恒盛地產
GLORIOUS PROPERTY

The Ultimacy of Life
築·極致人生

恒盛地產控股有限公司
GLORIOUS PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

股份代號 Stock Code: 00845

Interim Report 2024 中期報告

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ding Xiang Yang *(Chairman)*
Ms. Lu Juan
Mr. Yan Zhi Rong

Independent Non-Executive Directors

Dr. Xue Wen Jun *(appointed on 24 July 2024)*
Prof. Liu Tao *(resigned on 24 July 2024)*
Dr. Hu Jinxing
Mr. Han Ping

AUDIT COMMITTEE

Dr. Xue Wen Jun *(appointed on 24 July 2024)*
Prof. Liu Tao *(Chairman) (resigned on 24 July 2024)*
Dr. Hu Jinxing
Mr. Han Ping

REMUNERATION COMMITTEE

Dr. Hu Jinxing *(Chairman)*
Mr. Ding Xiang Yang
Dr. Xue Wen Jun *(appointed on 24 July 2024)*
Prof. Liu Tao *(resigned on 24 July 2024)*

NOMINATION COMMITTEE

Mr. Ding Xiang Yang *(Chairman)*
Dr. Hu Jinxing
Mr. Han Ping

CORPORATE GOVERNANCE COMMITTEE

Mr. Ding Xiang Yang *(Chairman)*
Dr. Xue Wen Jun *(appointed on 24 July 2024)*
Prof. Liu Tao *(resigned on 24 July 2024)*
Ms. Lu Juan

FINANCE COMMITTEE

Mr. Ding Xiang Yang
Ms. Lu Juan

COMPANY SECRETARY

Ms. Leung Yin Fai

AUDITOR

Crowe (HK) CPA Limited
Public Interest Entity Auditor
registered in accordance with the Accounting and
Financial Reporting Council Ordinance

REGISTERED OFFICE

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Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Shanghai, China

PRINCIPAL SHARE REGISTRAR

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Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

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Shops 1712–1716, 17th Floor
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Wanchai, Hong Kong

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CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE INFORMATION

This interim report is now available in printed form and on the website of the Company. If shareholders who have received or chosen to receive this interim report by electronic means and

1. wish to receive a printed copy; or

2. for any reason have difficulty in receiving or gaining access to this report on the Company's website,

they may obtain a printed copy free of charge by sending a request to the Company's Hong Kong Share Registrar by email at gloriousphl.ecom@computershare.com.hk or by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify the Company's Hong Kong Share Registrar by email or by post.

WEBSITE

www.gloriousphl.com.cn

STOCK CODE

00845

Management Discussion and Analysis

HALF-YEAR HIGHLIGHTS

- During the first half of 2024, the Group recorded a revenue of RMB2,326.9 million, representing a year-on-year ("YoY") increase of 382.5%, and the delivered gross floor area ("GFA") was 34,504 sq.m..
- During the first half of 2024, the Group recorded a loss attributable to the owners of the Company of RMB617.0 million, as compared to RMB686.5 million for the corresponding period in 2023.
- During the first half of 2024, the Group achieved contracted property sales of RMB380.8 million and the GFA sold was 19,472 sq.m..
- As at 30 June 2024, total borrowings were RMB23,699.4 million.
- As at 30 June 2024, the Group had a total land bank of 5.7 million sq.m. and the average land cost was RMB1,446 per sq.m..

RESULTS HIGHLIGHTS

	Six months ended 30 June	
	2024	2023
Revenue *(RMB'000)*	**2,326,870**	482,295
GFA sold and delivered *(sq.m.)*	**34,504**	35,010
Gross profit *(RMB'000)*	**781,063**	126,882
Loss attributable to the owners of the Company *(RMB'000)*	**(616,972)**	(686,466)
Basic loss per share attributable to the owners of the Company *(RMB per share)*	**(0.08)**	(0.09)

BUSINESS INFORMATION HIGHLIGHTS

	Six months ended 30 June	
	2024	2023
Property sales *(RMB'000)*	**380,853**	888,418
GFA sold *(sq.m.)*	**19,472**	52,875

	30 June 2024	31 December 2023
Total land bank *(sq.m.)*	**5,696,880**	5,696,880
Average land cost *(RMB per sq.m.)*	**1,446**	1,446

OTHER KEY FINANCIAL INFORMATION

RMB'000	**30 June 2024**	31 December 2023
Total assets	**43,716,628**	44,828,088
Total liabilities	**47,155,626**	(47,650,088)
Total deficit on equity	**(3,438,998)**	(2,822,000)
Current borrowings	**23,699,367**	22,663,387
Non-current borrowings	**—**	—
Total borrowings	**23,699,367**	22,663,387
Gearing ratio[1]	**N/A**	N/A

Note:

(1) Gearing ratio is calculated as net debt (calculated as total borrowings (excluding loans from a non-controlling interest) less cash and bank balances) divided by total equity attributable to the owners of the Company. As at 30 June 2024 and 2023, no gearing ratio was available as the Group was in a net deficit on equity as at 30 June 2024 and 2023. Nevertheless, the Group gearing ratio continued to stay at a high level as at 30 June 2024 and 2023. Management used other measures to monitor the Group's liquidity and will consider to adopt alternative method of calculation of gearing ratio in the future as appropriate.

MARKET REVIEW

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

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

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

In the first half of 2024, the Group continued to optimize its capital management capabilities and rationalize usage arrangements, further improving multi-party communication for ensuring property delivery to gain government and owner support for delivery, ensuring the stability of enterprise survival and loan structure handling solutions. The Group balanced financing security and stability, ensured normal business operations, strived to mitigate and resolved various emergencies caused by severe cash flow shortages, ensured confidence to win the cycle, allowing both the Group and our projects to address temporary difficulties hand-in-hand and promote the sustainable and stable development of the Group.

BUSINESS REVIEW

I. Revenue

The Group recorded a consolidated revenue of RMB2,326.9 million in the first half of 2024, representing an increase of 382.5% compared to RMB482.3 million for the first half of 2023. The sold and delivered GFA decreased to 34,504 sq.m. in the first half of 2024 from 35,010 sq.m. in the first half of 2023, representing a decrease of 1.4%. The average selling price recognised (excluding revenue from interior decoration of properties) increased by 320.6% to RMB57,945 per sq.m. in the first half of 2024 from RMB13,776 per sq.m. in the corresponding period in 2023.

During the six months ended 30 June 2024, the Group continued to sell the remaining units of the properties completed in prior years. The largest portion of the Group's revenue were attributable to the properties located in Shanghai Region, which contributed recognised revenue (including revenue from property sales and interior decoration) of RMB2,218.3 million and sold and delivered GFA of 18,110 sq.m., representing 95.3% and 52.5% of the Group's total recognised revenue and sold and delivered GFA, respectively. All sales revenue in Shanghai Region for the six months ended 30 June 2024 was derived from the Shanghai Bay project, which continued to sell and deliver the remaining units of these completed properties this period. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and the Northeast China, also only had remaining units available for sale, thus their combined revenue was RMB108.6 million and the sales and delivery areas was 16,394 sq.m., representing 4.7% and 47.5% of the Group's total revenue and the sales and delivery areas for the current period respectively.

In the current period, the Group continued to put extra effort in selling the stock of car park units and the remaining residential units in different cities, for which the average selling price of car park units were substantially lower than the residential units. As a vast majority of the properties sold and delivered in the current period were residential units from the Shanghai Bay project in Shanghai, the average selling price of which was substantially higher than all of the Group's other projects, the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a high level of RMB57,945 per sq.m., which was much higher than RMB13,776 per sq.m. in the corresponding period in 2023.

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

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

II. Property Sales

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

In the first half of 2024, the unemployment rate remained high and domestic economy declined, coupled with pronounced inflationary pressures and consequent hiking of the Federal Reserve's interest rate, causing an adverse impact on the Group's property sales performance, progress of project constructions and the Group's overall operation.

During the six months ended 30 June 2024, the Group continued to sell the remaining units of the projects that were completed in prior years. During the period, the Group's property sales in the four regions, namely Shanghai Region, the Yangtze River Delta, the Pan Bohai Rim and the Northeast China, contributed property sales of RMB34.4 million, RMB288.2 million, RMB2.9 million and RMB55.3 million respectively, representing 9.0%, 75.7%, 0.8%, and 14.5% of the Group's total property sales respectively. During the period, most of the Group's property sales were generated from the Yangtze River Delta, mainly from Nanjing Royal Bay Project launched in the second half of 2023, with sales amounting to RMB199.8 million, which represented 52.5% of the Group's total property sales for the period.

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

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

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

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

Note:

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

III. Construction and Development

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

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources. The Group did not acquire any new land parcel during the first half of 2024.

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

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

Details of land bank by project as at 30 June 2024 were as follows:

Project		City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, serviced apartment, office and commercial	279,867	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, office and commercial	83,422	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	112,290	1,870	100%
4	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	101,548	9,703	100%
5	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	80,646	9,703	100%
	Subtotal				657,773	3,337	
Yangtze River Delta							
6	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	460	100%
7	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	70%
8	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	381,814	4,719	100%
9	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	849,701	881	100%
10	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
11	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	35,730	6,013	60%
	Subtotal				2,253,258	1,041	

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, hotel and commercial	455,749	1,396	100%
13	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
14	Tianjin Central City	Tianjin	Binhai New Area	Residential and commercial	205,961	2,792	100%
15	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,243,535	1,399	
Northeast China							
16	Sunny Town	Shenyang	Yuhong District	Residential and commercial	119,391	1,133	100%
17	Changchun Villa Glorious	Changchun	New and High-tech District	Residential and commercial	422,923	1,004	100%
	Subtotal				542,314	1,032	
Total					**5,696,880**	**1,446**	

V. Development of Commercial Properties

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

As at 30 June 2024, retail commercial properties, office buildings and hotels accounted for 67.4%, 10.3% and 22.3% of the total commercial properties of the Group by GFA, respectively. The Group plans to retain the ownership of most of the commercial properties for the long run to secure stable rental income.

OUTLOOK FOR THE SECOND HALF OF 2024

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

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

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

The Group will insist on adopting prudent financial policies, with the aim of reducing debt and financial expenses, in order to timely alleviate operation pressure. The Group will select the suitable financing tools after considering various means and aspects to adjust and improve the debt structure of the Group. The timely disposal of non-performing assets as a debt resolution tool allows the Group to safely avoid financial risks and operation pressure, which will ensure its overall financial security and achieve sustainable, healthy and stable development.

FINANCIAL REVIEW

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

Results for the six months ended 30 June 2024 are as follows:

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

Revenue

During the six months ended 30 June 2024, the Group continued to sell the remaining units of the properties completed in prior years. The largest portion of the Group's revenue were attributable to the properties located in Shanghai Region, which contributed recognised revenue (including revenue from property sales and interior decoration) of RMB2,218.3 million and sold and delivered GFA of 18,110 sq.m., representing 95.3% and 52.5% of the Group's total recognised revenue and sold and delivered GFA, respectively. All sales revenue in Shanghai Region for the six months ended 30 June 2024 was derived from the Shanghai Bay project, which continued to sell and deliver the remaining units of these completed properties this period. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and the Northeast China, also only had remaining units available for sale, thus their combined revenue was RMB108.6 million and the sales and delivery areas was 16,394 sq.m., representing 4.7% and 47.5% of the Group's total revenue and the sales and delivery areas for the current period respectively.

In the current period, the Group continued to put extra effort in selling the stock of car park units and the remaining residential units in different cities, for which the average selling price of car park units were substantially lower than the residential units. As a vast majority of the properties sold and delivered in the current period were residential units from the Shanghai Bay project in Shanghai, the average selling price of which was substantially higher than all of the Group's other projects, the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) maintained at a high level of RMB57,945 per sq.m., which was much higher than RMB13,776 per sq.m. in the corresponding period in 2023.

Cost of Sales

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

Gross Profit

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

Other Income

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

Other Losses, Net

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

Selling and Marketing Expenses/Administrative Expenses

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

Finance Costs, Net

Gross finance costs for the six months ended 30 June 2024 were RMB1,098.1 million, representing an increase of 37.6% from RMB798.3 million for the corresponding period in 2023. In the current period, finance costs of RMB215.6 million (six months ended 30 June 2023: RMB254.3 million) had been capitalised, and the remaining RMB882.5 million (six months ended 30 June 2023: RMB544.0 million) was charged directly to the condensed consolidated statement of comprehensive income. After netting off the finance income of RMB0.7 million (six months ended 30 June 2023: RMB1.2 million), the amount of finance costs, net was RMB881.9 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB542.8 million). The Group incurred higher amount of gross finance costs for the first half of 2024 as compared to the corresponding period in 2023 mainly because the Group's average level of total net borrowings increased in the current period as compared to the corresponding period in 2023, and at the same time the Group's average cost of borrowing increased. As the amount of gross finance costs incurred in the current period continued to exceed the amount that can be capitalised based on the Group's qualifying assets, a portion of the finance costs were not capitalised and were recorded as current period expenses.

Loss Before Taxation

The Group recorded a loss before taxation of RMB251.5 million for the six months ended 30 June 2024, which was 63.2% lower than RMB682.7 million for the corresponding period in 2023. The Group recorded a loss before taxation in the current period mainly due to the significant amount of finance costs and the fair value loss of investment properties in the current period.

Income Tax Expenses

The Group recorded income tax expenses of RMB365.5 million for the six months ended 30 June 2024, as compared to an income tax expenses of RMB3.8 million for the corresponding period in 2023. The increase in income tax expense for the first half of 2024 was mainly because the properties completed and delivered were mainly high-value and high-margin such that substantial amounts of provision for land appreciation tax and corporate income tax were accrued in the current period.

Loss Attributable to the Owners of the Company

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

Current Assets and Liabilities

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

As at 30 June 2024, the Group's current assets mainly comprised properties under development, and completed properties held for sale and trade and other receivables, prepayments and other financial assets. As at 30 June 2024, balance of properties under development was RMB11,056.6 million, which was 4.0% higher than RMB10,633.1 million as at 31 December 2023. During the six months ended 30 June 2024, the Group has quite a number of property development projects under continuous progress, which had resulted in an increase in the carrying value of properties under development. Completed properties held for sale decreased by 22.6% from RMB6,724.8 million as at 31 December 2023 to RMB5,202.7 million as at 30 June 2024. The lower balance of completed properties held for sale was mainly due to the Group's continuous effort to sell and deliver the remaining units of existing projects in the current period. Trade and other receivables, prepayments and other financial assets increased by 2.0% from RMB3,290.1 million as at 31 December 2023 to RMB3,357.5 million as at 30 June 2024. Trade and other receivables, prepayments and other financial assets comprised prepayments for construction costs, prepayments for land premium for which the relevant land use right certificates were yet to be obtained and certain other receivables arising from the Group's business.

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

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

Liquidity and Financial Resources

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

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

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

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings (excluding loan from a non-controlling interest) less cash and bank balances and restricted deposits. The gearing ratios as at 30 June 2024 and 31 December 2023 were as follows:

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

As at 30 June 2024 and 2023, no gearing ratio was available as the Group was in a net deficit on equity. Nevertheless, the Group gearing ratio continued to stay at a high level as at 30 June 2024 and 2023. Management also uses other measures, such as net debt and current ratio, to monitor the Group's liquidity and will consider to adopt alternative method of calculation of gearing ratio in the future as appropriate.

Going Concern and Mitigation Measures

For the six months ended 30 June 2024, the Group reported a loss attributable to the owners of the Company of RMB617.0 million but only had a net operating cash outflow of RMB105.2 million. As at 30 June 2024, the Group had accumulated losses of RMB11,465.1 million, the Group's current liabilities exceeded its current assets by RMB24,789.6 million. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB23,699.4 million, while its cash and cash equivalents amounted to RMB150.6 million only. In addition, as at 30 June 2024, certain borrowings whose principal amounts of RMB10,670.7 million and interest payable amounts of RMB4,921.6 million, relating to borrowings with a total principal amount of RMB10,670.7 million were overdue. In addition, part of the principal and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,551.6 million have been overdue during the loan period; although these overdue balances and interests were subsequently settled before 30 June 2024, these borrowings remain to be in default as at 30 June 2024. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,351.3 million as at 30 June 2024. These conditions, together with other matters described in note 2(i) to the condensed consolidated interim financial information, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which include:

(i) The Group has been actively negotiating with a number of lenders for terms modification, renewal, extension and replacement of bank loans and credit facilities;

(ii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iii) The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable carparks;

(iv) The Group has implemented measures to speed up the collection of outstanding sales proceeds; and

(v) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures.

Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

The Group has been actively implementing the aforementioned measures in the past few years by focusing on reduction of debt balance and impairing debt structure. As a result of the efforts over such period, a number of financial data has gradually shown improvements, including steady growth in property sales and maintained at a reasonable level, as well as continuous improvements in the operating cash flows. In the first half of 2024, the pronounced inflationary pressures and consequent hiking of the Federal Reserve's interest rate, causing adverse impact on the Group's property sales performance, progress of project constructions and the Group's overall operation in the first half of the year. In the first half of 2024, there was only a new round of major completion and delivery of new phase of properties by the Group's projects in Shanghai, while other projects only recorded sales revenue from the stock of car park units and the remaining residential units. Although the Group recorded a slightly higher gross profit margin during the current period compared to the same period last year, due to the substantial amount of finance costs not being capitalized but recorded directly as current period expenses, the inclusion of fair value loss attributable to the Group's investment properties in the first half of 2024, and substantial amounts of provision for land appreciation tax and corporate income tax incurred by the high-value and high-margin properties completed and delivered during the current period. The Group continued to record a loss attributable to the owners of the Company during the current period, with the loss amount slightly narrowing compared to the corresponding period in 2023. In the first half of 2024, due to domestic economic slowdown and other factors, the Group only achieved contracted property sales of RMB380.8 million, representing a decrease of 57.1% as compared with the corresponding period in 2023. As at 30 June 2024, the Group had overdue principal amounts of certain borrowings of RMB10,670.7 million. Notwithstanding the stressful financial resources, the Group's total borrowings only increased slightly by 4.6% from RMB22,663.4 million at the end of 2023 to RMB23,699.4 million as at 30 June 2024, and recorded an operating cash outflow of RMB105.2 million for the first half of 2024. The Group will actively implement the business plan in the second half of 2024 and afterwards, on one hand continue to adhere to the business plan to construct and launch sale of the property projects so as to increase the cash inflow, on the other hand to actively negotiate with financial institutions to renew and extend the bank loans, and to identify opportunities to obtain new borrowings so as to improve the Group's debt structure.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 30 June 2024, the Group had cash and bank balances, and restricted deposits, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Cash and bank balances, and restricted deposits:		
US$	**10**	29
HK$	**27**	97
Total	**37**	126
Borrowings:		
US$	**95,713**	157,565
HK$	**145,486**	177,805
Total	**241,199**	335,370
Trade and other payables:		
US$	**395**	393
HK$	**5,999**	7,733
Total	**6,394**	8,126

Apart from the above listed balances that were denominated in foreign currencies, all of the Group's borrowings and cash and bank balances, and restricted deposits were denominated in RMB.

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arises.

Interest Rate Risk

The Group holds interest-bearing assets including bank balances and restricted deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed interest rates and expose the Group to fair value interest rate risk. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is conducted for the interest rate risk arising from the Group's interest-bearing assets.

The Group's interest rate risk mainly arises from its borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risk. Borrowings at fixed interest rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions.

As at 30 June 2024, the Group's total borrowings amounted to RMB23,699.4 million (31 December 2023: RMB22,663.4 million), of which RMB20,139.8 million (31 December 2023: RMB19,197.0 million) bore fixed interest rate.

Pledge of Assets

As at 30 June 2024, the Group had pledged equity interest of certain subsidiaries and equity interest in a joint venture's shares, property, plant and equipment, right-of-use assets, investment properties, properties under development and completed properties held for sale to secure its borrowings.

Financial Guarantees

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligations of such purchasers. As at 30 June 2024, the amount of outstanding guarantees for mortgages was RMB3,795.3 million (31 December 2023: RMB3,793.6 million).

Capital Commitments

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

Employees

As at 30 June 2024, the Group had a total of 343 employees (31 December 2023: 397). Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover as well as share options.

Corporate Governance

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the six months ended 30 June 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

CHANGES OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

1. Resignation and Appointment of Independent Non-Executive Director and Board Committees Members

Prof. Liu Tao resigned as an independent non-executive director, chairman of the Audit Committee and a member of each of the Remuneration Committee and the Corporate Governance Committee of the Company with effect from 24 July 2024.

Dr. Xue Wen Jun was appointed as an independent non-executive director, chairman of the Audit Committee and a member of each of the Remuneration Committee and the Corporate Governance Committee of the Company with effect from 24 July 2024.

2. Resignation of Chief Executive Officer

Mr. Zheng Qun Guo resigned as Chief Executive Officer with effect from 24 July 2024.

For details of the aforesaid changes, please refer to the announcement of the Company dated 24 July 2024.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2023 annual report of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference, and comprises three independent non-executive directors, namely, Dr. Xue Wen Jun (appointed on 24 July 2024 to replace Prof. Liu Tao who resigned on the same day) (chairman of the Audit Committee), Dr. Hu Jinxing and Mr. Han Ping.

1. to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of external auditors, and to approve remuneration and terms of engagement of external auditors, and any questions of resignation or dismissal of external auditors;

2. to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;

3. to monitor the integrity of the Company's financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

4. to review the Company's financial controls and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;

5. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on the Committee's own initiative, and management's response to these findings; and

6. to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

The terms of reference of the Audit Committee (which was amended and adopted by the Board on 31 December 2018 in response to the amendments to the Corporate Governance Code which took effect on 1 January 2019) are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

The Audit Committee has reviewed with management the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2024 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two INEDs, namely, Dr. Hu Jinxing (chairman of the Remuneration Committee) and Dr. Xue Wen Jun (appointed on 24 July 2024 to replace Prof. Liu Tao who resigned on the same day) and one executive Director, namely Mr. Ding Xiang Yang. The main duties of the Remuneration Committee are, among others, as follows:

1. to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors;

2. to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the Directors or any associate company of any of them;

3. to make recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy and placing such recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors and senior management from time to time;

4. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

5 to review and approve matters relating to share schemes under chapter 17 of Listing Rules;

6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries (collectively the "Group"); and

7. to conform any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law.

The terms of reference of the Remuneration Committee (which was amended and adopted by the Board on 30 December 2022 in response to the amendments to the Corporate Governance Code which took effect on 1 January 2019 and the share Option schemes which took effect on 1 January 2023) are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 1 April 2012 with written terms of reference. On 29 August 2013, the Board approved and adopted the board diversity policy and revised terms of reference of the Nomination Committee, which are in line with the Listing Rules relating to the board diversity effective from 1 September 2013. Currently, the Nomination Committee comprises one executive Director, namely Mr. Ding Xiang Yang (chairman of the Nomination Committee) and two INEDs, namely, Dr. Hu Jinxing and Mr. Han Ping. The main duties of the Nomination Committee are, among others, as follows:

1. to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to review the balance between executive and non-executive Directors (including INEDs) on the Board;

3. to review the board diversity policy and the measurable objectives that the Board has adopted for implementing this policy, and monitor the progress on achieving the objectives and make the relevant disclosure in the corporate governance report;

4. to assess the independence of INEDs;

5. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and

6. to determine the policy, procedures and criteria for the nomination of Directors.

The terms of reference of the Nomination Committee (which was amended and adopted by the Board on 31 December 2018 in response to the amendments to the Corporate Governance Code which took effect on 1 January 2019) are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

NOMINATION POLICY

The Nomination Committee has implemented the following procedures and processes in respect of the nomination of Directors:

1. The Nomination Committee may select potential candidates for nomination by: (i) inviting the Board to nominate suitable candidates, if any, for its consideration; or (ii) nominating candidates who were not proposed by the Board members; or (iii) engaging external recruitment agencies to assist in identifying and selecting suitable candidates, if considered necessary;

2. The Nomination Committee will conduct background search on each potential candidates, if considered necessary;

3. After consideration, the Nomination Committee shall then make recommendations of the suitable candidates for the Board's consideration and approval. For the election of candidates to stand for re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to Shareholders; and

4. Shareholders may also nominate candidates for election as a Director in accordance with the procedures posted on the Company's website.

BOARD DIVERSITY POLICY

On 29 August 2013, the Company adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to the talents, skills, knowledge, age, industry experience, race, gender and other qualities. These differences will be considered in determining the optimum composition of the Board. All appointments of the members of the Board will also be based on meritocracy while taking into account diversity.

The Nomination Committee will review and assess annually all measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including but not limited to, those described above.

The Nomination Committee will report annually, in the corporate governance report of the Company's annual report, a summary of the Policy, the measurable objectives that the Board has adopted for implementing the Policy, and the progress made towards achieving these objectives.

The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy and also recommend any proposed changes to the Board for approval.

Each of the Board members possesses different skills, knowledge and experience, including land and property development, construction and management, corporate operational and strategic management, financial strategies and asset management, project budgeting management and construction design of project. The Board is characterised by significant diversity in terms of skills, knowledge, age and industry experience, etc.

The Board emphasis on diversity (including gender diversity) across all levels of the Group. As at 30 June 2024, the Board comprises six Directors, two of whom are female, it stands at 33.3%. The Board considers that gender diversity on the Board has been achieved. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across the workforce (including senior management), together with relevant data, can be found in the "2023 Annual Report" on the websites of Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

DIVIDEND POLICY

The following dividend policy (the "Dividend Policy") was approved and adopted by the Board on 31 December 2018 and was effective on 1 January 2019:

Objective

The Company considers stable and sustainable returns to the shareholders of the Company (the "Shareholders") to be our goal and endeavours to maintain its stable Dividend Policy.

The Policy

Under the Dividend Policy, the declaration and payment of dividends shall be determined at the sole discretion of the Board. The Board shall also take into account the following factors when considering whether to propose dividends and determining the dividend amount:

1. the Group's actual and expected financial performance;

2. retained earnings and distributable reserves of the Company and each of the members of the Group;

3. the Group's working capital requirements, capital expenditure requirements and future expansion plans;

4. the Group's liquidity position;

5. contractual restrictions on the payment of dividends by the Company to the Shareholders or by the Company's subsidiaries to the Company;

6. taxation considerations;

7. general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

8. other factors that the Board deems relevant.

Payment of dividends by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the memorandum and articles of association of the Company. The Board will review the Dividend Policy as appropriate from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee of the Company (the "CG Committee") was established on 1 April 2012 with written terms of reference. Currently, the CG Committee comprises two executive Directors, namely, Mr. Ding Xiang Yang (chairman of the CG Committee) and Ms. Lu Juan and one INED, namely Dr. Xue Wen Jun (appointed on 24 July 2024 to replace Prof. Liu Tao who resigned on the same day). The main duties of the CG Committee are, among others, as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of the Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

5. to review the Company's compliance with all the applicable provisions in the Corporate Governance Code and the disclosure in the corporate governance report.

The terms of reference of the CG Committee (which was amended and adopted by the Board on 31 December 2018 in response to the amendments to the Corporate Governance Code which took effect on 1 January 2019) are available on the website of the Company at www.gloriousphl.com.cn.

FINANCE COMMITTEE

The Board established a finance committee (the "Finance Committee") in April 2010 with delegated authority to review and approve certain financial matters of the Group. Currently, the Finance Committee comprises Mr. Ding Xiang Yang (Chairman of the Board) and Ms. Lu Juan, and its primary duties include the determination and approval of the investment of surplus funds, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the share option scheme (details of which are described in the section headed "Share Option Scheme" of this interim report).

Disclosure of Interests

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the Directors and the chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (a) were recorded in the register required to be kept under Section 352 of the SFO; or (b) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Company

	Number of ordinary shares			
Name of Directors	**Personal interests[(1)]**	**Corporate interests**	**Total**	**Approximate % of shareholding[(2)]**
Mr. Ding Xiang Yang	10,579,000	—	10,579,000	0.14
Mr. Yan Zhi Rong	5,894,000	—	5,894,000	0.08

Notes:

(1) This represents interests held by the relevant Director as beneficial owner in share options granted to the Directors under the share option scheme of the Company to subscribe for shares in the Company.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2024 (i.e. 7,792,645,623 ordinary shares).

All of the interests disclosed above represent long positions in the shares of the Company.

Apart from the aforesaid, as at 30 June 2024, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations of any Directors or chief executive of the Company which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30 June 2024, the number of outstanding options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, is set out in the section headed "Share Option Schemes" of this interim report.

Apart from the aforesaid, at no time during the six months ended 30 June 2024 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2024, the interests of substantial shareholders (other than the Directors or the chief executive of the Company) in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of the Substantial shareholders	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding[(4)]
Mr. Zhang Zhi Rong	Interests in controlled corporations/ Beneficial owner[(2)(3)]	5,275,922,436[(2)(3)]	Long position	67.70
Best Era International Limited[(1)(2)]	Beneficial owner	4,940,629,436	Long position	63.40
Century Glory Assets Limited[(2)]	Beneficial owner	4,940,629,436	Long position	63.40
Trident Trust Company Limited[(2)]	Trustee	4,940,629,436	Long position	63.40
China Life Insurance (Overseas) Co. Ltd	Beneficial owner	571,210,000[(5)]	Long position	7.33

Notes:

(1) Mr. Zhang Zhi Rong is a sole director of Best Era International Limited.

(2) Mr. Zhang Zhi Rong directly owned the entire issued share capital of Best Era International Limited. Best Era International Limited beneficially owns 4,940,629,436 shares of the Company. On 9 July 2021, Mr. Zhang Zhi Rong set up a discretionary family trust, Century Glory Family Trust, in Jersey and Trident Trust Company Limited is the trustee. On 29 October 2021, Mr. Zhang Zhi Rong transferred the entire issued share capital of Best Era International Limited to Century Glory Assets Limited, a company wholly owned by the trustee.

(3) As at 30 June 2024, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are indirectly wholly-owned by Mr. Zhang Zhi Rong, held 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively, representing in aggregate 335,293,000 shares or approximately 4.30% of the issued share capital of the Company. Together with the shares held by the family trust, Mr. Zhang Zhi Rong's aggregate interests was 5,275,922,436 shares or approximately 67.70% of the issued share capital of the Company.

(4) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2024 (i.e. 7,792,645,623 ordinary shares).

(5) Based on the notice of dealing disclosures dated 12 October 2016 submitted to the Securities and Futures Commission by China Life Insurance (Overseas) Co. Ltd. pursuant to Rule 22 of the Code on Takeovers and Mergers of Hong Kong.

Apart from the aforesaid, as at 30 June 2024, the Company was not aware of any persons (other than the Directors or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

SHARE OPTION SCHEME

In order to attract, retain and motivate executives and key employees serving any members of the Group or other persons contributing to the Group, the Company had adopted a share option scheme (the "Share Option Scheme") on 9 September 2009 which should be valid and effective for a period of ten years.

On 4 February 2019, the Company resolved to grant 632,388,000 share options to eligible participants (the "Grantees") to subscribe for a total of 632,388,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme. A total of 2,393,000 share options granted were not accepted by the Grantees within the required acceptance period under the Share Option Scheme. The accepted 629,995,000 share options are exercisable at any time during the option period from 4 February 2019 to 3 February 2024 (both dates inclusive) at an exercise price of HK$0.45 per share. All these share options were fully lapsed during the first half of 2024.

On 23 July 2019, the Company resolved to grant 26,397,000 share options to another batch of eligible participants to subscribe for a total of 26,397,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme. Among the share options granted, 22,367,000 share options were granted to the directors of the Company. The accepted 26,397,000 share options are exercisable at any time during the option period from 23 July 2019 to 22 July 2024 (both dates inclusive) at an exercise price of HK$0.45 per share.

In respect of the share options granted on 4 February 2019 and 23 July 2019, unless with the prior written consent of the Board, at any time during a period of six months from the date of the allotment and issue of the shares pursuant to exercise of the share options by the aforesaid eligible participants, they shall not dispose of, nor enter into any agreement to dispose of, the shares subscribed pursuant to the exercise of the share options.

As at 30 June 2024, there were totally 18,488,000 share options that were granted to the directors and employees of the Company under the Share Option Scheme and remained outstanding.

In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

The following table discloses details of the Company's outstanding share options held by the eligible participants under the Share Option Scheme and its movement during the six months ended 30 June 2024:

Name of Grantee	Date of Grant	Number of underlying shares comprised in share options: Balance as at 01/01/2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Balance as at 30/06/2024	Exercise price per share HK$	Exercise Period
Category 1:									
Directors									
Mr. Ding Xiang Yang	23/07/2019	10,579,000	—	—	—	—	10,579,000	0.45	Note 2
Ms. Lu Juan	04/02/2019	260,000	—	—	—	(260,000)	—	0.45	Note 1
Mr. Yan Zhi Rong	23/07/2019	5,894,000	—	—	—	—	5,894,000	0.45	Note 2
		16,733,000				(260,000)	16,473,000		
Category 2:									
Employees (in aggregate)	04/02/2019	127,876,000	—	—	—	(127,876,000)	—	0.45	Note 1
	23/07/2019	2,015,000	—	—	—	—	2,015,000	0.45	Note 2
		129,891,000				(127,876,000)	2,015,000		
Category 3:									
Suppliers (in aggregate)	04/02/2019	—	—	—	—	(455,476,000)	—	0.45	Note 1
		—					—		
Total:		602,100,000	—	—	—	(583,612,000)	18,488,000		

Note 1: The share options were 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.

Note 2: The share options were 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

INTERIM DIVIDEND

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

RMB'000	Note	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Non-current assets			
Property, plant and equipment		**69,013**	70,023
Right-of-use assets		**238,800**	245,811
Investment properties	5	**22,389,275**	22,385,588
Intangible assets		**1,800**	1,800
Investment in an associate		**5,309**	5,900
Interest in a joint venture		**357,107**	343,991
Deferred income tax assets		**697,359**	697,359
		23,758,663	23,750,472
Current assets			
Properties under development		**11,056,550**	10,633,066
Completed properties held for sale		**5,202,683**	6,724,782
Trade and other receivables, prepayments and other financial assets	6	**3,357,517**	3,290,102
Prepaid taxes		**190,614**	187,799
Cash and cash equivalents, and restricted deposits	7	**150,601**	241,867
		19,957,965	21,077,616
Total assets		**43,716,628**	44,828,088

The notes on pages 92 to 112 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

RMB'000	Note	30 June 2024 (unaudited)	31 December 2023 (audited)
Current liabilities			
Contract liabilities		**5,211,627**	6,288,579
Trade and other payables	10	**5,238,080**	5,899,753
Income tax payable		**10,244,887**	10,061,759
Amount due to a joint venture	19	**353,029**	353,029
Borrowings	9	**23,699,367**	22,663,387
Lease liabilities		**569**	936
		44,747,559	45,267,443
Non-current liabilities			
Borrowings	9	**—**	—
Deferred income tax liabilities		**2,407,574**	2,382,035
Lease liabilities		**493**	610
		2,408,067	2,382,645
Total liabilities		**47,155,626**	47,650,088
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital	8	**68,745**	68,745
Share premium	8	**7,822,982**	7,822,982
Reserves		**(11,465,081)**	(10,848,109)
		(3,573,354)	(2,956,382)
Non-controlling interests		**134,356**	134,382
Total deficit on equity		**(3,438,998)**	(2,822,000)
Total liabilities and equity		**43,716,628**	44,828,088

The notes on pages 92 to 112 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2024

RMB'000	Note	Six months ended 30 June 2024 (unaudited)	2023 (unaudited)
Revenue	4	**2,326,870**	482,295
Cost of sales	13	**(1,545,807)**	(355,413)
Gross profit		**781,063**	126,882
Other income	11	**25,063**	26,435
Other losses, net	12	**(107,859)**	(135,757)
Reversal of provision for loss allowances of financial assets		**—**	326
Selling and marketing expenses	13	**(22,466)**	(64,668)
Administrative expenses	13	**(57,929)**	(110,977)
Finance costs, net	14	**(881,864)**	(542,782)
Share of loss of an associate		**(591)**	(3,044)
Share of profit of a joint venture		**13,116**	20,855
Loss before taxation		**(251,467)**	(682,730)
Income tax expenses	15	**(365,531)**	(3,755)
Loss for the period		**(616,998)**	(686,485)
Loss attributable to:			
— the owners of the Company		**(616,972)**	(686,466)
— non-controlling interests		**(26)**	(19)
		(616,998)	(686,485)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(616,998)**	(686,485)
Total comprehensive loss for the period attributable to:			
— the owners of the Company		**(616,972)**	(686,466)
— non-controlling interests		**(26)**	(19)
		(616,998)	(686,485)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
— Basic	16	**(0.08)**	(0.09)
— Diluted	16	**(0.08)**	(0.09)
Dividend	17	**—**	—

The notes on pages 92 to 112 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

RMB'000	Six months ended 30 June 2024 Attributable to the owners of the Company (unaudited)										
	Share capital	Share premium	Merger reserve	Statutory reserves	Revaluation reserve	Other reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity/ (deficit)
Balance at 1 January 2024	68,745	7,822,982	(770,477)	373,126	947,730	219,515	254,281	(11,872,284)	(2,956,382)	134,382	(2,822,000)
Total comprehensive loss for the period	–	–	–	–	–	–	–	(616,972)	(616,972)	(26)	(616,998)
Transfer to statutory reserve	–	–	–	171	–	–	–	(171)	–	–	–
Balance at 30 June 2024	68,745	7,822,982	(770,477)	373,297	947,730	219,515	254,281	(12,489,427)	(3,573,354)	134,356	(3,438,998)

RMB'000	Six months ended 30 June 2023 Attributable to the owners of the Company (unaudited)										
	Share capital	Share premium	Merger reserve	Statutory reserves	Revaluation reserve	Other reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity/ (deficit)
Balance at 1 January 2023	68,745	7,822,982	(770,477)	361,922	947,730	219,515	254,281	(8,911,927)	(7,229)	134,404	127,175
Total comprehensive loss for the period	–	–	–	–	–	–	–	(686,466)	(686,466)	(19)	(686,485)
Transfer to statutory reserve	–	–	–	10,272	–	–	–	(10,272)	–	–	–
Balance at 30 June 2023	68,745	7,822,982	(770,477)	372,194	947,730	219,515	254,281	(9,608,665)	(693,695)	134,385	(559,310)

The notes on pages 92 to 112 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

RMB'000	Note	Six months ended 30 June 2024 (unaudited)	 2023 (unaudited)
Cash flows from operating activities			
Cash generated from operation		**9,494**	546,160
Income tax paid		**(53,294)**	(359)
Interest paid		**(61,439)**	(216,576)
Net cash (used in)/generated from operating activities		**(105,239)**	329,225
Cash flows from investing activities			
Purchases of property, plant and equipment		**(22)**	(83)
Payments for the additions of investment properties		**(3,687)**	(92,908)
Proceeds from disposal of property, plant and equipment		**5**	—
Interest received		**660**	1,206
Net cash used in investing activities		**(3,044)**	(91,785)
Cash flows from financing activities			
Proceeds from borrowings		**31,541**	143,000
Repayment of borrowings		**(22,807)**	(381,119)
Principal elements of lease payments		**(1,331)**	(321)
Net cash generated from/(used in) financing activities		**7,403**	(238,440)
Net decrease in cash and cash equivalents		**(100,880)**	(1,000)
Cash and cash equivalents at beginning of the period		**214,647**	290,859
Exchange gains on cash and bank balances		**—**	15
Cash and cash equivalents at end of the period	7	**113,767**	289,874

The notes on pages 92 to 112 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

1 GENERAL INFORMATION

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

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

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 30 August 2024.

This condensed consolidated interim financial information has not been audited. This condensed consolidated interim financial information has been reviewed by the Company's audit committee.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

(i) Going concern basis

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

As at 30 June 2024, certain borrowings whose principal amounts of RMB10,670,746,000 and interest payable amounts of RMB4,921,628,000, relating to borrowings with a total principal amount of RMB10,670,746,000 ("Overdue Borrowings") were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,551,600,000 had been overdue during the loan period ("Other Overdue Borrowings"); although these overdue balances and interests were subsequently settled before 30 June 2024, the Other Overdue Borrowings remain to be in default as at 30 June 2024. The aggregate principal amount of the aforementioned borrowings of RMB12,222,346,000 would be immediately repayable if requested by the lenders. This amount included borrowings with principal amount of RMB700,000,000 with original contractual repayment dates beyond 30 June 2025 which have been reclassified as current liabilities as at 30 June 2024 (note 9).

2 BASIS OF PREPARATION (Continued)

(i) Going concern basis (Continued)

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, any default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amount of borrowings of RMB4,351,273,000 were considered as cross-default ("Cross-default Borrowings"), of which RMB3,151,273,000 with original contractual repayment dates beyond 30 June 2025 have been reclassified as current liabilities as at 30 June 2024 (note 9).

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

In the first half of 2024, economic uncertainty had a significant adverse impact on China's property sector. The post-Covid recovery, reduced disposable incomes, and a pessimistic outlook on property investment due to unforeseeable near-term growth potential led to the decline in contracted sales of the Group. Construction and delivery status also limited sales to a certain extent. Affected by the overall downturn in the real estate industry and the quarter-on-quarter contraction of the domestic economy, it is reasonably expected that the Group's transaction volume will remain at a low level in the next 12 to 18 months.

The business of the Group is also subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group.

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

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

2 BASIS OF PREPARATION (Continued)

(i) Going concern basis (Continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to improve the liquidity pressure and to improve its financial position; and to remediate certain delayed repayments and breach of specific terms and conditions of borrowings for financial institutions which include, but are not limited to, the following:

(i) The Group has been actively negotiating with a number of lenders for terms modification, renewal, extension and replacement of bank loans and credit facilities;

(ii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iii) The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable carparks;

(iv) The Group has implemented measures to speed up the collection of outstanding sales proceeds; and

(v) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the directors are satisfied that it is appropriate to prepare this condensed consolidated interim financial information on a going concern basis.

2 BASIS OF PREPARATION (Continued)

(i) Going concern basis (Continued)

Notwithstanding the above, material uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms;

(ii) Successful negotiations with the lenders for the renewal of or extension for repayments beyond 30 June 2025 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in the year subsequent to 30 June 2024; (b) were overdue as at 30 June 2024 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (c) became or might become overdue in the year subsequent to 30 June 2024;

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

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

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

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in this condensed consolidated interim financial information.

3 ACCOUNTING POLICIES

Application of revised HKFRSs

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

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

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

New and revised HKFRSs in issue but not yet effective

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

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

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

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

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4 SEGMENT INFORMATION

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

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

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes depreciation, fair value changes of investment properties, provision for loss allowances of financial assets, changes in provision for impairment of properties under development and completed properties held for sale, interest income and finance costs from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim financial information.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Other unallocated corporate assets represent interest expenses incurred at corporate level which have been capitalised on qualifying assets of the subsidiaries.

The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2024 (unaudited)						
Revenue						
At a point in time	1,890,794	22,291	47,730	38,507	—	1,999,322
Over time	327,548	—	—	—	—	327,548
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	2,218,342	22,291	47,730	38,507	—	2,326,870
Segment results	866,298	(69,210)	(73)	(50,388)	(2,629)	743,998
Depreciation	(7,157)	(109)	(242)	(43)	(26)	(7,577)
Fair value changes of investment properties	—	(91,323)	—	(14,701)	—	(106,024)
Reversal of provision/(provision) for loss allowances of financial assets	—	—	—	—	—	—
Interest income	28	584	35	13	—	660
Finance costs	(641,263)	(169,951)	(27,659)	(29,210)	(15,441)	(882,524)
Income tax (expenses)/credits	(392,880)	23,276	(44)	4,117	—	(365,531)

4 SEGMENT INFORMATION (Continued)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2023 (unaudited)						
Revenue						
At a point in time	390,169	14,739	16,711	60,676	—	482,295
Over time	—	—	—	—	—	—
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	390,169	14,739	16,711	60,676	—	482,295
Segment results	129,893	(62,626)	(28,460)	(28,560)	(12,236)	(1,989)
Depreciation	(10,063)	(102)	(118)	(50)	(27)	(10,360)
Fair value changes of investment properties	—	(92,454)	—	(35,471)	—	(127,925)
Reversal of provision/(provision) for loss allowances of financial assets	665	(395)	174	(118)	—	326
Interest income	75	948	135	46	2	1,206
Finance costs	(331,476)	(158,492)	(46,379)	(4,205)	(3,436)	(543,988)
Income tax (expenses)/credits	(36,661)	14,938	14,561	3,407	—	(3,755)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 30 June 2024 (unaudited)							
Total segment assets	**45,953,716**	**19,566,702**	**4,385,152**	**5,001,499**	**6,586,167**	**(47,173,379)**	**34,319,857**
Total segment assets include:							
Investment in an associate	**5,309**	**—**	**—**	**—**	**—**	**—**	**5,309**
Investment in a joint venture	**308,465**	**—**	**—**	**—**	**—**	**—**	**308,465**
Deferred income tax assets							**697,359**
Other unallocated corporate assets							**8,699,412**
Total assets							**43,716,628**

4 SEGMENT INFORMATION (Continued)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 30 June 2023 (unaudited)							
Total segment assets	53,404,056	22,566,785	3,579,445	5,506,214	3,796,665	(48,820,790)	40,032,375
Total segment assets include:							
Investment in an associate	4,006	—	—	—	—	—	4,006
Investment in a joint venture	775,306	—	—	—	—	—	775,306
Deferred income tax assets							706,650
Other unallocated corporate assets							8,279,652
Total assets							49,018,677

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

5 INVESTMENT PROPERTIES

RMB'000	Six months ended 30 June **2024** **(unaudited)**	 2023 (unaudited)
At beginning of the period	**22,385,588**	23,818,035
Additions	**3,687**	220,833
Fair value changes (included in "Other losses, net") (note 12)	**(106,024)**	(127,925)
At end of the period	**22,389,275**	23,910,943

The fair value measurement information for these investment properties in accordance with HKFRS 13 "Fair Value Measurement" are given below:

	Fair value measurements at 30 June 2024		
RMB'000	**Quoted prices in active markets for identical assets (Level 1) (unaudited)**	**Significant other observable inputs (Level 2) (unaudited)**	**Significant unobservable inputs (Level 3) (unaudited)**
Recurring fair value measurements			
Investment properties:			
Shops/shopping malls	—	—	**6,150,935**
Car parks	—	—	**120,060**
Complexes, including shops, car parks, offices and hotels	—	—	**16,118,280**

5 INVESTMENT PROPERTIES (Continued)

RMB'000	Fair value measurements at 30 June 2023 Quoted prices in active markets for identical assets (Level 1) (unaudited)	Significant other observable inputs (Level 2) (unaudited)	Significant unobservable inputs (Level 3) (unaudited)
Recurring fair value measurements			
Investment properties:			
Shops/shopping malls	—	—	6,431,435
Car parks	—	—	171,000
Complexes, including shops, car parks, offices and hotels	—	—	17,308,508

6 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER FINANCIAL ASSETS

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Trade receivables due from third parties, net (a)	**219,472**	167,291
Other receivables due from third parties and other financial assets	**1,582,829**	1,567,276
Prepayments and deposits for land premium	**148,000**	148,000
Prepayments and deposits for construction costs:	**2,049,934**	2,047,520
Related parties (note 19(b))	**3,375**	3,375
Third parties	**2,046,559**	2,044,145
Prepaid other taxes	**131,056**	133,789
Less: Provision for loss allowance of other receivables and other financial assets	**(773,774)**	(773,774)
	3,357,517	3,290,102

6 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER FINANCIAL ASSETS (Continued)

(a) Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables before provision at the date of the condensed consolidated statement of financial position based on revenue recognition date is as follows:

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Within 6 months	**52,181**	116,181
Between 7 and 12 months	**116,181**	19,126
Over 12 months	**68,401**	49,275
	236,763	184,582

The Group applied the HKFRS 9 simplified approach to measure expected credit losses which used a lifetime expected loss allowance for all trade receivables.

Movement in the Group's provision for loss allowance of trade receivables is as follows:

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
At beginning of the period/year	**17,291**	6,614
Provision for loss allowance of trade receivables for the period/year	**—**	10,677
At end of the period/year	**17,291**	17,291

(b) As at 30 June 2024 and 31 December 2023, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each date of the condensed consolidated statement of financial position is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

7 CASH AND BANK BALANCES, AND RESTRICTED DEPOSITS

Restricted deposits mainly comprise:

(i) restricted funds under guarantee deposits for the mortgage facilities granted by banks to purchasers of the Group's properties;

(ii) other deposits restricted in use by regulators; and

(iii) certain property pre-sale proceeds held for meeting short-term cash commitments that can only be applied for the designated property development projects and are required to be placed in restricted bank accounts in accordance with the applicable government regulations and contractual restrictions, if applicable, are included in cash and cash equivalents.

Cash and cash equivalents in the consolidated statement of cash flows as at 30 June 2024 are as follows:

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Cash and bank balances	**41,192**	52,344
Restricted deposits	**109,409**	189,523
	150,601	241,867
Less: Restricted funds under guarantee deposits for mortgage facilities	**(12,291)**	(11,900)
Other deposits restricted in use by regulators	**(24,543)**	(15,320)
Cash and cash equivalents	**113,767**	214,647

8 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	38,000,000,000	380,000			
Issued and fully paid:					
Ordinary shares of HK$0.01 each at 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	7,792,645,623	77,926	68,745	7,822,982	7,891,727

9 BORROWINGS

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

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

9 BORROWINGS (Continued)

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

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

The Group's borrowings comprise loans from commercial banks, other financial institutions, non-financial institutions and certain individuals. Apart from certain other borrowings as further mentioned in (d) below, all of the Group's borrowings are secured by the property, plant and equipment, right-of-use assets, investment properties, properties under development, completed projects held for sale, equity interests of certain subsidiaries and equity interests of a joint venture of the Group.

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

The current bank borrowings included borrowings with principal amounts of RMB3,151,273,000 with original maturity beyond 30 June 2025 which have been reclassified as current liabilities as at 30 June 2024 as a result of the matters described in note 2(i).

Management estimates that if the Group can successfully implement the measures as set out in note 2(i) and with its endeavors to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 30 June 2025.

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

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

9 BORROWINGS (Continued)

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

10 TRADE AND OTHER PAYABLES

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Trade payables and construction cost accrual (a):	**2,947,241**	2,792,450
Related parties (note 19(b))	**67,105**	71,030
Third parties	**2,880,136**	2,721,420
Other payables due to third parties and accrued expenses (b)	**1,259,728**	2,171,675
Other taxes payable	**1,031,111**	935,628
	5,238,080	5,899,753

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

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Within 6 months	**154,791**	13,742
Between 7 and 12 months	**13,742**	267,748
Over 12 months	**2,778,708**	2,510,960
	2,947,241	2,792,450

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

11 OTHER INCOME

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

12 OTHER LOSSES, NET

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

13 LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

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

14 FINANCE COSTS, NET

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

15 INCOME TAX (EXPENSES)/CREDITS

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

16 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Loss attributable to the owners of the Company (RMB'000)	**(616,972)**	(686,466)
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the six months ended 30 June 2024 and 2023, the Company's share options are anti-dilutive as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

17 DIVIDEND

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

18 COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had capital commitments as follows:

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Contracted but not provided for:		
Property development expenditures	**8,015,357**	8,181,722
— Shanghai Ditong (i)	**1,983,706**	1,983,706
— Third parties	**6,031,651**	6,198,016
Construction materials	**629,019**	629,019
	8,644,376	8,810,741
Commitment comprises:		
— Properties under development	**4,157,865**	4,323,796
— Investment properties	**4,486,511**	4,486,945
	8,644,376	8,810,741

As at 30 June 2024, the Group's share of commitment of the joint venture is RMB118,567,000 (31 December 2023: RMB157,337,000).

19 RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Company is Mr. Zhang Zhi Rong who holds equity interests in the Company through his indirectly wholly owned companies namely Best Era International Limited ("Best Era"), Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited. On 9 July 2021, Mr. Zhang Zhi Rong set up a discretionary family trust, Century Glory Family Trust, in Jersey and Trident Trust Company Limited is the trustee. On 29 October 2021, Mr. Zhang Zhi Rong transferred the entire issued share capital of Best Era to Century Glory Assets Limited, a company wholly owned by the trustee. As at 30 June 2024, the aggregate equity interests directly or indirectly owned by Best Era, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited represented 67.7% of the issued share capital of the Company. The remaining 32.3% of the Company's issued shares are widely held.

The following transactions were carried out with related parties:

(a) Transactions with related parties

RMB'000	**Six months ended 30 June** **2024** **(unaudited)**	2023 (unaudited)
Construction services provided during the period by Shanghai Ditong	**—**	—
Purchase of property design services from an associate	**—**	—

(b) Balances with related parties

As at 30 June 2024 and 31 December 2023, the Group had the following significant balances with related parties:

RMB'000	**30 June 2024 (unaudited)**	31 December 2023 (audited)
Balances included in "Prepayments":		
Prepayments to related companies for construction services to be provided by		
— Other related companies	**3,375**	3,375
	3,375	3,375
Balances included in current liabilities:		
Amount due to a joint venture	**335,029**	335,029
Trade payables with related companies		
— Shanghai Ditong	**57,025**	60,950
— Other related companies	**10,080**	10,080
	67,105	71,030

19 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

Except for the loan to a joint venture included in interest in a joint venture, as at 30 June 2024 and 31 December 2023, all other balances with related parties were unsecured, interest free and repayable on demand or to be settled according to the relevant trading terms, as appropriate.

(c) Key management compensation

	Six months ended 30 June	
	2024	2023
RMB'000	**(unaudited)**	(unaudited)
Salaries and other short-term employee benefits	**895**	483
	895	483

20 FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of its property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees will be terminated upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties. Pursuant to the terms of the guarantees, in the case of default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the relevant properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 30 June 2024, the amount of outstanding guarantees for the related mortgages were approximately RMB3,795.3 million (31 December 2023: RMB3,793.6 million).

The Directors consider that the likelihood of default in payments by purchasers is minimal and as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

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