Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "**Board**") of Glorious Property Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2023 (the "**2023 Annual Results**"). The 2023 Annual Results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 28 March 2024.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB2,639.7 million and the average selling price was RMB27,025 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB2,949.2 million
- Total borrowings was RMB22,663.4 million
- Property sales was RMB1,686.0 million and GFA sold was 83,754 sq.m.

OVERALL RESULTS

For the year ended 31 December 2023, the Group recorded a consolidated revenue of RMB2,639.7 million, representing a decrease of 58.7% compared to RMB6,385.0 million in 2022. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2023 of RMB2,949.2 million, which is 891.8% higher than the loss attributable to the owners of the Company of RMB297.4 million for the year ended 31 December 2022.

Loss per share for the year ended 31 December 2023 was RMB0.38 (2022: Loss per share of RMB0.04).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023.

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2023, the Group recorded a consolidated revenue of RMB2,639.7 million, representing a decrease of 58.7% from RMB6,385.0 million in 2022, while the sold and delivered GFA decreased by 42.7% to 82,004 sq.m. in 2023 from 143,030 sq.m. in 2022. The average selling price recognised decreased by 39.1% to RMB27,025 per sq.m. in 2023 from RMB44,391 per sq.m. in 2022.

In 2023, the Group recognised revenue (including revenue from property sales and interior decoration) was substantially attributable to the projects in Shanghai Region and the Pan Bohai Rim, mainly included the revenue from Tower 16 of Shanghai Bay in Shanghai and Royal Mansion in Beijing. In 2023, 81.7% of the revenue was contributed by projects in the Shanghai Region, 10.7% by projects in the Pan Bohai Rim, while projects in the Yangtze River Delta (excluding Shanghai) and the Northeast China only contributed a total of 7.6% of the Group's revenue in the current year. In 2023, the proportion of revenue attributable to the seven projects located in the first-tier cities (Shanghai and Beijing) 92.3%, while the nine projects located in the second-and third-tier cities accounted for only 7.7% of the Group's total revenue.

In 2023, the Group's properties from Tower 16 of Shanghai Bay in Shanghai was completed and delivered, for which the average selling prices was premium prices in the market. As the Group continued to apply extra effort in the current year in selling the stock of carpark units and the remaining residential units in different cities, for which the average selling prices of carpark units were substantially lower than the residential units, the Group's average recognised selling price for the current year was lowered. Certain of the Group's property projects that had completed and delivered in earlier years only had revenue derived from the sale of carpark units in the current year, thus the average recognised selling prices were substantially lower than the prices of residential units in the local market. The Group's overall average recognised selling price decrease by 39.1% from RMB44,391 per sq.m. in 2022 to RMB27,025 per sq.m. in 2023. In 2023, Tower 16 of Shanghai Bay in Shanghai was completed and delivered for use with a total area of over 10,000 sq.m., and recognised sales revenue (excluding revenue from interior decoration of properties) of RMB1,088.7 million. Meanwhile, revenue from interior decoration of Tower 15 of RMB423.5 million was recognised. In addition, the project continued to sell its garage and remaining units in 2023, which contributed a total of RMB2,014.1 million to the Group's sales revenue, of which the average recognised selling price of residential property sales exceeded RMB100,000 per sq.m.. The residential properties of Royal Mansion (Phase II) in Beijing were completed and delivered last year. During the year, the Group continued to sell its inventory of properties. In 2023, more than 8,567 sq.m. of properties were sold at an average price of nearly RMB33,000 per sq.m., contributing RMB279.7 million to the Group's revenue. Other than the abovementioned two projects, during 2023, the aggregate revenue of the Group's other 14 projects amounted to RMB345.9 million, representing 13.1% of the Group's total revenue (including revenue from property sales and interior decoration) in the current year.

Projects sold and delivered in 2023 and 2022 included:

		2023			2022		
Property projects	**City**	**Revenue** *(RMB'000)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price recognised** *(RMB/sq.m.)*	Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB/sq.m.)*
Sunshine Venice	Shanghai	**20,409**	**1,991**	**10,251**	32,708	4,473	7,312
Shanghai Bay	Shanghai	**1,590,641**	**18,047**	**88,139**	3,694,846	39,260	94,112
Shanghai City Glorious	Shanghai	**56,234**	**4,644**	**12,109**	10,362	1,512	6,853
Chateau De Paris	Shanghai	**26,976**	**1,671**	**16,144**	2,258	803	2,812
Shanghai Park Avenue	Shanghai	**—**	**—**	**—**	11,537	773	14,925
Royal Lakefront	Shanghai	**28,207**	**3,458**	**8,157**	38,116	8,811	4,326
Holiday Royal	Shanghai	**11,461**	**1,382**	**8,293**	20,976	1,860	11,277
Royal Mansion	Beijing	**279,674**	**8,567**	**32,646**	2,247,721	37,609	59,766
Tianjin Royal Bay Seaside	Tianjin	**830**	**146**	**5,685**	—	—	—
No.1 City Promotion	Wuxi	**32,092**	**12,318**	**2,605**	19,002	6,613	2,873
Nantong Villa Glorious	Nantong	**1,091**	**708**	**1,541**	5,538	3,032	1,827
Nantong Royal Bay	Nantong	**20,312**	**1,547**	**13,130**	1,148	455	2,523
Nantong Glorious Chateau	Nantong	**3,086**	**1,534**	**2,012**	1,074	188	5,713
Hefei Bashangjie Project	Hefei	**8,172**	**1,179**	**6,931**	85,618	5,397	15,864
Hefei Royal Garden	Hefei	**1,286**	**835**	**1,540**	8,381	5,457	1,536
Sunny Town	Shenyang	**—**	**—**	**—**	2,648	573	4,621

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.)*
Harbin Royal Garden	Harbin	**5,170**	**1,864**	**2,774**	—	—	N/A
Changchun Villa Glorious	Changchun	**130,549**	**22,113**	**5,904**	165,153	25,933	6,368
Dalian Villa Glorious	Dalian	**—**	**—**	**—**	2,113	281	7,520
Sub-total		**2,216,190**	**82,004**	**27,025**	6,349,199	143,030	44,391
Interior decoration for properties sold:							
Shanghai Bay	Shanghai	**423,466**			35,836		
Total		**2,639,656**			6,385,035		

II. Property Sales

In 2023, the Group recorded property sales of RMB1,686.0 million, representing a YOY decrease of 18.9%. The GFA sold was 83,754 sq.m., representing a YOY decrease of 41.2%.

2023 was the first year of economic recovery and development after the three-year coronavirus disease (the "**COVID-19 pandemic**") prevention and control transformation, and the real estate market was still in the process of in-depth adjustment. The high unemployment rate and domestic economic downturn, together with the intensified inflationary pressure, have adversely affected the performance of the Group's property sales business, the progress of project construction and the overall operation of the Group. Most of the Group's projects in the first-tier cities are close to final project stage such that resources available for sale were mainly contributed by lower-priced properties from the projects in the second-or even third-tier cities. All these factors attributed to the Group's substantial drop in property sales to only RMB1,686.0 million in 2023.

During the year, most of the Group's property sales were generated in Shanghai and Yangtze River Delta Region. In 2023, projects in the Yangtze River Delta Region contributed the most to the Group's real estate sales, with a total amount of RMB842.9 million, accounting for 50.0% of the Group's property sales for the year. Among which, the sales were mainly from Nanjing Royal Bay project launched in the second half of 2023 and the new launch of properties from Nantong Royal Bay in the first half of last year. Due to the overall market downturn, the newly launched Nanjing Royal Bay project recorded an overall property sales amount of RMB438.2 million during the year. Nantong Royal Bay recorded property sales of RMB385.0 million in 2023. Shanghai Bay in Shanghai project continued to sell other remaining units and car parks during the year, contributing property sales of RMB458.7 million, accounting for 27.2% of the Group's total property sales in 2023. Apart from the above three projects, the property sales of other projects of the Group were diversified with a total amount of RMB404.1 million, which mainly included the sales of shops and car parking spaces.

For the year ended 31 December 2023, the property sales for the Group's four regions comprised RMB579.6 million for Shanghai Region, RMB842.9 million for Yangtze River Delta, RMB80.1 million for Pan Bohai Rim and RMB183.4 million for the Northeast China, respectively, which represented 34.4%, 50.0%, 4.7% and 10.9% of the Group's total property sales.

During the year ended 31 December 2023, the Group's overall average selling price was RMB20,130 per sq.m., which was 38.0% higher than RMB14,591 per sq.m. for 2022, mainly due to the fact that the real estate sales in second and third-tier cities were mainly from the promotion of low-value inventory garages last year, and the proportion of retail sales increased during the year. At the same time, the newly launched Nanjing Royal Bay project increased the overall average selling price of the Group.

Property sales for 2023 from the first-tier cities (Shanghai and Beijing) and second-and third-tier cities amounted to RMB617.2 million and RMB1,068.8 million respectively, which accounted for 36.6% and 63.4% of the Group's total property sales for 2023 respectively.

Property sales and GFA sold by region in 2023 and 2022 were as follows:

Region	**Property sales** ***(RMB'000)***			**GFA sold** ***(sq.m.)***		
	2023	2022	Change (%)	**2023**	2022	Change (%)
Shanghai Region	**579,613**	1,065,388	-45.6%	**13,571**	28,474	-52.3%
Yangtze River Delta[2]	**842,902**	496,147	69.9%	**28,065**	32,904	-14.7%
Pan Bohai Rim	**80,089**	83,565	-4.2%	**9,023**	9,583	-5.8%
Northeast China	**183,401**	434,410	-57.8%	**33,095**	71,559	-53.8%
Total	**1,686,005**	2,079,510	-18.9%	**83,754**	142,520	-41.2%

Note:

(2) Includes property sales attributable to a joint venture for all years presented.

In 2024, the Group expects to launch properties from 14 projects to the market for sale with a saleable GFA of approximately 0.55 million sq.m.. Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 28.7%, 43.3%, 11.1% and 16.9% respectively of the Group's saleable GFA which are expected to be available for sale in 2024.

III. Construction and Development

In 2023, the total GFA completed by the Group was approximately 100,692 sq.m. and approximately 24,382 sq.m. was added to the new construction area. As at 31 December 2023, 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 2023.

As at 31 December 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 5.7 million sq.m. and the average land cost was RMB1,446 per sq.m.. The relatively low-cost land bank provided the Group with a strong guarantee in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second-and third-tier cities, of which 39.3% was in first-tier cities and 60.7% in second-and third-tier cities.

Details of land bank by project as at 31 December 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	
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	Office, hotel and commercial	297,486	348	70%
8	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	181,312	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	

Project		City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Pan Bohai Rim							
12	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential and commercial	455,749	1,396	100%
13	Tianjin Central City	Tianjin	Binhai New Area	Residential and commercial	205,961	2,792	100%
14	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
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 31 December 2023, the Group has total GFA of 2.0 million sq.m. is planned for the development of commercial properties, of which approximately 130,715 sq.m. of commercial properties were completed by the Group, around 647,774 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 31 December 2023, 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 to secure stable rental income.

FUTURE OUTLOOK

In 2024, global development, international political disputes and military struggles are complicated, the Ukraine crisis and the Middle East conflicts are delayed, and the European Union and many countries in Asia Pacific and North America are ushered in important elections, which will have a significant impact on domestic and international policy changes and increase the uncertainty of international political stability. Inflation in the United States is higher than expected, and it is still in the path of interest rate hikes. The weak economic growth in Europe led to high-interest rates and high debts in the Eurozone, resulting in insufficient momentum for global economic recovery. The possibility of debt default in developing countries has increased, and the global economy has slowly recovered and is still on a low-speed growth track. China's economic performance has been intertwined with the great power game, and the strategic competition between China and the United States has continued. China's economic recovery in the post-pandemic era is still exposed to many challenges. Relying on high-quality co-construction of the Belt and Road will promote the high-level development of the domestic economy, which will eventually bring more cooperation and governance into the world economy.

The Group predicts that the Chinese economy will still experience a tortuous process in 2024, facing the challenges of short-term stabilization and long-term transformation, and there are uncertainties in the recovery of the overall economy. The impact of macroeconomic recovery on the real estate industry remains profound. The supply and demand in the real estate market and the dividends of the urban population have become major trends, and structural changes have become certain. The sluggish situation of weak real estate supply and demand will continue, and it will take some time for market confidence to be restored. In addition, under the circumstance that the economic situation and expectations remain unchanged, the high pressure on real estate enterprises will not change, and the tight cash flow is still a pain point in business operations. The government's macro policies will remain active, and the governance requirement of "city-specific" will continue to be adopted, and the government will strive to ensure the delivery of properties and people's livelihood. In 2024, the new housing sales market is still under adjustment pressure. First- and second-tier cities and third-and fourth-tier cities do not have a rapid development that breaks through the existing economic situation, and high-quality products will only bring short-term and regional markets. Given the current real estate market is deeply intertwined with the overall economy, the recovery of the real estate market will be heavily dependent on the improvement of the macroeconomy and the stimulation of regulatory policies.

The Group will always adhere to the business strategy of steady development, keep a close eye on the orientation of macro policies, improve management efficiency from top to bottom, optimize management model and project management and control, promote the projects to take the initiative, and establish a new operation pattern of the Group's service management. The Group will strengthen the unified management responsibility of the sales system, strengthen the refined management decisions of engineering, cost and other technologies, and improve the management efficiency with the leadership system with proper responsibilities, so as to consolidate the base for the reasonable operation of the Group. It will lease out office buildings and shops, and step up efforts to sell commercial products, which will be a good supplement to the Group's funds.

The Group, which will insist on adopting prudent financial policies, will reduce the total debt in a step-by-step and systematic manner through project sales, disposal of existing assets and restructuring and replacement of non-performing debt, make every effort to optimise its debt structure, and increase long-term low-interest loans when appropriate, in a bid to effectively avoid financial risks and operating pressure, ensure financial security, and achieve the sustainable, healthy and stable development.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

RMB'000	*Note*	**2023**	2022
Revenue	*4*	**2,639,656**	6,385,035
Cost of sales	*7*	**(1,806,299)**	(2,374,193)
Gross profit		**833,357**	4,010,842
Other income	*5*	**121,388**	49,975
Other losses, net	*6*	**(1,461,192)**	(912,255)
Reversal of provision/(provision) for loss allowances of financial assets		**15,359**	(10,964)
Selling and marketing expenses	*7*	**(105,043)**	(123,184)
Administrative expenses	*7*	**(241,205)**	(303,990)
Finance costs, net	*8*	**(2,101,961)**	(1,478,452)
Share of (loss)/profit of an associate		**(1,150)**	823
Share of (loss)/profit of a joint venture		**(458,834)**	48,405
(Loss)/profit before taxation		**(3,399,281)**	1,281,200
Income tax credits/(expenses)	*9*	**450,106**	(1,578,666)
Loss for the year		**(2,949,175)**	(297,466)
Loss for the year attributable to:			
— the owners of the Company		**(2,949,153)**	(297,355)
— non-controlling interests		**(22)**	(111)
		(2,949,175)	(297,466)
Other comprehensive income		**—**	—
Total comprehensive loss for the year		**(2,949,175)**	(297,466)
Total comprehensive loss for the year attributable to:			
— the owners of the Company		**(2,949,153)**	(297,355)
— non-controlling interests		**(22)**	(111)
		(2,949,175)	(297,466)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
— Basic	*10*	**(0.38)**	(0.04)
— Diluted	*10*	**(0.38)**	(0.04)
Dividend	*11*	**—**	—

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

RMB'000	*Note*	**2023**	2022
Non-current assets			
Property, plant and equipment		**70,023**	93,248
Right-of-use assets		**245,811**	259,187
Investment properties		**22,385,588**	23,818,035
Intangible assets		**1,800**	1,800
Investment in an associate		**5,900**	7,050
Interest in a joint venture		**343,991**	815,381
Deferred income tax assets		**697,359**	628,556
		23,750,472	25,623,257
Current assets			
Properties under development		**10,633,066**	12,663,590
Completed properties held for sale		**6,724,782**	5,924,243
Trade and other receivables, prepayments and other financial assets	*12*	**3,290,102**	3,400,930
Prepaid taxes		**187,799**	491,399
Cash and cash equivalents, and restricted deposits		**241,867**	390,682
		21,077,616	22,870,844
Total assets		**44,828,088**	48,494,101

RMB'000	*Note*	**2023**	2022
Current liabilities			
Contract liabilities		**6,288,579**	7,601,642
Trade and other payables	*13*	**5,899,753**	6,146,344
Income tax payable		**10,061,759**	10,501,491
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**22,663,387**	20,963,726
Lease liabilities		**936**	433
		45,267,443	45,566,665
Non-current liabilities			
Borrowings	*14*	**—**	—
Deferred income tax liabilities		**2,382,035**	2,799,595
Lease liabilities		**610**	666
		2,382,645	2,800,261
Total liabilities		**47,650,088**	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		**(10,848,109)**	(7,898,956)
		(2,956,382)	(7,229)
Non-controlling interests		**134,382**	134,404
Total (deficit)/equity		**(2,822,000)**	127,175
Total liabilities and equity		**44,828,088**	48,494,101

NOTES:

1 General information

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

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

These consolidated financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated, and has been approved for issue by the Board on 28 March 2024.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

(i) Going concern basis

For the year ended 31 December 2023, the Group reported a loss attributable to the owners of the Company of RMB2,949,153,000. As at 31 December 2023, the Group had accumulated losses of RMB11,872,284,000 and the Group's current liabilities exceeded its current assets by RMB24,189,827,000. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB22,663,387,000 and capital commitment amounted to RMB8,810,741,000, while its cash and cash equivalents amounted to RMB214,647,000 only.

As at 31 December 2023, certain borrowings whose principal amounts of RMB10,262,924,000 and interest payable amounts of RMB3,757,109,000, relating to borrowings with a total principal amount of RMB10,262,924,000 ("**Overdue Borrowings**") were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,904,034,000 had been overdue during the loan period ("**Other Overdue Borrowings**"); although these overdue balances and interests were subsequently settled before 31 December 2023, the Other Overdue Borrowings remained to be considered as in default as at 31 December 2023. The aggregate principal amount of the aforementioned borrowings of RMB12,166,958,000 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 31 December 2024 which have been reclassified as current liabilities as at 31 December 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 RMB4,374,080,000 were considered as cross-default ("**Cross-default Borrowings**"), of which RMB3,219,080,000 with original contractual repayment dates beyond 31 December 2024 have been reclassified as current liabilities as at 31 December 2023 (note 14).

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 2023, economic uncertainty had a significant adverse impact on China's property sector. The post-Covid recovery, reduced disposable income and a pessimistic outlook on property investment due to unforeseeable near-term growth potential led to the decline in contracted sales of the Group. Delay in 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.

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 from 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 31 December 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 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements 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 year 2024 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2024; (b) were overdue as at 31 December 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 year 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 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.

All 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.

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 the consolidated financial statements.

3 Material accounting policy information

(i) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2023:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
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

Except as described below, the application of the new and amendments to HKFRSs and guidance from HKICPA in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments and removing or reducing the immaterial accounting policies such that immaterial policy information does not obscure the material information.

*HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (the "**Abolition**")*

The Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") was gazetted in June 2022 and will take effect on 1 May 2025 (the "**Transition Date**"). The Amendment Ordinance has two effects: (i) the accrued benefits derived from an employer's mandatory MPF contributions can no longer be used to offset long service payment ("**LSP**") in respect of the employment period after the Transition Date (post-transition LSP); and (ii) the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date (pre-transition LSP).

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance for the accounting for the impact arising from the Abolition.

The HKICPA guidance illustrates that an entity may account for the accrued benefits arising from its MPF contributions that have been vested with an employee and which would be used to offset the employee's LSP benefits (offsetable accrued benefits) as a deemed contribution by the employee towards the LSP in accordance with paragraph 93(a) of HKAS 19. However, upon the enactment of the Amendment Ordinance, the accrued benefits derived from mandatory employer MPF contributions cannot be used to offset an employee's post-transition LSP obligation so that an entity can no longer apply the practical expedient of recognising the deemed contribution as a reduction of service cost under paragraph 93(b) of HKAS 19. Accordingly, it resulted a catch-up adjustment for past service cost, in accordance with paragraph 94(a) of HKAS 19, and a corresponding increase in the LSP obligation since the MPF-LSP offsetting mechanism was not contemplated in the original LSP legislation.

To reflect the Abolition, the Group has considered this change in accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. Such change in accounting policy information did not have any material impact on the consolidated financial statements for the current and prior period.

(ii) New standards and amendments to standards that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group:

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[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

The Group will adopt the above new standards and amendments to standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

4 Segment information

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

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

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes depreciation, fair value changes of investment properties, provision for loss allowance of financial assets, gain on disposal of property, plant and equipment, 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 consolidated financial statements.

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 consolidated statement of comprehensive income.

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Total**
Year ended 31 December 2023						
Revenue						
At a point in time	**1,733,928**	**66,039**	**280,504**	**135,719**	**—**	**2,216,190**
Over time	**423,466**	**—**	**—**	**—**	**—**	**423,466**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**2,157,394**	**66,039**	**280,504**	**135,719**	**—**	**2,639,656**
Segment results	**1,106,218**	**(164,444)**	**35,086**	**(54,214)**	**(11,138)**	**911,508**
Depreciation	**(19,563)**	**(489)**	**(1,132)**	**(93)**	**(52)**	**(21,329)**
Fair value changes of investment properties	**(1,186,555)**	**(218,676)**	**(1,600)**	**(50,640)**	**—**	**(1,457,471)**
(Provision)/reversal of provision for loss allowances of financial assets	**(4,990)**	**24,717**	**(3,286)**	**(1,082)**	**—**	**15,359**
Changes in provision for impairment of properties under development and completed properties held for sale	**(77,973)**	**(1,991,499)**	**1,009,367**	**314,718**	**—**	**(745,387)**
Interest income	**121**	**1,981**	**201**	**83**	**2**	**2,388**
Finance costs	**(1,621,787)**	**(345,176)**	**(51,954)**	**(58,137)**	**(27,295)**	**(2,104,349)**
Income tax credits	**244,325**	**114,175**	**76,473**	**15,133**	**—**	**450,106**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2022						
Revenue						
At a point in time	3,810,803	120,761	2,247,721	169,914	—	6,349,199
Over time	35,836	—	—	—	—	35,836
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	3,846,639	120,761	2,247,721	169,914	—	6,385,035
Segment results	2,733,700	(219,332)	1,237,029	(38,901)	(27,365)	3,685,131
Depreciation	(20,446)	(248)	(334)	(106)	(55)	(21,189)
Fair value changes of investment properties	(258,407)	(303,225)	(5,583)	(326,111)	—	(893,326)
Reversal of provision/(provision) for loss allowances of financial assets	1,964	(190)	(10,061)	(2,677)	—	(10,964)
Interest income	230	13,153	532	172	2	14,089
Finance costs	(1,315,204)	(123,814)	(11,681)	(24,719)	(17,123)	(1,492,541)
Income tax (expenses)/credits	(1,158,407)	51,334	(545,634)	74,041	—	(1,578,666)

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
At 31 December 2023							
Total segment assets	**47,852,365**	**21,525,783**	**4,555,917**	**5,442,766**	**3,469,281**	**(47,277,401)**	**35,568,711**
Total segment assets include:							
Investment in an associate	**5,900**	**—**	**—**	**—**	**—**	**—**	**5,900**
Investment in a joint venture	**295,349**	**—**	**—**	**—**	**—**	**—**	**295,349**
Deferred income tax assets							**697,359**
Other unallocated corporate assets							**8,562,018**
Total assets							**44,828,088**
Additions to:							
Property, plant and equipment	**6**	**125**	**379**	**—**	**—**	**—**	**510**
Investment properties	**26,482**	**143,109**	**—**	**90,195**	**—**	**—**	**259,786**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2022							
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
Additions to:							
Property, plant and equipment	6	94	2	—	—	—	102
Investment properties	61,439	269,905	—	239,546	—	—	570,890

RMB'000	**2023**	2022
Segment results	**911,508**	3,685,131
Depreciation	**(21,329)**	(21,189)
Fair value changes of investment properties	**(1,457,471)**	(893,326)
Reversal of provision/(provision) for loss allowances of financial assets, net	**15,359**	(10,964)
Changes in provision for impairment of properties under development and completed properties held for sale	**(745,387)**	—
	(1,297,320)	2,759,652
Interest income	**2,388**	14,089
Finance costs	**(2,104,349)**	(1,492,541)
(Loss)/profit before taxation	**(3,399,281)**	1,281,200

Analysis of revenue by category

RMB'000	**2023**	2022
Sales of properties	**2,216,190**	6,349,199
Interior decoration for properties sold	**423,466**	35,836
	2,639,656	6,385,035

The Group has a large number of customers. During each of the years ended 31 December 2023 and 2022, no single customer contributed revenue which represented more than 10% of the Group's total revenue.

5 Other income

RMB'000	**2023**	2022
Net rental income	**61,251**	49,656
Gain on disposal of property, plant and equipment	**55,521**	—
Others	**4,616**	319
	121,388	49,975

6 Other losses, net

RMB'000	**2023**	2022
Fair value changes of investment properties	**(1,457,471)**	(893,326)
Exchange loss, net	**(3,721)**	(18,929)
	(1,461,192)	(912,255)

7 Expenses by nature

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

RMB'000	**2023**	2022
Auditors' remuneration		
— Audit services (current external auditor)	**3,625**	3,966
— Audit services (previous external auditor)	**—**	2,573
— Non-audit services	**—**	54
Advertising costs	**5,428**	9,911
Other taxes and levies	**65,260**	63,564
Costs of properties sold (including properties under development and completed properties held for sale):	**1,741,039**	2,310,629
— Carrying amount of properties sold	**995,652**	2,310,629
— Provision for impairment of properties	**745,387**	—
Depreciation	**21,329**	21,189
Staff costs — excluding directors' emoluments	**133,074**	173,294
Rental expenses	**8,555**	7,832

8 Finance costs, net

RMB'000	**2023**	2022
Finance income		
— Interest income	**2,388**	14,089
Finance costs		
— Bank borrowings	**(2,291,805)**	(1,750,189)
— Bond	**(15,333)**	(5,363)
— Others	**(184,862)**	(287,710)
Total interest expenses	**(2,492,000)**	(2,043,262)
Less: interest capitalised on qualifying assets	**387,651**	550,721
Finance costs expensed	**(2,104,349)**	(1,492,541)
Finance costs, net	**(2,101,961)**	(1,478,452)

9 Income tax credits/(expenses)

RMB'000	**2023**	2022
Current income tax charge		
— PRC corporate income tax	**(3,519)**	(93,851)
— PRC land appreciation tax	**(32,738)**	(1,271,643)
	(36,257)	(1,365,494)
Deferred income tax charge		
— Origination and reversal of temporary differences	**486,363**	(213,172)
	486,363	(213,172)
	450,106	(1,578,666)

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 year.

	2023	2022
Loss attributable to the owners of the Company (RMB'000)	**(2,949,153)**	(297,355)
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 years ended 31 December 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 recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

12 Trade and other receivables, prepayments and other financial assets

RMB'000	**2023**	2022
Trade receivables due from third parties, net (a)	**167,291**	476,830
Other receivables due from third parties and other financial assets	**1,567,276**	1,443,808
Prepayments and deposits for land premium	**148,000**	148,000
Prepayments and deposits for construction costs:	**2,047,520**	2,050,775
Related parties	**3,375**	2,891
Third parties	**2,044,145**	2,047,884
Prepaid other taxes	**133,789**	81,327
Less: Provision for loss allowance of other receivables and other financial assets	**(773,774)**	(799,810)
	3,290,102	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 dates of the consolidated statement of financial position based on revenue recognition date is as follows:

RMB'000	**2023**	2022
Within 6 months	**116,181**	9,643
Between 7 and 12 months	**19,126**	515
Over 12 months	**49,275**	473,286
	184,582	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	**2023**	2022
At beginning of the year	**6,614**	5,813
Provision for loss allowance of trade receivables	**10,677**	801
At end of the year	**17,291**	6,614

13 Trade and other payables

RMB'000	**2023**	2022
Trade payables and construction cost accrual (a):	**2,792,450**	3,360,659
Related parties	**71,030**	71,996
Third parties	**2,721,420**	3,288,663
Other payables due to third parties and accrued expenses (b)	**2,171,675**	1,910,581
Other taxes payable	**935,628**	875,104
	5,899,753	6,146,344

(a) The ageing analysis based on transaction dates of trade payables and construction cost accrual at the date of the consolidated statement of financial position is as follows:

RMB'000	**2023**	2022
Within 6 months	**13,742**	198,273
Between 7 and 12 months	**267,748**	694,701
Over 12 months	**2,510,960**	2,467,685
	2,792,450	3,360,659

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

14 Borrowings

RMB'000	**2023**	2022
Borrowings included in non-current liabilities:		
Bank borrowings — secured (a)	**—**	—
Loan from a non-controlling interest (c)	**—**	—
	—	—
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**19,192,645**	17,666,027
Bond — secured (b)	**72,683**	60,950
Loans from a non-controlling interest (c)	**799,263**	720,506
Other borrowings — unsecured (d)	**724,957**	581,610
Other borrowings — secured (d)	**1,873,839**	1,934,633
	22,663,387	20,963,726
Total borrowings	**22,663,387**	20,963,726

An analysis of the Group's borrowings into principal amounts is as follows:

RMB'000	**2023**	2022
Bank borrowings	**15,456,141**	15,119,842
Bond — unlisted	**54,373**	58,063
Loans from a non-controlling interest	**532,857**	532,857
Other borrowings	**1,310,306**	1,999,774
	17,353,677	17,710,536
Adjusted by: accrued interests	**5,309,710**	3,253,190
Total borrowings	**22,663,387**	20,963,726

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

RMB'000	**2023**	2022
Amounts of borrowing that are repayable:		
Repayable on demand or within 1 year	**22,663,387**	20,963,726
After 1 and within 2 years	**—**	—
After 2 and within 5 years	**—**	—
After 5 years	**—**	—
	22,663,387	20,963,726

(a) As at 31 December 2023, bank borrowings with principal amounts of RMB9,616,694,000 (2022: RMB3,554,105,000) 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 RMB4,374,080,000 (2022: RMB4,837,100,000) were considered as cross-default.

The current bank borrowings included borrowings with principal amounts of RMB3,919,080,000 with original maturity beyond 31 December 2024 which have been reclassified as current liabilities as at 31 December 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) above 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 31 December 2024.

(b) As at 31 December 2023, secured bond of RMB54,373,000 (2022: RMB58,063,000) is overdue.

(c) As of 31 December 2023, loans from a non-controlling interest of RMB799,263,000 (2022: RMB720,506,000), in which its principal amounts of RMB532,857,000 (2022: RMB532,857,000) are overdue, are secured, interest-bearing and are repayable within 18–36 months from the date of drawdown.

(d) As at 31 December 2023, short-term borrowings from third parties of RMB724,957,000 (2022: RMB581,610,000), in which its principal amounts of RMB53,800,000 (2022: RMB50,905,000) are overdue, are unsecured, interest-bearing and are repayable within one year from the date of drawdown. Short term borrowings from third parties of RMB1,873,839,000 (2022: RMB1,934,633,000), in which its principal amounts of RMB5,200,000 (2022: RMB63,200,000) are overdue, are secured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

For the year ended 31 December 2023, the Group recorded a consolidated revenue of RMB2,639.7 million, representing a decrease of 58.7% compared to RMB6,385.0 million in 2022. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2023 of RMB2,949.2 million, which was substantially higher than the loss attributable to the owners of the Company of RMB297.4 million for the year ended 31 December 2022 by 891.8%. In 2023, the Group's recognised sales revenue remained at a relatively low level, while the Group recorded a positive gross profit 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 gross profit decreased by 79.2% as compared to 2022 due to a significant impairment provision of RMB745.4 million was made for the property projects during the year. In addition, the Group recorded a significant loss of RMB2,949.2 million for the year as the Group continued to incur a significant amount of finance costs that could not be capitalised and were recorded directly as current expenses and the Group recorded a fair value loss of RMB1,457.5 million on its investment properties in 2023.

For the year ended 31 December 2023, the Group recorded a consolidated revenue of RMB2,639.7 million, representing a decrease of 58.7% from RMB6,385.0 million in 2022, while the sold and delivered GFA decreased by 42.7% to 82,004 sq.m. in 2023 from 143,030 sq.m. in 2022. The average selling price recognised decreased by 39.1% to RMB27,025 per sq.m. in 2023 from RMB44,391 per sq.m. in 2022. In 2023, the Group's properties from Tower 16 of Shanghai Bay in Shanghai was completed and delivered, for which the average selling prices was premium prices in the market. As the Group continued to apply extra effort in the current year in selling the stock of carpark units and the remaining residential units in different cities, for which the average selling prices of carpark units were substantially lower than the residential units, the Group's average recognised selling price for the current year was lowered. Certain of the Group's property projects that had completed and delivered in earlier years only had revenue derived from the sale of carpark units in the current year, thus the average recognised selling prices were substantially lower than the prices of residential units in the local market. The Group's overall average recognised selling price decreased by 39.1% from RMB44,391 per sq.m. in 2022 to RMB27,025 per sq.m. in 2023. In 2023, Tower 16 of Shanghai Bay in Shanghai was completed and delivered for use with a total area of over 10,000 sq.m., and recognised sales revenue (excluding revenue from interior decoration of properties) of RMB1,088.7 million. Meanwhile, revenue from interior decoration of Tower 15 of RMB423.5 million was recognised. In addition, the project continued to sell its garage and remaining units in 2023, which contributed a total of RMB2,014.1 million to the Group's sales revenue, of which the average recognised selling price of residential property sales exceeded RMB100,000 per sq.m.. The residential properties of Royal Mansion (Phase II) in Beijing were completed and delivered last year. During the year, the Group continued to sell its inventory of properties. In 2023, more than 8,567 sq.m. of properties were sold at an average price of nearly

RMB33,000 per sq.m., contributing RMB279.7 million to the Group's revenue. Other than the abovementioned two projects, during 2023, the aggregate revenue of the Group's other 14 projects amounted to RMB345.9 million, representing 13.1% of the Group's total revenue (including revenue from property sales and interior decoration) in the current year.

The cost of sales for the year ended 31 December 2023 was RMB1,806.3 million, representing a decrease of 23.9% as compared to RMB2,374.2 million in 2022. During the year ended 31 December 2023, the Group made a significant impairment provision of RMB745.4 million (2022: Nil) for the property projects, mainly due to the impairment provision made to the carrying value of the land of Nantong Royal Bay project arising from the sluggish market environment. Excluding the changes in provision for impairment for properties amounted to RMB745.4 million (2022: Nil) during 2023, the Group's cost of sales was RMB1,060.9 million, which decreased by 55.3% as compared to RMB2,374.2 million for 2022. The decrease in cost of sale for 2023 was mainly due to the decrease in GFA and the decrease in the average cost of sales for the properties sold and delivered in 2023. The Group's average cost of sales in 2023 was RMB12,937 per sq.m., which was 22.1% lower than that of RMB16,599 per sq.m. in 2022.

The Group recorded a consolidated gross profit of RMB833.4 million for 2023, as compared to a consolidated gross profit of RMB4,010.8 million for 2022. The Group recorded a gross margin of 31.6% for the year ended 31 December 2023, as compared to a gross margin of 62.8% for 2022. The Group recorded a significant decrease in the amount of gross profit in 2023 as compared to 2022, which was mainly attributable to the decrease in the total gross floor area of high-value properties recognised for sale during the year. At the same time, a significant amount of impairment provision was made for the Group's property projects during the year, and no impairment provision was made for property projects in 2022.

Other income for the year ended 31 December 2023 was RMB121.4 million (2022: RMB50.0 million), which mainly included rental income of RMB61.3 million (2022: RMB49.7 million) and gain on disposal of property, plant and equipment of RMB55.5 million (2022: Nil).

Other losses, net for the year ended 31 December 2023 was a net loss of RMB1,461.2 million, which was 60.2% higher than the net loss of RMB912.3 million for 2022. During the year ended 31 December 2023, the Group's investment properties recorded fair value loss of RMB1,457.5 million, which was 63.2% higher than the fair value loss of RMB893.3 million for 2022. The higher fair value loss for 2023 was mainly due to decrease in the expected return for the Group's investment properties as a result of abundant supply of commercial properties in the leasing market.

Reversal of provision for loss allowances of financial assets for the year ended 31 December 2023 was RMB15.4 million (2022: provision of RMB11.0 million), mainly comprised of reversal of provision for loss allowances made for certain aged other receivables and other financial assets whose internal credit ratings were assessed by the Group to be underperforming or nonperforming.

Selling and marketing expenses for the year ended 31 December 2023 were RMB105.0 million, which was 14.7% lower than RMB123.2 million in 2022. The Group's had fewer sales activities in 2023 and thus incurred less selling and marketing expenses.

Administrative expenses for the year ended 31 December 2023 was RMB241.2 million, representing a decrease of 20.7% compared to RMB304.0 million for 2022.

Gross finance costs for the year ended 31 December 2023 were RMB2,492.0 million, representing an increase of 22.0% from RMB2,043.3 million for 2022. For the year ended 31 December 2023, finance costs of RMB387.7 million (2022: RMB550.7 million) had been capitalised, leaving RMB2,104.3 million (2022: RMB1,492.5 million) which was charged directly to the consolidated statement of comprehensive income. After netting off the finance income of RMB2.4 million (2022: RMB14.1 million), the amount of finance costs, net was RMB2,102.0 million for 2023 (2022: RMB1,478.5 million). The Group's gross finance costs for 2023 was higher than that of 2022 due to the higher average borrowing costs in the current year. As the amount of gross finance costs incurred in the current year 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 year expenses.

The Group recorded a share of loss of a joint venture of RMB458.8 million for the year ended 31 December 2023, as compared to share of profit of a joint venture of RMB48.4 million for 2022. This represented the Group's 60% share of (loss)/profit of Glorious Jiangxu (Nanjing) Property Development Co., Ltd. ("**Nanjing Jiangxu**"), which owns the project namely Nanjing Royal Bay in Nanjing. During the years ended 31 December 2023 and 2022, Nanjing Jiangxu did not have large-scale phased properties for delivery. The Group recorded a share of profit of joint ventures of RMB48.4 million in 2022, which mainly included the revenue from the remaining units of Nanjing Jiangxu and general operating expenses, while a substantial impairment provision of RMB531 million was made for its property projects in 2023. As a result, the Group recorded a share of loss of joint venture of RMB458.8 million for the year.

The Group recorded a loss before taxation of RMB3,399.3 million for the year ended 31 December 2023, as compared to a profit before taxation of RMB1,281.2 million for 2022. The Group recorded a significant loss before tax in 2023, which was due to the significant amount of impairment provision made by the Group for property projects during the year, resulting in a significant decrease in the amount of gross profit as compared to 2022, and the fact that there was also a significant amount of finance costs that could not be capitalised, which was directly charged to current expenses and the fair value loss of the Group's investment properties in 2023.

Income tax credits was RMB450.1 million for the year ended 31 December 2023, as compared to income tax expenses of RMB1,578.7 million for 2022, comprising mainly provision for PRC land appreciation tax of RMB32.7 million (2022: RMB1,271.6 million) and corporate income tax of RMB3.5 million (2022: RMB93.9 million). The decrease in income tax expense for the year was mainly because the properties completed and delivered in 2022 were mainly high-value high-margin such that substantial amounts of provision for land appreciation tax and corporate income tax were accrued in the prior year. In addition, there was tax clearance of land appreciation tax for Nantong Royal Bay with local tax bureau completed during the year, a large amount of tax was refunded.

The Group recorded a loss attributable to the owners of the Company of RMB2,949.2 million for the year ended 31 December 2023, which was substantially higher than the loss of RMB297.4 million for 2022 by 891.8%. The Group recorded a loss attributable to owners of the Company in 2023 because the amount of gross profit of the Group decreased significantly during the year as compared to 2022. Meanwhile, the Group made a significant amount of impairment provision on property projects during the year, and the fact that there was also a significant amount of finance costs that could not be capitalised, which was directly charged to current expenses and the fair value loss of the Group's investment properties in 2023.

Current Assets and Liabilities

As at 31 December 2023, the Group held total current assets of approximately RMB21,077.6 million, which was 7.8% lower than RMB22,870.8 million as at 31 December 2022.

As at 31 December 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 31 December 2023, balance of properties under development was RMB10,633.1 million, which was 16.0% lower than RMB12,663.6 million as at 31 December 2022. In 2023, the Group has quite a number of property development projects that were either close to the final stage of the project development cycle or yet to start construction, for which the pace of constructions was slowdown. However, the Group's other projects' continuous progress 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 as well as due to the provision for impairment of properties made during the year. Completed properties held for sale increased by 13.5% from RMB5,924.2 million as at 31 December 2022 to RMB6,724.8 million as at 31 December 2023. Despite the Group continued to put effort in selling the remaining units of existing projects and carpark units in the current year, the balance of completed properties held for sale increased mainly due to the completion of new phases of properties from one project in the current year that the completed but unsold properties were reclassified as completed properties held for sale. Trade and other receivables, prepayments and other financial assets decreased by 3.3% from RMB3,400.9 million as at 31 December 2022 to RMB3,290.1 million as at 31 December 2023. Trade and other receivables, prepayments and other financial assets comprised prepayments for construction costs and certain other receivables arising from the Group's business.

Total current liabilities as at 31 December 2023 amounted to RMB45,267.4 million, which was 0.7% lower than that of RMB45,566.7 million as at 31 December 2022. The decrease in total current liabilities was mainly attributable to the decrease in the balance of contract liabilities, which decreased by 17.3% from RMB7,601.6 million as at 31 December 2022 to RMB6,288.6 million as at 31 December 2023 as a result of the recognition of significant amount of pre-sales proceeds as revenue upon completion and delivery of properties in the current year. As at 31 December 2023, the Group's current borrowings increased, as the extent of such increase was higher than the decrease in contract liabilities, the Group's total current liabilities to slightly decreased by 0.7% as at 31 December 2023.

As at 31 December 2023, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.47 (2022: 0.50).

Liquidity and Financial Resources

During the year ended 31 December 2023, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2023, the Group had cash and cash equivalents of RMB214.6 million as compared to RMB290.9 million as at 31 December 2022.

During the year, the aggregate new borrowings obtained by the Group amounted to RMB198.4 million and repayment of borrowings was RMB429.9 million. As at 31 December 2023, the Group's total borrowings amounted to RMB22,663.4 million, which was 8.1% higher than RMB20,963.7 million as at 31 December 2022.

As at 31 December 2023, the Group had total banking facilities of RMB19,193 million (2022: RMB17,666 million) consisting of used banking facilities of RMB19,193 million (2022: RMB17,666 million) and no unused banking facilities.

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 cash equivalents, and restricted cash. The gearing ratios as at 31 December 2023 and 2022 were as follows:

RMB'000	**2023**	2022
Total borrowings (excluding loan from a non-controlling interest)	**21,864,124**	20,243,220
Less: cash and cash equivalents, and restricted deposits	**(241,867)**	(390,682)
Net debt	**21,622,257**	19,852,538
Total (deficit on equity)/equity attributable to the owners of the Company	**(2,956,382)**	(7,229)
Gearing ratio	**N/A**	N/A

As at 31 December 2023, no gearing ratio was available as the Group was in a net deficit on equity as at 31 December 2023 as a result of further net loss recorded for the year ended 31 December 2023. Nevertheless, the Group's gearing ratio continued to stay at a high level as at 31 December 2023. Management also uses other measures, such as net debt and current ratio, to monitor the Group's liquidity and will consider adopting alternative method for the calculation of gearing ratio in the future as appropriate.

Going Concern and Mitigation Measures

For the year ended 31 December 2023, the Group reported a loss attributable to the owners of the Company of RMB2,949.2 million. As at 31 December 2023, the Group had accumulated losses of RMB11,872.3 million and the Group's current liabilities exceeded its current assets by RMB24,189.8 million. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB22,663.4 million and capital commitment amounted to RMB8,810.7 million, while its cash and cash equivalents amounted to RMB214.6 million only. In addition, as at 31 December 2023, certain borrowings whose principal amounts of RMB10,262.9 million and interest payable amounts of RMB3,757.1 million, relating to borrowings with a total principal amount of RMB10,262.9 million were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,904.0 million had been overdue during the loan period; although these overdue balances and interests were subsequently settled before 31 December 2023, these borrowings remained to be in default as at 31 December 2023. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,374.1 million as at 31 December 2023. These conditions, together with other matters described in note 2(i) on page 14 of this announcement, indicate the existence of multiple 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 consolidated 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 improving debt structure. As a result of the efforts over such period, a number of financial data have gradually shown improvements, including steady growth in property sales and maintained at a reasonable level, trend of decreasing balance of total borrowings, as well as continuous improvements in the operating cash flows, although occasionally there was operating net cash outflow. In 2023, the Group recorded a significant amount of losses. This was mainly because the Group only completed and delivered one project in Shanghai, which contributed sales revenue of RMB1,088.7 million to the Group. The other projects only recorded carpark sales during the year and late house sales revenue, therefore the Group's recognised sales revenue in 2023 is still at a low level. At the same time, a significant impairment provision was made for properties during the year, and there continued to be significant amounts of financial costs that could not be capitalised and were directly charged to current year expenses. The Group's investment properties recorded a substantial fair value loss in 2023. The fair value loss resulted in a significant increase in the amount of loss attributable to the owners of the Company this year compared with the loss in 2022. In 2023, economic uncertainty had a significant adverse impact on China's real estate industry. The accumulated weak purchasing power of the domestic real estate market, coupled with changes in the Group's product structure and insufficient saleable resources, etc., the Group's property sales in 2023 reached a record low of only RMB1,686.0 million and the total borrowings stood at a high level, the Group has experienced prolong period of liquidity problem without obvious breakthrough. In 2023, the management continuously adjusted the operation plan, strengthened working capital management and exercised extra efforts to control various expenses such that the Group's total borrowings at 2023 year-end was controlled at RMB22,663.4 million, which was only 8.1% higher than that of RMB20,963.7 million at the end of 2022. As at 31 December 2023, the Group's effective interest rate was 9.1%, which was close to 9.3% for 2022, but was significantly lower than 12% or above for earlier years, which has laid a good foundation for the Group to reduce finance costs in the future. The Group will actively implement the business plan in 2024, on one hand continue to adhere to the business plan to construct and launch sale of the property projects as well as to speed up the leasing or sales of the offices and commercial shops 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 the related transactions are substantially 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.

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 arise.

As at 31 December 2023, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2023 would have been approximately RMB12.9 million lower/higher (2022: post-tax loss RMB9.2 million lower/higher).

Interest Rate Risk

The Group holds interest bearing assets including cash at bank and certain bank deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed 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 presented for 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 rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed 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 31 December 2023, the Group's total borrowings amounted to RMB22,663.4 million (2022: RMB20,963.7 million), of which RMB19,197.0 million (2022: RMB17,309.0 million) borne fixed interest rate.

As at 31 December 2023, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been RMB28.0 million higher/lower (2022: post-tax loss RMB17.6 million higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

Price Risk

The Group is exposed to equity securities price risk arising from the unlisted investments held by the Group. Gains or losses arising from changes in the fair value of financial asset at fair value through profit or loss are dealt with in equity and the consolidated statement of comprehensive income respectively. The performance of the Group's unlisted investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans.

Pledge of Assets

As at 31 December 2023, the Group had property, plant and equipment, right-of-use assets, investment properties, properties under development and completed properties held for sale of aggregate carrying value of RMB13,216.0 million (2022: RMB31,829.8 million) which had been pledged for the Group's borrowings. Besides, equity interests of certain of the Company's subsidiaries and a joint venture had also been pledged for the Group's borrowings.

Financial Guarantee

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 31 December 2023, the amount of outstanding guarantees for mortgages was RMB3,793.6 million (2022: RMB3,378.2 million).

Capital Commitment

As at 31 December 2023, the Group had capital commitment of RMB8,810.7 million (2022: RMB9,105.4 million).

EMPLOYEES

As at 31 December 2023, the Group had a total of 397 employees (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 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 31 December 2023, there were totally 146,624,000 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

Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company had complied with the code provisions of the Corporate Governance 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 year ended 31 December 2023.

AUDIT COMMITTEE

The Audit Committee was established on 9 September 2009 with written terms of reference, which 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 2023 Annual Results and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

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 of the Company 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 year ended 31 December 2023.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by Crowe (HK) CPA Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2023:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in note 2(a)(i) to the consolidated financial statements, the Group reported a loss attributable to the owners of the Company of RMB2,949,153,000 for the year ended 31 December 2023. At 31 December 2023, the Group had accumulated losses of RMB11,872,284,000 and the Group's current liabilities exceeded its current assets by RMB24,189,827,000. As at the same date, the Group's total and current borrowings amounted to RMB22,663,387,000 and commitments for capital and property development expenditures amounted to RMB8,810,741,000, while its cash and cash equivalents amounted to RMB214,647,000 only. As at 31 December 2023, the Group was in default in respect of principal amount of borrowings totaling RMB12,166,958,000 due to late or overdue payment of loan principal and/or interest during the loan period or as at 31 December 2023. These events of default also resulted in cross-default of certain borrowings other than those mentioned above with a principal amount of RMB4,374,080,000 as at 31 December 2023.

As set out in note 2(a)(i) to the consolidated financial statements, in view of economic and regulatory environments, 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 and breach of specific terms and conditions of borrowings from financial institutions. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the 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) the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (iii) successfully obtaining additional new sources of financing as and when needed; and (iv) the successful acceleration of the pre-sales and sales of properties under development and completed properties and speed up the collection of outstanding sales proceeds, including meeting all the necessary conditions to launch the presale 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 abovementioned 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.

All the above conditions, together with those measures described in note 2(a)(i) to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

As a result of the above-mentioned multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. 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 the consolidated financial statements.

ANNUAL GENERAL MEETING

The 2024 annual general meeting of the Company (the "**2024 AGM**") will be held on Friday, 7 June 2024 and the notice will be published and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both days inclusive, during which no transfers will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 3 June 2024.

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 year ended 31 December 2023.

PUBLICATION OF ANNUAL REPORT

The 2023 annual report of the Company containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn in due course.

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

Hong Kong, 28 March 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 Prof. Liu Tao, Dr. Hu Jinxing and Mr. Han Ping.