港龍中國地產
GANGLONG CHINA PROPERTY

Ganglong China Property Group Limited
港龍中國地產集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6968)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2023 amounted to approximately RMB17,579 million, representing a year-on-year increase of approximately 48% as compared to the year ended 31 December 2022.

- Profit and total comprehensive income for the year ended 31 December 2023 amounted to approximately RMB718 million (2022: RMB581 million), representing a year-on-year increase of approximately 24% as compared to the year ended 31 December 2022.

- Selling and marketing expenses and general and administrative expenses for the year ended 31 December 2023 amounted to approximately RMB368 million and RMB312 million, representing a year-on-year decrease of approximately 12% and 37% respectively, as compared to the year ended 31 December 2022.

- Bank and other borrowings of the Group as at 31 December 2023 amounted to approximately RMB4,824 million, representing a year-on-year decrease of approximately 29% as compared to 31 December 2022.

- As of 31 December 2023, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 50% (as at 31 December 2022: 56%).

- As of 31 December 2023, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 26% (as at 31 December 2022: 24%).

The board (the "**Board**") of directors (the "**Directors**") of Ganglong China Property Group Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**17,579,219**	11,892,348
Cost of sales	*4*	**(15,190,430)**	(9,914,494)
Gross profit		**2,388,789**	1,977,854
Other income and other gains, net		**27,058**	45,757
Selling and marketing expenses	*4*	**(368,347)**	(416,105)
General and administrative expenses	*4*	**(311,782)**	(493,116)
Fair value loss on investment properties		**(30,020)**	–
Provision for impairment of financial assets		**(56,145)**	–
Operating profit		**1,649,553**	1,114,390
Finance income	*5*	**12,738**	32,421
Finance costs	*5*	**(92,125)**	(150,440)
Finance costs, net	*5*	**(79,387)**	(118,019)
Share of results of joint ventures and associates		**(24,029)**	79,017
Profit before income tax		**1,546,137**	1,075,388
Income tax expenses	*6*	**(827,694)**	(494,233)
Profit and total comprehensive income for the year		**718,443**	581,155
Profit and total comprehensive income attributable to:			
Owners of the Company		**147,972**	121,886
Non-controlling interests		**570,471**	459,269
		718,443	581,155
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	*7*	**0.09**	0.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**70,991**	105,965
Investment properties		**153,000**	183,020
Investments accounted for using the equity method		**1,340,234**	1,364,263
Deferred income tax assets		**249,301**	400,971
Total non-current assets		**1,813,526**	2,054,219
Current assets			
Properties under development		**17,705,994**	30,736,363
Completed properties held for sale		**3,509,779**	2,142,458
Trade and other receivables and prepayments	*8*	**2,308,387**	2,475,755
Amounts due from associates		**124,229**	129,976
Amounts due from joint ventures		**155,181**	170,957
Amounts due from non-controlling interests		**3,317,373**	3,740,880
Financial assets at fair value through profit or loss		**–**	3,952
Tax recoverable		**837,770**	917,210
Restricted cash		**1,120,284**	2,914,221
Pledged time deposits		**145,711**	55,116
Cash and cash equivalents		**570,167**	1,172,191
Total current assets		**29,794,875**	44,459,079
Total assets		**31,608,401**	46,513,298

	Notes	**2023** *RMB'000*	2022 *RMB'000*
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*10*	**14,838**	14,838
Reserves		**4,078,846**	3,935,734
		4,093,684	3,950,572
Non-controlling interests		**7,254,502**	7,176,974
Total equity		**11,348,186**	11,127,546
LIABILITIES			
Non-current liabilities			
Borrowings		**2,027,230**	4,024,602
Deferred income tax liabilities		**291,945**	236,650
Lease liabilities		**48,200**	56,422
Total non-current liabilities		**2,367,375**	4,317,674
Current liabilities			
Trade payables, bills payables and other payables	*9*	**2,793,683**	4,053,621
Lease liabilities		**8,018**	9,561
Contract liabilities		**8,694,513**	21,294,053
Amounts due to associates		**736,644**	653,711
Amounts due to joint ventures		**532,942**	680,499
Amounts due to non-controlling interests		**1,918,756**	1,465,986
Tax payable		**411,657**	169,045
Borrowings		**2,796,627**	2,741,602
Total current liabilities		**17,892,840**	31,068,078
Total liabilities		**20,260,215**	35,385,752
Total equity and liabilities		**31,608,401**	46,513,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 October 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred to as the "**Group**") in the People's Republic of China (the "**PRC**") is located at No. 11 Building, Portmix South District, No. 2177 Shenkun Road, Minhang District, Shanghai, PRC. The principal place of business of the Company in Hong Kong is located at Suite 501, 5/F, Five Pacific Place, 28 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the development of real estate projects in the PRC. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 July 2020.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of the Company on 28 March 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 ("**HKCO**"). The consolidated financial statements have been prepared under the historical cost convention, except as modified by financial assets at fair value through profit or loss and investment properties which are measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(a) ***New and amendments to standards adopted by the Group***

The following new and amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of the above new and amendments to standards did not have significant financial impact on the consolidated financial statements.

(b) ***New standard and amendments to existing standards issued but not yet effective for the financial year beginning on or after 1 January 2024 and have not been early adopted by the Group:***

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Going concern

As at 31 December 2023, the Group had total borrowings of RMB4,824 million, of which RMB2,797 million were current borrowings repayable within 12 months, trade payables, bills payables and other payables of RMB2,794 million and contract liabilities of RMB8,695 million while the Group's cash and cash equivalents, pledged time deposits and restricted cash amounted to RMB570 million, RMB146 million and RMB1,120 million, respectively.

Since 2021, the property market in the PRC has continued to decline and there has been no sign of recovery. As a result, the Group's pre-sale performance continued to decline during the year and subsequent to the year end, which had an adverse impact on the Group's cash flows and gave rise to certain pressure on the Group's liquidity.

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

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to meet its financial obligation and continue as a going concern. The Group has formulated following plans and measures to mitigate the liquidity pressure and to improve its cash flows:

(a) The Group will continue to implement plans and measures to actively adjust the pre-sales and sales activities to respond to market changes and capture demands;

(b) The Group will closely monitor the progress of construction of its property development projects according to the sales plan and estimated cost to complete to ensure that construction and related payments are fulfilled, in particular, by utilising pre-sale proceeds, and the relevant properties sold under pre-sale arrangements are completed and are able to deliver to the customers on schedule as planned thereby allowing the Group to meet its other financial obligations, including but not limited to, the repayment of its outstanding borrowings, as and when they fall due;

(c) In November 2023, the Group successfully redeemed its senior notes with an aggregate amount of US$145 million, together with the accrued interest of US$19 million totalling US$164 million (equivalent to RMB1,166 million) due on 6 November 2023 with the issuance of a new senior note on 6 November 2023 of the same amount which is due on 4 November 2024 ("2024 Senior Notes"). The Group will closely monitor its liquidity position to satisfy the repayment of 2024 Senior Notes by the due date and will also negotiate with the bondholders for extension arrangement, as necessary;

(d) Certain of the Group's bank and other borrowings are subject to certain covenant requirements and the Group will continue to monitor its compliance with these covenant requirements. Should the Group be unable to comply with any of these covenant requirements, management of the Group will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to agree with the respective lenders to revise the terms and covenant requirements, if needed; the Group will seek to repay its borrowings as and when they fall due. Should the Group be unable to meet these payment deadlines, it will also continue to seek to extend or renew these borrowings that are due for repayment, or seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditures; and

(e) The Group will reduce various non-essential operating expenses; continue to strengthen cost control and take further measures to reduce selling and marketing costs and administrative expenses.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2023. The directors of the Company are of the opinion that, considering the anticipated cash flows generated from the Group's operation and its cost control measures; as well as the above-mentioned plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2023. Accordingly, the directors of the Company consider that it is appropriate to prepare these consolidated financial statements have been on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to execute the following:

(a) Successful implementation of the plans and measures to accelerate the pre-sales and sales activities, and accelerate the collection of the relevant sales proceeds;

(b) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts can be released to meet its other financial obligations as planned;

(c) Successful and timely extension and renewal of its banking facilities and its bank and other borrowings, including project loans and the Group's senior notes, upon maturity as well as obtaining new financing from financial institutions; in particular the successful negotiation with the bondholders to secure their agreement to extend the repayment terms of the Group's 2024 Senior Notes maturing in November 2024. The Group's ability to obtain these financing 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; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;

(d) Continuous compliance of the financial covenant requirements of the related borrowings and, where applicable, successful negotiation with the lenders to obtain wavier of compliance with the covenant requirements or to relax the covenant requirements of these borrowings for the continuous compliance thereof as and when needed;

(e) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed; and

(f) Successful implementation of measures to reduce non-essential operating expenses, and reduce selling and marketing costs and administrative expenses.

Should the Group be unable to achieve the above plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for 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 these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company (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 then submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax and regard these to be only one operating segment – property development. Accordingly, segment disclosures are not presented. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in Mainland China, which is considered as one geographical location in an economic environment with similar risk and returns.

For the years ended 31 December 2023 and 2022 there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

The revenue from contracts with customers recognised during the years ended 31 December 2023 and 2022 are sales of properties in the PRC, all of which were recognised at a point in time.

The revenue from external parties is derived from numerous external customers and the revenue reported to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Sales of properties	**17,579,219**	11,892,348

4. EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost of properties sold – including construction cost, land cost, capitalised interest expenses	**14,430,210**	9,784,004
Provision for impairment of properties under development and completed properties held for sale	**670,566**	71,414
Other taxes and surcharges	**89,654**	59,076
Employee benefit expenses	**202,188**	320,598
Management and consulting services fee	**58,037**	46,125
Donation	**237**	966
Advertising and promotion expenses	**119,191**	192,261
Office expenses	**62,340**	132,116
Depreciation on property, plant and equipment and right-of-use assets	**26,836**	35,598
Entertainment expenses	**26,913**	31,656
Expenses related to short-term and low-value leases	**3,704**	4,645
Recruitment fee	**88**	131
Motor vehicle expenses	**5,446**	3,213
Auditors' remuneration		
– Audit services	**3,000**	4,750
– Non-audit services	**–**	160
Legal and professional service fees	**24,898**	60,436
Travelling and transportation expenses	**6,363**	8,245
Sales commission	**139,039**	57,879
Others	**1,849**	10,442
Total cost of sales, selling and marketing expenses and general and administrative expenses	**15,870,559**	10,823,715

5. FINANCE COSTS, NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance income		
– Interest income from bank deposits	**(12,738)**	(32,421)
Finance costs		
– Bank and other borrowings	**535,108**	689,568
– Amount due to associates and a joint venture	**13,098**	24,712
– Amounts due to non-controlling interests	**757**	6,374
– Lease liabilities	**4,558**	5,783
– Less: capitalised interest	**(461,396)**	(575,997)
	92,125	150,440
Finance costs, net	**79,387**	118,019

6. INCOME TAX EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**534,196**	263,356
– PRC land appreciation tax	**86,533**	142,826
	620,729	406,182
Deferred income tax	**206,965**	88,051
	827,694	494,233

PRC corporate income tax

The income tax provision of the Group in respect of operations in PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**").

PRC land appreciation tax ("LAT")

Pursuant to the requirements in relation to LAT in the PRC, all income from the sale or transfer of state-owned land use rights, building and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

PRC withholding tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2017, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

On 21 December 2020 and 2 June 2023, the immediate holding companies of the PRC subsidiaries have obtained the Certificate of Resident Status from the Inland Revenue Department and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong. Therefore, a lower 5% withholding tax rate shall be applied to dividend distribution thereafter.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company *(RMB'000)*	**147,972**	121,886
Weighted average number of ordinary shares in issue *(in thousand)*	**1,621,799**	1,625,345
Basic earnings per share *(RMB)*	**0.09**	0.07

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the years ended 31 December 2023 and 2022. Accordingly, diluted earnings per share is the same as the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables from third parties *(Note (a))*	**42,011**	65,269
Other receivables	**780,026**	784,526
Prepayments	**1,486,350**	1,625,960
	2,308,387	2,475,755

The carrying amounts of the trade and other receivables and prepayments approximate their fair values and are denominated in RMB.

(a) Trade receivables from third parties

Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. These is generally no credit period granted to the property purchasers.

Ageing analysis of the trade receivables based on invoice dates is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
0–30 days	**42,011**	65,269

As at 31 December 2023, trade receivables of RMB42,011,000 (2022: RMB65,269,000) were overdue but not impaired.

For these past due trade receivables, the Group has assessed the expected credit losses by considering historical loss experiences, existing market conditions and forward-looking information. Based on the assessment, expected credit loss rate of trade receivables is close to zero. Therefore, the loss allowance provision for these receivables balances was not material.

9. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**2,581,193**	3,734,166
Bills payables	**5,941**	4,394
Other payables	**206,549**	315,061
	2,793,683	4,053,621

(a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
0–30 days	**1,996,901**	2,906,145
31–60 days	**380,853**	374,935
61–90 days	**202,113**	360,487
Over 90 days	**1,326**	92,599
	2,581,193	3,734,166

10. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,000,000,000	100,000,000

	Number of shares	**Share capital**
		RMB'000
Issued:		
At 1 January 2022	1,628,541,000	14,900
Cancellation of shares	(6,742,000)	(62)
At 31 December 2022, 1 January 2023 and 31 December 2023	1,621,799,000	14,838

11. DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2023 (2022: nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

Ganglong China Property is an established property developer in China. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock Code: 6968.HK) by way of the Global Offering on 15 July 2020 (the "**Listing**"). This marked an important milestone in the development of the Company.

Headquartered in Shanghai, the Group is an active real estate developer in China. Adhering to our core value of "striving for innovation, building with integrity", the Group believes that we have developed splendid reputation in our market for constant innovation, excellent quality of our various products and credibility.

Despite the supportive policies introduced by the PRC Central Government, the Group had experienced another very difficult year in 2023. Nevertheless, the Group managed to achieve contracted sales of approximately RMB12,200 million for the year ended 31 December 2023.

In the coming year, the Group will continue to find opportunities. We will make progress in the development of the business development of the Group to reward our shareholders.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties. For the year ended 31 December 2023, the Group recorded a total revenue of approximately RMB17,579 million, representing a year-on-year increase of approximately 48%.

Contracted sales

For the year ended 31 December 2023, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB12,200 million. Contracted gross floor area ("**GFA**") sold was approximately 1,109,000 sq.m.. The average selling price ("**ASP**") of our contracted sales for the year ended 31 December 2023 was approximately RMB11,001 per sq.m..

As of 31 December 2023, the Group had contract liabilities of approximately RMB8,695 million.

Sales of properties

For the year ended 31 December 2023, the revenue from sales of properties increased by approximately 48% year-on-year to approximately RMB17,579 million. The Group recognised total GFA of approximately 1,476,636 sq.m., representing an increase of approximately 33% as compared to 2022. The ASP of the properties recognised as property sales was approximately RMB11,905 per sq.m, representing an increase of approximately 11% as compared to 2022.

The following table sets out the recognised sales and GFA sold by type of properties and city for the year ended 31 December 2023:

	Recognised GFA *sq.m.*	**Recognised ASP** *RMB/sq.m.*	**Recognised revenue** *RMB'000*
Residential, retail and commercial			
Nantong	178,364	13,959	2,489,728
Huaian	208,840	10,505	2,193,921
Changzhou	177,253	12,080	2,141,250
Yancheng	119,138	15,558	1,853,501
Wuxi	129,640	13,313	1,725,858
Chengdu	94,955	17,402	1,652,387
Wuhu	175,690	7,033	1,235,566
Fuyang	84,182	8,992	756,930
Taizhou	50,800	14,422	732,660
Hefei	45,825	10,819	495,788
Guangzhou	34,182	11,924	407,586
Suzhou	31,775	12,448	395,538
Huangshan	24,194	12,037	291,217
Luoyang	43,051	6,440	277,231
Guizhou	64,263	3,751	241,066
Huizhou	14,074	12,232	172,160
Shaoxing	410	10,068	4,128
Car parks and garage/storage			512,704
Total	1,476,636	11,905	17,579,219

Land reserves

As of 31 December 2023, the Group (together with its joint ventures and associates) had 59 projects with land reserves amounting to 5,079,968 sq.m., of which 52 projects were located in cities in the Yangtze River Delta region.

The following table sets out the GFA breakdown of the total land reserve of our Group by province or cities as of 31 December 2023:

Provinces/Cities	**Total land reserve**[1] *(sq.m.)*	**Percentage of total land bank** *(%)*
Jiangsu	1,857,398	36
Guangdong	1,653,204	33
Anhui	949,322	19
Guizhou	267,212	5
Henan	149,172	3
Zhejiang	145,403	3
Sichuan	41,042	1
Shanghai	17,215	0
Total	5,079,968	100

Notes:

(1) Total land reserve equals to the sum of (i) The total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development.

(2) For projects developed by our subsidiaries, joint ventures or associated companies, 100% of total GFA are accounted for the respective projects.

FINANCIAL REVIEW

Overall performance

During the year ended 31 December 2023, total revenue of the Group was approximately RMB17,579 million, representing a year-on-year increase of approximately 48%. Gross profit and net profit of the Group were approximately RMB2,389 million and RMB718 million, for the year ended 31 December 2023, representing a year-on-year increase of approximately 21% and 24%, respectively.

Revenue

For the year ended 31 December 2023, the Group recorded a total revenue of approximately RMB17,579 million, representing a year-on-year increase of approximately 48%. The Group recognised total GFA of approximately 1,476,636 sq.m., representing an increase of approximately 33% as compared to 2022. The increase was primarily attributable to the growth in recognised sales of properties, driven by an increase in the Group's property projects delivered during the year and increase of the ASP of the properties of approximately 11% to RMB11,905 sq.m. as compared to 2022.

Cost of sales

The cost of sales of the Group mainly represents the costs incurred directly for sale of properties, which comprised construction costs, land costs, capitalised interest and impairment recognised for properties under development and completed properties held for sale.

For the year ended 31 December 2023, the cost of sales of the Group was approximately RMB15,190 million (2022: RMB9,914 million), including a provision for impairment recognised for properties under development and completed properties held for sale of approximately RMB671 million (2022: RMB71 million).

Gross profit

For the year ended 31 December 2023, the gross profit of the Group was approximately RMB2,389 million, representing a year-on-year increase of approximately 21%. Gross profit margin was primarily affected by the selling prices, the construction costs and land costs of our properties delivered. For the year ended 31 December 2023, the Group recorded a gross profit margin of approximately 14% as compared to approximately 17% in 2022. The decrease in the gross profit margin was mainly due to the increase in impairment recognised for properties under development and completed properties held for sale as compared with last year.

Other income and other gains, net

The Group had other income of approximately RMB27 million for the year ended 31 December 2023, as compared to approximately RMB46 million for the year ended 31 December 2022. During the year ended 31 December 2023, it primarily consisted of rental, management and consulting service income of approximately RMB41 million netted off by loss on disposal of a subsidiary of approximately RMB13 million (2022: rental, management and consulting service income of approximately RMB23 million and gain on disposal of a subsidiary of approximately RMB9 million). The management and consulting services mainly comprise the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to the Group's joint ventures and associates in relation to the property development projects.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by approximately 12% year-on-year from approximately RMB416 million for the year ended 31 December 2022 to approximately RMB368 million for the year ended 31 December 2023. The decrease was primarily attributable to the better control measures in marketing and advertising costs and the reduction in staff costs.

General and administrative expenses

The Group's general and administrative expenses decreased by approximately 37% year-on-year from approximately RMB493 million for the year ended 31 December 2022 to approximately RMB312 million for the year ended 31 December 2023. The decrease in general and administrative expenses was primarily due to further organisation streamlining to lift efficiency at a lower cost.

Fair value loss on investment properties

The Group develops and holds certain retail units for rental income and/or capital appreciation. The fair value loss on investment properties amounted to approximately RMB30 million for the year ended 31 December 2023 (2022: nil).

Provision for impairment of financial assets

For the year ended 31 December 2023, impairment of financial assets amounted to approximately RMB56 million, which was mainly due to the Group's provision for other receivables and balances with associates and joint ventures after the assessment of expected credit losses by considering historical loss experiences, existing market conditions and forward looking information (2022: nil).

Finance costs – net

Net finance costs of the Group decreased by approximately 33% year on-year from approximately RMB118 million for the year ended 31 December 2022 to approximately RMB79 million for the year ended 31 December 2023. The decrease was due to the lower average principal balances of interest-bearing debts and higher efficiency in utilising interest-bearing debts in various property development projects.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of results of joint ventures and associates was approximately a loss of RMB24 million and a profit of RMB79 million for the years ended 31 December 2023 and 2022, respectively. The change was in line with the decrease in revenue from sales of properties of the joint ventures and associates.

Income tax expenses

Income tax expenses increased by 68% from approximately RMB494 million for the year ended 31 December 2022 to approximately RMB828 million for the year ended 31 December 2023, which was primarily attributable to the combined effect of (a) increase in the number of projects delivered during the year; (b) increase in amount of tax losses not recognised as deferred income tax assets; and (c) increase in corporate income tax expenses for the projects delivered during the year. The effective tax rates, excluding the share of results of joint ventures and associates, were 53% and 50% for the years ended 31 December 2023 and 2022.

Profit and total comprehensive income for the year

The Group's profit and total comprehensive income was approximately RMB718 million for the year ended 31 December 2023 (2022: RMB581 million). The profit attributable to owners of the Company was approximately RMB148 million for the year ended 31 December 2023 (2022: RMB122 million).

The basic and diluted earnings per share of the Company was RMB0.09 per share for the year ended 31 December 2023 (2022: RMB0.07 per share).

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position to cope with daily operation and demands for capital for future development.

During the year ended 31 December 2023, the Group had financed its working capital, capital expenditure and other capital requirements primarily through cash generated from operations, including proceeds from the pre-sale and sales of our properties.

As of 31 December 2023, the Group had total cash (including restricted cash, pledged time deposits and cash and cash equivalents) of approximately RMB1,836 million (as at 31 December 2022: approximately RMB4,142 million).

During the year ended 31 December 2023, the aggregate new borrowings obtained by the Group amounted to approximately RMB427 million and repayment of borrowings was approximately RMB2,289 million. As of 31 December 2023, the Group's total bank and other borrowings amounted to approximately RMB4,824 million, representing a decrease of approximately 29% as compared to approximately RMB6,766 million as of 31 December 2022. Amongst bank and other borrowings, approximately RMB2,797 million (as at 31 December 2022: approximately RMB2,741 million) will be repayable within one year and approximately RMB2,027 million (as at 31 December 2022: approximately RMB4,025 million) will be repayable after one year.

Senior notes

In November 2022, the completion of the exchange offer had resulted in the issuance of principal amount of US$145 million new notes pursuant to the exchange offer (the "**2023 Senior Notes**"). The 2023 Senior Notes bear interest at a fixed rate of 13.5% per annum, payable semi-annually in arrears.

On 6 November 2023, all of the outstanding 2023 Senior Notes was redeemed in full, and the redemption price was paid in kind with new notes issued in an aggregate principal amount of US$164,411,875 which bear interest at a fixed rate of 9.5% per annum, payable annually in arrears (the "**2024 Senior Notes**").

The issuance of the abovementioned senior notes was for the purpose of general working capital of the Group.

Key financial ratios

As of 31 December 2023, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 26% (as at 31 December 2022: 24%). As of 31 December 2023, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 50% (as at 31 December 2022: 56%). As of 31 December 2023, the Group's total cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 0.7 times (as at 31 December 2022: 1.5 times). The decrease in liabilities to assets ratio was primarily attributable to the increase in total equity by delivery of more projects and reduction in total borrowing. The net gearing ratio remained stable. The Group will continue to manage its working capital efficiently through working capital management policies and continue to utilise the Group's available financial resources including proceeds from sales and pre-sales of property projects, draw down of banking facilities and other borrowings and optimise the payment schedule to contractors through negotiation based on the latest construction progress.

The Group's current ratio is calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had increased from approximately 1.43 times as of 31 December 2022 to approximately 1.67 times as of 31 December 2023. The current ratio was maintained at a stable level throughout the years.

Foreign exchange risk

The Group mainly operates its business in China. Other than the offshore senior notes which are denominated in US$, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2023. The Directors expect that any fluctuation of RMB's exchange rate will not have any material adverse effect on the operation of the Group.

As of 31 December 2023, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its borrowings. Except for the offshore senior notes the interest rate of which is fixed, most of the Group's borrowings are denominated in RMB, and their interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 31 December 2023, certain of the Group's bank and other borrowings were secured by its pledged time deposit, equity interests of group companies, properties under development, completed properties held for sale and investment properties with total carrying values of approximately RMB9,815 million (31 December 2022: RMB19,375 million).

Commitments

As of 31 December 2023, the Group had commitments that are contracted but not provided for as follows:

	31 December 2023 ***(RMB'000)***	31 December 2022 *(RMB'000)*
Contracted but not provided for	**4,245,972**	6,481,219

The amount represented capital commitment for construction contracts and agreed proposed development contracts determined based on current estimated budgets.

Financial guarantees and contingent liabilities

As of 31 December 2023, the Group's total financial guarantees are as follows:

	31 December 2023 *(RMB'000)*	31 December 2022 *(RMB'000)*
Guarantee in respect of mortgage facilities for certain purchasers	**7,653,612**	13,687,789
Guarantee provided for the borrowings of joint ventures	**234,170**	285,425
Total	**7,887,782**	13,973,214

During the year ended 31 December 2023, the Group had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, the Group are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by the Group to the bank. The Directors consider that the likelihood of default of payments by the purchasers is minimal and the Group's credit risk is significantly mitigated.

The Group also provided guarantee for borrowings of the Group's joint ventures and associates from time to time in proportion to its equity interests. The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and our guarantees were provided in addition to the pledges. The Directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantees measured at fair value is immaterial and no liabilities was recognised.

As of 31 December 2023, the Group had no other material contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

On 12 January 2023, Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd.* (江蘇正昌眾潤富投資發展有限公司) (the "**JV Partner**"), Anhui Gangfan Real Estate Co., Ltd.* (安徽港帆置業有限公司) (an indirect and wholly-owned subsidiary of the Company), Anhui Ganglong Real Estate Co., Ltd.* (安徽港龍置業有限公司) (an indirect and wholly-owned subsidiary of the Company), Huangshan Ganglong Real Estate Co., Ltd.* (黃山港龍置業有限公司) ("**Huangshan Project Co**") and Guangde Gangxing Real Estate Co., Ltd.* (廣德市港興置業有限公司) ("**Guangde Project Co**") entered into an equity interests swap agreement, pursuant to which JV Partner agrees to transfer its 30% equity interests in Huangshan Project Co to Anhui Ganglong Real Estate Co., Ltd.; and Anhui Gangfan Real Estate Co., Ltd. agrees to transfer the 100% equity interests in Guangde Project Co it held, to the JV Partner (the "**Equity Interests Swap**").

Following the completion of the Equity Interests Swap, (i) the Company no longer held any equity interests in the Guangde Project Co, which ceased to be a subsidiary of the Company and the Guangde Project Co was no longer consolidated into the financial statements of the Group; and (ii) the Huangshan Project Co became a wholly-owned subsidiary of the Group.

On 2 April 2023, Jiangsu Ganglong Huayang Real Estate Co., Ltd.* (江蘇港龍華揚置業有限公司) (the "**Vendor**") (an indirect and wholly-owned subsidiary of the Company), Nantong Jiuhe Property Development Co., Ltd.* (南通久和房地產開發有限公司) (the "**Purchaser**") and Nantong Jiuhe Real Estate Co., Ltd.* (南通久和置業有限公司) (the "**Target Company**"), among others, entered into the equity transfer agreement, pursuant to which the Vendor agrees to sell, and the Purchaser agrees to purchase the 35% equity interests in the Target Company held by the Vendor, at a consideration of RMB173,000,000 (the "**Disposal**").

Following the completion of the Disposal, the Company no longer held any interest in the Target Company and the Target Company ceased to be a subsidiary of the Group.

Save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2023.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments would be funded by internal resources and/or external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this announcement.

Human resources

As of 31 December 2023, the Group had a total of 402 employees (31 December 2022: 744 employees). Total expenditure on salary and welfare of the Group's employees for the year ended 31 December 2023 amounted to approximately RMB202 million (for the year ended 31 December 2022: approximately RMB321 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise in order to enhance their expertise in real estate and their related fields.

FUTURE OUTLOOK

"Houses are not for speculation" determines that the overall keynote of the property market shall be of stability. Whether it is stabilizing land prices, housing prices, or expectations, it is all for the stable and sound development of the real estate market, and for the people to have a home to live in.

The real estate industry has undergone profound changes but is still facing considerable challenges. The market has become more demanding than ever in terms of quality, professionalism and services. The only way we can survive the new cycle is to stay united, pragmatic, aggressive and hardworking. With gratitude and the concept of open to mutual benefit, we will work together with property owners, employees, investors and suppliers to create common prosperity.

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 shares or other listed securities during the year.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2023 (2022: nil).

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM

The annual general meeting of the Company (the "**2024 AGM**") is scheduled to be held on Friday, 7 June 2024. The register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both days inclusive, during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 June 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code of the Appendix C1 of the Listing Rules (the "**CG Code**"), as its own code to govern its corporate governance practices. Save for the deviation in relation to the chairman of the Board and chief executive officer being the same individual, the Board considers that, the Company has complied with, to the extent applicable and permissible, the CG Code during the year ended 31 December 2023.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lui Ming is currently the Chairman of the Board and the chief executive officer of the Group, responsible for strategic planning and managing of the Group's overall business and operations. Mr. Lui Ming has been responsible for the overall management of the Group since the establishment of the Group. The Board believes that the current structure enables the Group to make and implement business decision swiftly and effectively which promotes the Group's development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision making under the present arrangement will not be impaired because of the diverse background and experience of the non-executive Directors and independent non-executive Directors. Further, the audit committee of the Company, which consists of a majority of independent non-executive Directors, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the year ended 31 December 2023, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities. Under specific enquiry, the Directors and the Group's senior management have complied with the Model Code during the year ended 31 December 2023.

AUDIT OPINION

The auditor of the Group will issue an opinion with material uncertainty related to going concern on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT OPINION" below.

EXTRACT OF THE AUDITOR'S REPORT OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1(c) to the consolidated financial statements which states that as at 31 December 2023, the Group had total borrowings of RMB4,824 million, of which RMB2,797 million were current borrowings repayable within 12 months, trade payables, bills payables and other payables of RMB2,794 million and contract liabilities of RMB8,695 million, while the Group's cash and cash equivalents, pledged time deposits and restricted cash amounted to RMB570 million, RMB146 million and RMB1,120 million, respectively. These events and conditions, along with other matters as set forth in Note 2.1(c), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The audit committee of the Company, comprising Mr. Chan Pak Hung, Mr. Lui Wing Nam, Ms. Tang Lo Nar and Mr. Wong Tung Yuen, has discussed with the management and the Board and reviewed this announcement of annual results of the Group for the year ended 31 December 2023.

Scope of work of PricewaterhouseCoopers

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

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.glchina.group). The annual report of the Company for the year ended 31 December 2023 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
Ganglong China Property Group Limited
Lui Ming
Chairman and executive director

Hong Kong, 28 March 2024

As of the date of this announcement, the executive directors of the Company are Mr. Lui Ming (Chairman), Mr. Lui Jin Ling, and Mr. Lui Chi Chung Jimmy. The non-executive directors of the Company are Mr. Lui Wing Mau and Mr. Lui Wing Nam. The independent non-executive directors of the Company are Mr. Chan Pak Hung, Ms. Tang Lo Nar and Mr. Wong Tung Yuen.

* *For identification purposes only*