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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the information currently available to the Board, the Group is expected to record a loss attributable to the owners of the Company for the year ended 31 December 2021 that is in the range of RMB4,000 million to RMB4,300 million, as compared to the profit attributable to the owners of the Company of RMB81.0 million for the year ended 31 December 2020.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by Glorious Property Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the information currently available to the Board, the Group is expected to record a loss attributable to the owners of the Company for the year ended 31 December 2021 that is in the range of RMB4,000 million to RMB4,300 million, as compared to the profit attributable to the owners of the Company of RMB81.0 million for the year ended 31 December 2020. The loss was primarily attributable to: (i) The Group only had two projects in second-tiered cities with new round of completion and delivery of properties during 2021 and therefore the recognised revenue for the year ended 31 December 2021, although increased by approximately 20% as compared to that of 2020, continued to maintain at a very low level. On the other hand, the total area of the properties with revenue recognised increased by approximately 80% as compared to 2020, the average selling price decreased by more than 25% to approximately RMB9,500 per sq.m. due to larger proportion of property area attributable to the lower-priced properties in the second-tiered cities. In addition, the promotion of the sale of inventory car park units also dragged down the recognised selling price; (ii) the Group recorded a negative gross loss margin for the current year of approximately 30%, as compared to a positive gross profit margin of 40.9% for that of 2020. Excluding the effect of the provision for impairment for the properties to the gross profit margin, the Group’s gross loss margin recorded for the year ended 31 December 2021 was approximately negative 1%, as compared to a gross profit margin of 42.4% for 2020 because a large proportion of current year revenue was lower-valued properties with thin margin; (iii) as a result of changes in circumstances in the current year, the Group made provision for impairment of approximately RMB970 million for the Group’s properties during the year ended 31 December 2021, which was more than 20 times than that of 2020 of RMB42.3 million. The impairment loss continued to adversely affect the Group’s results for the current year; (iv) as compared to a fair value gain of RMB1,902.0 million for the year ended 31 December 2020, the Group is expected to record a substantially smaller amount of fair value gain/loss for the year ended 31 December 2021; and (v) the Group’s gross finance costs decreased during the year ended 31 December 2021, but it remained at a high level and a significant portion of such finance costs was not capitalised as part of the property development costs. The amount of finance costs not capitalised and being recorded directly as current year expenses in 2021 increased by more than 30% as compared to 2020 and it remained as a major factor that resulted in the Group’s operating loss for the current year.

As the Company is still in the process of preparing and finalising the consolidated financial information of the Group for the year ended 31 December 2021, the information contained in this announcement is only based on the preliminary assessment by the Company’s management according to management accounts of the Group. Shareholders of the Company and potential investors should read the Group’s results announcement for the year ended 31 December 2021 carefully, which will be published on 30 March 2022.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 March 2022

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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