million, relating to borrowings with a total principal amount of RMB10,670.7 million were overdue. In addition, part of the principal and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,551.6 million have been overdue during the loan period; although these overdue balances and interests were subsequently settled before 30 June 2024, these borrowings remain to be in default as at 30 June 2024. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,351.3 million as at 30 June 2024. 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;

(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 2024, the 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. In the first half of 2024, there was only a new round of major completion and delivery of new phase of properties by the Group's projects in Shanghai, while other projects only recorded sales revenue from the stock of car park units and the remaining residential units. Although the Group recorded a slightly higher gross profit margin during the current period compared to the same period last year, due to the substantial amount of finance costs not being capitalized but recorded directly as current period expenses, the inclusion of fair value loss attributable to the Group's investment properties in the first half of 2024, and substantial amounts of provision for land appreciation tax and corporate income tax incurred by the high-value and high-margin properties completed and delivered during the current period. The Group continued to record a loss attributable to the owners of the Company during the current period, with the loss amount slightly narrowing compared to the corresponding period in 2023. In the first half of 2024, due to domestic economic slowdown and other factors, the Group only achieved contracted property sales of RMB380.8 million, representing a decrease of 57.1% as compared with the corresponding period in 2023. As at 30 June 2024, the Group had overdue principal amounts of certain borrowings of RMB10,670.7 million. Notwithstanding the stressful financial resources, the Group's total borrowings only increased slightly by 4.6% from RMB22,663.4 million at the end of 2023 to RMB23,699.4 million as at 30 June 2024, and recorded an operating cash outflow of RMB105.2 million for the first half of 2024. The Group will actively implement the business plan in the second half of 2024 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 2024, 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 2024 *(unaudited)***	31 December 2023 *(audited)*
Cash and bank balances, and restricted deposits:		
US$	**10**	29
HK$	**27**	97
Total	**37**	126
Borrowings:		
US$	**95,713**	157,565
HK$	**145,486**	177,805
Total	**241,199**	335,370
Trade and other payables:		
US$	**395**	393
HK$	**5,999**	7,733
Total	**6,394**	8,126

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 2024, the Group's total borrowings amounted to RMB23,699.4 million (31 December 2023: RMB22,663.4 million), of which RMB20,139.8 million (31 December 2023: RMB19,197.0 million) bore fixed interest rate.

Pledge of Assets

As at 30 June 2024, 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 2024, the amount of outstanding guarantees for mortgages was RMB3,795.3 million (31 December 2023: RMB3,793.6 million).

Capital Commitments

As at 30 June 2024, the Group had capital commitment of RMB8,644.4 million (31 December 2023: RMB8,810.7 million).

EMPLOYEES

As at 30 June 2024, the Group had a total of 343 employees (31 December 2023: 397). 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 which should be valid and effective for a period of ten years.

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. All these share options were fully lapsed during the first half of 2024.

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 2024, there were totally 18,488,000 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 C1 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 2024.

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 C3 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 2024.

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, Dr. Xue Wen Jun (appointed on 24 July 2024 to replace Prof. Liu Tao who resigned on the same day) (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 2024 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 2024.

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 2024 interim report of the Company for the six months ended 30 June 2024 containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 30 August 2024

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 Dr. Xue Wen Jun, Dr. Hu Jinxing and Mr. Han Ping.