GLORY国瑞

Glory Health Industry Limited

國瑞健康產業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2329)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS

- Achieved contracted sales for the year ended December 31, 2023 (the "**Reporting Period**") was RMB3,522.6 million;
- Due to market sentiment and pressure on the rental market, the Group's revenue from property development was RMB2,040.4 million;
- Land reserves reached a total GFA of 6.63million sq.m. as at December 31, 2023;
- 61% of the certified saleable land reserve of the Company was distributed in Beijing as at December 31, 2023.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

*board (the "**Board**") of directors (the "**Directors**") of Glory Health ndustry Limited (the **mpany**", together with its subsidiaries, the "**Group**") is pleased to announce to the Group's eholders (the "**Shareholders**") the following audited consolidated results of the Group for the year d December 31, 2023, together with comparative figures for the corresponding period in 2022. The lts were extracted from the audited consolidated financial statements, which were prepared in rdance with International Financial Reporting Standards ("**IFRSs**") issued by the International unting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies inance (Cap.622).*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Note	**2023** *RMB'000*	**2022** *RMB'000*
Revenue	*4*		
Contract with customers		**2,172,949**	3,479,630
Rental income		**333,336**	425,042
Total revenue		**2,506,285**	3,904,672
Cost of sales and services		**(2,556,565)**	(3,791,155)
Gross profit		**(50,280)**	113,517
Other gains and losses, net	*6*	**127,356**	(85,509)
Other income	*7*	**139,786**	142,952
Change in fair value of investment properties		**263,500**	20,059
Impairment losses under expected credit loss model, net of reversal		**(59,264)**	(88,075)
Distribution and selling expenses		**(83,516)**	(96,310)
Administrative expenses		**(346,354)**	(364,258)
Other expenses	*8*	**(35,674)**	(49,355)
Share of (loss) of joint ventures		**(67,438)**	(9,052)
Share of (loss)/profit of associates		**(5,132)**	51,079
Finance costs		**(561,613)**	(725,392)
(Loss) before income tax		**(678,620)**	(1,090,344)
Income tax credit	*10*	**85,117**	95,051
(Loss) for the year	*9*	**(593,503)**	(995,293)

	Note	2023 *RMB'000*	2022 *RMB'000*
Other comprehensive (loss)			
Total comprehensive (loss) for the year		**(593,503)**	(995,293)
(Loss) for the year attributable to:			
Owners of the Company		**(563,971)**	(912,782)
Non-controlling interests		**(29,532)**	(82,511)
		(593,503)	(995,293)
Total comprehensive (loss) for the year attributable to:			
Owners of the Company		**(563,971)**	(912,782)
Non-controlling interests		**(29,532)**	(82,511)
		(593,503)	(995,293)
(Loss) per share attributable to the owners of the Company	*11*		
– Basic (RMB cents)		**(0.13)**	(0.21)
– Diluted (RMB cents)		**(0.13)**	(0.21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

	Note	2023 *RMB'000*	2022 *RMB'000*
Non-current assets			
Investment properties		**20,577,166**	20,521,500
Property, plant and equipment		**2,928,087**	2,335,551
Right-of-use assets		**251,679**	258,522
Other non-current assets		**1,418,303**	1,391,944
Interests in joint ventures		**82,963**	150,361
Interests in associates		**65,391**	65,650
Equity instruments at FVTOCI		**13,481**	13,481
Deferred tax assets		**377,100**	430,204
Restricted bank deposits		**101,187**	12,852
Value added tax and tax recoverable		**818,604**	983,137
		26,633,961	26, 163,232
Current assets			
Inventories		**1,315**	1,371
Deposits paid for acquisition of land		**107,534**	102,723
Properties under development for sale		**19,680,877**	19,958,643
Properties held for sale		**2,501,280**	4,266,835
Trade and other receivables, deposits and prepayments	*13*	**2,034,005**	1,434,653
Contract assets		**1,987,632**	1,891,091
Contract costs		**40,324**	51,204
Value added tax and tax recoverable		**276,958**	426,005
Amounts due from related parties		**2,870,952**	2,726,236
Restricted bank deposits		**143,991**	234,200
Bank balances and cash		**74,697**	130,220
		29,719,565	31,223,181

	Note	2023 RMB'000	2022 RMB'000
Trade and other payables	*14*	**5,953,828**	5,307,817
Contract liabilities		**5,029,678**	6,897,649
Amounts due to related parties		**3,764,398**	3,800,484
Tax payable		**3,302,892**	3,157,020
Lease liabilities		**1,081**	975
Bank and other borrowings – due within one year		**8,002,459**	9,049,097
Senior notes		**3,598,057**	3,108,608
		29,652,393	31,321,650
Net current assets / (liabilities)		**67,172**	(98,469)
Total assets less current liabilities		**26,701,133**	26,064,763
Non-current liabilities			
Rental deposits received	*14*	**112,412**	112,727
Lease liabilities		**673**	1,718
Bank and other borrowings – due after one year		**10,573,871**	9,090,668
Deferred tax liabilities		**2, 228,772**	2,480,742
		12,915,728	11,685,855
Net assets		**13,785,405**	14,378,908
Capital and reserves			
Share capital		**3,520**	3,520
Reserves		**11,165,600**	11,729,571
Equity attributable to owners of the Company		**11,169,120**	11,733,091
Non-controlling interests		**2,616,285**	2,645,817
Total equity		**13,785,405**	14,378,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. GENERAL INFORMATION

Glory Health Industry Limited (formerly known as Glory Land Company Limited (國瑞置業有限公司) and carrying on business in Hong Kong as "Guorui Properties Limited") (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012. The name of the Company was changed to Glory Health Industry Limited (國瑞健康產業有限公司) in June 2022. Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司) ("**Alltogether Land**"), a company incorporated in the British Virgin Islands (the "**BVI**"). Mr. Zhang Zhangsun, who holds 100% equity interests of Alltogether Land, is the ultimate beneficial owner of the Company.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the People's Republic of China (the "**PRC**").

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the business of property development, provision of primary land construction and development services, property investment, and provision of property management and related services.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendment to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]

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

The directors of the Company (the "**Directors**") anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT AND ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs, which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The Group incurred a loss of approximately RMB593,503,000 for the year ended December 31, 2023, and as of that date, the Group has net current assets of approximately RMB67,172,000. As at December 31, 2023, the Group's bank and other borrowings with the aggregate carrying amount of approximately RMB8,002,459,000 was due on demand or within one year, while its cash and cash equivalents amounted to only approximately RMB74,697,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB 178,991,440 , which can be used for payments for project costs when approval from related government authority is obtained. The current assets of the Group include properties under development for sale and properties held for sale of approximately RMB 22,182,157,000 in aggregate of which approximately RMB5,020,620,000 in aggregate are not expected to be realised within 12 months from the end of the reporting period.

Due to the impact of market sentiment, as at December 31, 2023, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,598,057,000 and RMB2,739,318,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment. As at December 31, 2023, the Group's senior notes amounting to RMB1,145,291,000 is held by Alltogether Land, the ultimate holding company.

In addition, based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at December 31, 2023 and subsequently thereto up to the date of authorization of these consolidated financial statements. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures together with other measures in progress at the date of authorization of these consolidated financial statements, but not limited to, the followings:

(i) For borrowings which will be maturing before December 31, 2024, the Group is actively negotiating with the senior notes holders and banks for the extension of the repayment schedules. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings;

(ii) the Group would sell part of its investment properties in order to improve the Group's financial position, liquidity and cash flows;

(iii) the Group would implement of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sales and timely collection of the relevant sales proceeds; and

(iv) the Group applies cost control measures in cost of sales and services and administrative expenses.

Taking into account the above consideration and measures and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the consolidated financial statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	For the year ended December 31, 2023				
	Property development *RMB'000*	Primary land construction and development services *RMB'000*	Property investment *RMB'000*	Property management and related services *RMB'000*	Total *RMB'000*
Timing of revenue recognition					
A point in time	**2,040,432**	**–**	**–**	**–**	**2,040,432**
Over time	**–**	**93,988**	**–**	**38,528**	**132,516**
Revenue from contracts with customers	**2,040,432**	**93,988**	**–**	**38,528**	**2,172,949**
Rental income	**–**	**–**	**333,336**	**–**	**333,336**
Total revenue	**2,040,432**	**93,988**	**333,336**	**38,528**	**2,506,285**
Geographical market					
Mainland China	**2,040,432**	**93,988**	**333,336**	**38,528**	**2,506,285**

	For the year ended December 31, 2022				
	Property development *RMB'000*	Primary land construction and development services *RMB'000*	Property investment *RMB'000*	Property management and related services *RMB'000*	Total *RMB'000*
Timing of revenue recognition					
A point in time	3,340,435	–	–	–	3,340,435
Over time	–	108,715	–	30,480	139,195
Revenue from contracts with customers	3,340,435	108,715	–	30,480	3,479,630
Rental income	–	–	425,042	–	425,042
Total revenue	3,340,435	108,715	425,042	30,480	3,904,672
Geographical market					
Mainland China	3,340,435	108,715	425,042	30,480	3,904,672

5. EGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision makers (i.e. the executive Directors) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments.

Property investment: This segment derives rental income from investment properties developed by the Group.

Property management and related services: This segment derives income from property management and related services.

Segment revenue and results

The following is the analysis of the Group's revenue and results by reportable and operating segment.

	Property development	Primary land construction and development services	Property investment	Property management and related services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023					
Revenue from external customers and segment revenue	**2,040,432**	**93,988**	**333,336**	**38,528**	**2,506,285**
Segment (loss)/profit	**(637,751)**	**4,476**	**210,047**	**(31,423)**	**(454,651)**
Year ended December 31, 2022					
Revenue from external customers and segment revenue	3,340,435	108,715	425,042	30,480	3,904,672
Segment (loss)/profit	(588,190)	5,177	391,075	(32,520)	(224,458)

The segment (loss)/profit can be reconciled to the (loss)/profit before income tax as follows:

	2023	2022
	RMB'000	*RMB'000*
Segment (loss)	**(454,651)**	(224,458)
Other gains and losses, net	**127,356**	(85,509)
Other income	**139,786**	142,952
Change in fair value of investment properties	**263,500**	20,059
Unallocated administrative expenses	**(84,763)**	(210,668)
Other expenses	**(35,674)**	(49,355)
Share of (loss) of joint ventures	**(67,438)**	(9,052)
Share of (loss)/profit of associates	**(5,123)**	51,079
Finance costs	**(561,613)**	(725,392)
Consolidated (loss) before income tax	**(678,620)**	(1,090,344)

The accounting policies applied in determining segment revenue and segment (loss)/profit of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss incurred)/profit earned by each segment without allocation of other gains and losses, net, other income, change in fair value of investment properties, other expenses, share of (loss)/profit of joint ventures, share of profit of associates, finance costs and unallocated administrative expenses, including auditor's remuneration and Directors' emoluments. This is the measure reported to the Group's chief operating decision makers for the purpose of resources allocation and performance assessment.

Other segment information

Amounts included in the measurement of segment (loss)/profit:

	Property development	Primary land construction and development services	Property investment	Property management and related services	Unallocated amount	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Depreciation and amortization of non-current assets	**68,806**	**–**	**5,120**	**1,003**	**9,472**	**84,401**
Impairment losses under ECL model, net of reversal	**58,509**	**–**	**755**	**–**	**–**	**59,264**
Year ended December 31, 2022						
Depreciation and amortization of non-current assets	75,209	–	10,546	1,086	11,031	97,872
Impairment losses under ECL model, net of reversal	84,235	–	3,840	–	–	88,075

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision makers for the purpose of resources allocation and performance assessment.

Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (excluding financial instruments and deferred tax assets) are located in the PRC based on geographical location of the assets or the associates' and joint ventures' operation, as appropriate.

Revenue from major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2023 and 2022.

6. OTHER GAINS AND LOSSES, NET

	2023	**2022**
	RMB'000	*RMB'000*
Net foreign exchange (loss) on operating activities	**(18,762)**	(87,959)
Gains on disposal of property, plant and equipment	**214**	2,450
Gains on disposal of subsidiaries	**145,904**	-
	127,356	(85,509)

7. OTHER INCOME

	2023	**2022**
	RMB'000	*RMB'000*
Interest income from amounts due from related parties	**72,436**	72,436
Interest income from bank deposits	**1,122**	1,828
Total interest income	**73,558**	74,264
Compensation received	**572**	2,854
Royalty fee income	**60,782**	62,738
Others	**4,874**	3,096
	139,786	142,952

8. OTHER EXPENSES

	2023	**2022**
	RMB'000	*RMB'000*
Donations	**268**	300
Surcharge for overdue tax payment and fines *(note)*	**25,969**	47,080
Others	**9,437**	1,975
	35,674	49,355

During the year, the amount mainly represents fines and penalties as a result of court orders of approximately RMB19,535,050 (2022: RMB31,720,000) and the surcharge of RMB6,434,266 (2022: RMB8,482,000) upon the receipt of final surcharge notice issued by the PRC tax authority in respect of the late payment of enterprise income tax, LAT and value-added taxes during the year. In the opinion of the Directors, all the fines, penalties and surcharge was settled during the year and the Group had no other contingent liabilities required to be recognized or disclosed in the consolidated financial statements as at December 31, 2023 in respect of these surcharge (2022: Nil).

9. (LOSS)/PROFIT DURING THE YEAR

During the year (loss)/profit was determined after deducting/taking into account) the following items:

	2023 *RMB'000*	2022 *RMB'000*
Directors' remuneration	**6,316**	8,783
Other staff costs:		
– Salary and other benefits	**142,319**	185,588
– Retirement benefit contributions	**15,170**	4,174
Total staff cost	**163,805**	198,545
Less: Capitalized amount under Properties under development and investment properties under construction *(note)*	**(45,381)**	(50,629)
	118,424	147,916
Cost of properties sold recognized as expense	**2,428,023**	3,671,728
Impairment of properties under development for sale and properties held for sale	**15,925**	325,449
Auditor's remuneration	**2,000**	3,430
Depreciation of property, plant and equipment	**76,575**	89,204
Depreciation of right-of-use assets	**6,918**	7,061
Amortization of intangible assets	**908**	1,607
Amortization of contract costs	**10,880**	25,155
Expense relating to short-term leases	**19,225**	14,793
Rental income from investment properties	**(333,336)**	(425,042)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**123,289**	99,402
	(210,047)	(325,640)

Note: Some employees of the Project Management and Design departments are assigned to the construction site and work directly on certain specific projects. The purpose of the construction work, therefore, the capitalized amount mainly refers to the cost of such employees.

10. INCOME TAX (CREDIT)

	2023 *RMB'000*	2022 *RMB'000*
Current tax		
– The PRC enterprise income tax	**27,545**	55,242
– LAT	**58,042**	59,998
	85,587	115,240
Deferred tax	**(170,704)**	(210,291)
Income tax (credit)	**(85,117)**	(95,051)

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards. The PRC enterprise income tax has been calculated on the estimated assessable profit derived from the PRC at the rate of 25% for both years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

During the two fiscal periods, due to the absence of income generated or acquired by subsidiaries under the Group in Hong Kong, no provision for Hong Kong profits tax was made.

11. (LOSS) PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data.

	2023	**2022**
	RMB'000	*RMB'000*
(Loss)		
(Loss) for the year attributable to the owners of the Company for the purposes of basic and diluted (loss) per share	**(563,971)**	(912,782)

	2023	**2022**
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**4,444,418**	4,444,418

The computation of diluted (loss) per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the year ended December 31, 2022. There were no dilutive potential ordinary shares in existence during the year ended December 31, 2023. Therefore, the amount of diluted (loss) per share is the same as the amount of basic (loss) per share for the years ended December 31, 2023 and 2022.

12. DIVIDENDS

No dividend was proposed by the board of directors in respect of the years ended December 31, 2023 and 2022.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Pursuant to the lease agreements, lease payment is generally required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six months to two years may be granted to specific customers on a case-by-case basis.

	2023	2022
	RMB'000	*RMB'000*
Trade receivables, gross		
– contracts with customers *(note (i))*	**223,140**	291,140
– lease receivables	**158,894**	169,210
	382,034	460,350
Less: Allowance for credit losses	**(155,984)**	(149,595)
Trade receivables, net	**226,050**	310,755
Other receivables, deposits and prepayments, gross		
Advances to contractors and suppliers	**447,781**	593,978
Performance guarantee deposit paid	**14,940**	14,940
Other receivables and prepayments	**1,388,712**	523,406
Deposits	**77,518**	59,295
	1,928,951	1,191,619
Less: Allowance for credit losses	**(120,996)**	(67,721)
Other receivables, deposits and prepayments, net	**1,807,955**	1,123,898
Total trade and other receivables, deposits and prepayments, net	**2,034,005**	1,434,653

Notes:

(i) As at December 31, 2023 and 2022, trade receivables from contract with customers mainly comprise trade receivables from property development.

The following is an aging analysis of trade receivables presented, net of allowance for credit losses, based on the date of recognition of revenue at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
0 to 60 days	**45,988**	59,331
61 to 180 days	**13,735**	21,091
181 to 365 days	**20,891**	20,917
1 to 2 years	**19,603**	42,292
Over 2 years	**281,817**	316,719
Less: Allowance for credit losses	**(155,984)**	(149,595)
	226,050	310,755

14. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**2,594,993**	2,375,998
Deposits received	**361,583**	200,973
Rental received in advance	**126,615**	99,739
Refund liabilities	**404,105**	285,556
Accrued payroll	**46,761**	56,210
Value added tax and other tax payables	**869,056**	822,878
Other payables and accruals	**1,527,627**	1,443,690
Dividend payables	**135,500**	135,500
	6,066,240	5,420,544
Analysis for reporting purposes as:		
Non-current *(note)*	**112,412**	112,727
Current	**5,953,828**	5,307,817
	6,066,240	5,420,544

Note: Pursuant to the relevant agreements, rental deposits received as at December 31, 2023 and 2022 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

Trade payables comprise construction costs payables and other project-related expenses payables. The average credit period of trade payables is 180 days.

The following is an aging analysis of trade payables based on invoice date at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
0 to 60 days	**253,488**	522,835
61 to 365 days	**697,245**	443,472
1 to 2 years	**534,342**	491,325
Over 2 years	**1,109,918**	918,366
	2,594,993	2,375,998

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the annual results of the Group for the year ended December 31, 2023.

ANNUAL RESULTS AND REVIEW FOR 2023

Annual Results

During the Reporting Period, the revenue of the Group was RMB 2,506.3 million. Revenue from property development was RMB 2,040.4 million.

Market Review

In terms of industry policies, the real estate policy environment has become increasingly relaxed, and the supply and demand relationship in the real estate market has undergone significant changes. Government departments at all levels have frequently optimized property market policies to promote the steady operation of the real estate market. As of the end of 2023, the policy environment is close to the most relaxed stage since 2014. Local deregulation policies were issued more than 750 times throughout the year, an increase of more than 140 times compared with 2022, covering more than 330 cities; the number of policy issued in September reached a peak, with more than 140 policies issued in a single month.

In the first and second quarters of 2023, there will be no substantive major stimulus from the central government. Most of the policies issued by local governments are to optimize and adjust the existing system or regulate the market order, and these policies were primarily implemented to stabilize the real estate market rather than directly drive its growth. The effect of policy guidance is minimal, industry growth momentum has faded, residents' expectations for home purchases continue to decline, and various data such as real estate development investment and new construction continues to be under pressure.

Starting from the third quarter, the Politburo meeting has emphasized the significant changes in the industry's supply and demand relationship, and the strength of the central government's policy was further reinforced from a base level gradually. Various ministries and authorities have clarified the direction of optimizing real estate policies, and local policies continue to be implemented. Restrictive policies introduced in the past when the market was overheated are gradually being withdrawn or optimized. On the demand side, policies such as reductions in initial payment ratio and interest rate reduction and recognition houses, not loans have been implemented one after another, and core cities have launched a wave of loosening of the "four restrictions"; on the supply side, relief measures such as "three minimum thresholds". and "white list of real estate enterprises" have been put forward one after another.

The Central Economic Working Conference held from December 11 to 12 set the tone that economic work in 2024 should make "stable yet progressive growth" and focus on "building the new before discarding the old". The real estate field must resolve industry risks, promote the "three major programs", and accelerate the construction of a new development model. So far, the overall policy tone for 2024 is clear.

Real Estate Development

In 2023, in response to market changes, the Group adjusted its investment and sales strategies in a timely manner, steadily promoted the resumption of work and production, and thereby achieved stable business development. In the first half of the year, the Group made efforts to further downsize its real estate development, remained committed in debt reduction and accelerated asset disposal and adjusted its debt structure to improve liquidity. While speeding up its effort to transform, the Company went to great lengths to ensure the completion and delivery of the properties to identify new growth drivers for the Group's operation and development.

Investment Properties

During the Reporting Period, the total rental income of the Group was RMB333.3million. With the effective control of the pandemic and the recovery of consumption, the Group's rental income will grow steadily. The Group owns 9 self-owned investment properties in the core areas of first-and second-tier cities including Beijing and Shenzhen, with a total planned GFA of approximately 763,478 sq.m.

Land Reserves

As of December 31, 2023, the total planned GFA of the land reserves of the Group was 6.63 million sq.m. The Group has existing primary land development projects. The Group undertook primary land development projects and urban renewal projects in Beijing and Shenzhen. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects without affirmed ownership of the Group was 5.811 million sq.m., 51.6% of which was in Shenzhen. Accelerating urban renewal and improving renovation and upgrade of available housing are new directions for inventory market. The urban renewal projects, which features low investment and high profit margin, are the important source for the Group to replenish the land reserve in the Greater Bay Area. In the next few years, the Group's urban redevelopment projects and urban renewal projects will turn into sales and become its new profit growth drivers. The Beijing Qinian Street Project is expected to be commercialized in 2024, becoming another high-quality project of the Group and making a huge contribution to the Group's sales.

Capital Structure

In 2023, the Central Bank and the State Administration for Financial Regulation made it clear that "financial policies will be extended to support real estate." For existing financing such as development loans and trust loans for real estate enterprises, on the premise of ensuring the safety of creditor's rights, financial institutions are encouraged to negotiate independently with real estate enterprises based on commercial principles, and actively provide support through extension of existing loans and adjustment of repayment arrangements to promote project completion and delivery. Through comprehensive utilisation of diversified advantages from domestic and overseas financing channels, the Group makes full use of various financial means to continuously optimise fund management, reduce financing costs, and improve its liability structure in a way that effectively controls exchange rate risks. At the same time, it made efforts to further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.

Business Transformation

The Group gradually scaled back its real estate business and steadily promoted its business transformation to the health industry during the year.

The Group is optimistic about the market opportunities and potential of the health industry. In line with the developing needs of times, the Group will be committed to exploring the innovation of habitation business forms and developing new industries, such as healthy living community, online healthy life and regenerative medical incubation. On one hand, the Group will be continuously upgrading the customised home and healthy life products of Guorui, and achieving comprehensive reshaping of the Group's product form and service model. On the other hand, the Group will be committed to providing online services for healthy life through the establishment of innovative businesses such as Guorui hospitals and medical online, online health care services, regeneratine medical, etc., in order to improve the comprehensive operation and service level of the Group and realize the comprehensive transformation of the Group to the health industry.

OUTLOOK FOR 2024

Looking forward to 2024, the real estate policy level will continue to resolve industry risks, promote the "three major programs", and accelerate the establishment of macro guidance for new development models. Taking "residential properties are for accommodation, not for speculation" as the bottom line, the Group will grasp the policy scale; with "stability" as the main theme, including stabilizing land prices, housing prices and expectations, the Group will gradually play the positive role of stable and healthy development of real estate in stabilizing the macro economy.

In terms of local policies, second-tier cities have fully liberalized restrictive policies, and first- tier cities are expected to partially optimize. At present, only a few second-tier cities have not yet fully liberalized, and it is expected that all second-tier cities will complete full follow- up in 2024. It is expected that first-tier cities will not be fully liberalized, but there is room to continue to optimize regulation. It may start from the perspective of urban administrative divisions, stop the implementation of "one-size-fits-all" policies, and introduce targeted and detailed policies based on the specific conditions of each administrative region, and partially relax restrictions.

The Group believes that, the real estate industry will enter a "new normal", and the growth pattern of the industry will also experience changes. It will shift from relying on a model of financial leverage to drive explosive growth in the past to a model of stable, balanced and high-quality growth. In the long run, urbanisation process and the improved per capita living area in China provides room for development to the real estate industry. Affected by the macroeconomic environment, the real estate market will not see significant improvement in the short term. The industry will not see a V-shaped rebound after previous policy stimulus, but may show an L-shaped recovery trend. In the future, the industry will develop through continuous differentiation, including those in market performance across cities, enterprises and products. Under policy stimulus, first-tier cities may play a leading role and usher in a small wave of spring, but the estimated range is limited. Opportunities and risks coexist in the real estate industry in the future, which requires accurate judgments on cities, markets, products and other aspects. In line with the development needs of times, the Group will be committed to exploring the innovation of habitation business forms, continuously upgrading products of Guorui, and achieving product ecology construction. In the future, the Group will uphold the strategy of strengthening presences in regions, proactively adopt flexible sales policy and seize market opportunities, so as to attract more customers with continuous improvement in product structure and outstanding product quality. We will vigorously promote sales while strengthening our efforts on collection of receivables from sales. In addition, we will also continue to optimise the debt structure and endeavor to reduce finance costs in ways that enhance the core competitiveness of the Group, thus ensuring sustainable growth of future performance.

ACKNOWLEDGEMENT

On behalf of the Board, I take this opportunity to express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. In the past year, thanks to the guidance from the management of the Company, together with the efforts and contributions from all staff, the Group has made some achievements. In the future, the Company will continue to strive for maximized value and considerable returns for all of its shareholders.

Zhang Zhangsun
Chairman

Beijing, the PRC
March 28, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended December 31, 2023, the Group's revenue was RMB2,506.3 million. Revenue from property development was RMB2,040.4 million.

Contracted Sales

The contracted sales of the Group for 2023 amounted to approximately RMB3,522.6 million. Contracted sales of the Group in 2023, by geographical location, were mainly from Beijing, Haikou , cooperative projects, Langfang and Suzhou, with signed sales of approximately RMB1,838.5 million, RMB408.7 million, RMB368.8 million, RMB286.1 million and RMB275.5 million respectively; It accounted for 52.2%, 11.6%, 10.5%, 8.1% and 7.8% of the group's total contracted sales.

The following table sets out the Group's contracted sales by region for 2023 and 2022:

	2023		2022	
City	**Contracted Sales** *(RMB million)*	**Percentage of Total Contracted Sales** *(%)*	**Contracted Sales** *(RMB million)*	**Percentage of Total Contracted Sales** *(%)*
Beijing	1,838.5	52.2	2,659.0	58.7
Haikou	408.7	11.6	98.2	2.2
Langfang	286.1	8.1	265.6	5.9
Zhengzhou	2.2	0.1	42.4	0.9
Shenyang	41.0	1.2	178.9	3.9
Foshan	96.9	2.7	420.6	9.3
Shantou	2.1	0.1	60.7	1.3
Suzhou	275.5	7.8	235.6	5.2
Chongming Island	-	-	26.5	0.6
Xi'an	177.8	5.0	380.0	8.4
Guizhou	25.0	0.7	120.0	2.6
Cooperation projects	368.8	10.5	44.4	1.0
Total	3,522.6	100.0	4,531.9	100.0

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at December 31, 2023, the Group had land reserves with a total GFA of 6,628,038 sq.m.

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at December 31, 2023, the Group had investment properties in Beijing Fugui Garden, Beijing Glory City, Beijing Bei Wu Lou, Shenyang Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen Nanshan, Haikou Glory City and Foshan Glory Shengping Commercial Center.

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2023:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA *(sq.m.)*	GFA Under Development *(sq.m.)*	Planned GFA *(sq.m.)*	Total GFA *(sq.m.)*	*(%)*
Beijing	526,867	122,757	-	649,624	9.8
Haikou	155,777	140,639	862,405	1,158,821	17.5
Langfang	-	101,019	986,574	1,087,593	16.4
Zhengzhou	-	9,562	-	9,562	0.1
Shenyang	195,039	130,322	276,470	601,831	9.1
Foshan	166,348	149,973	-	316,321	4.8
Xi'an	-	226,891	-	226,891	3.4
Shantou	2,830	360,154	-	362,984	5.5
Shenzhen	-	42,763	274,213	316,976	4.8
Suzhou	-	694	-	694	0.0
Chongming Island	37,304	9,819	761,358	808,481	12.2
Wuxi	183	-	-	183	0.0
Tongren	47,868	113,061	927,149	1,088,078	16.4
Total	**1,132,216**	**1,407,654**	**4,088,168**	**6,628,038**	**100. 0**
Total Attributable GFA	**934,257**	**1,302,565**	**3,650,950**	**5,887,772**	

Primary Land Development and Projects Developed under the "Urban Redevelopment" Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During the Reporting Period, the Group undertook primary land development, urban renewal and projects under the "Urban Redevelopment" policy in places including Beijing and Shenzhen.

Urban Redevelopment Project in Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian'anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 2023, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

Urban Redevelopment Project in Shenzhen

In the first half of 2014, Shenzhen Dachaoshan Construction Co., Ltd.* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into an urban renewal cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd.* (深圳市龍崗區西坑股份合作公司) to carry out the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey for the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.4 million sq.m. had been approved by the meeting of Longgan District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement in respect of the inclusion into the "2018 Longgan District Urban Renewal Plan – the Ninth Plan" (《二零一八龍崗區城市更新計劃第九批計劃》) on December 30, 2018. A further approval has been obtained from relevant governmental authorities on the project at the end of February 2019. The special planning report documents for the first renewal were filed on May 30, 2019. In March 2020, the National Development and Reform Commission approved the construction plan for Metro Line 16 (Dayun-Xikeng Section) (Phase II). Xikeng Station of Metro Line 16 (Phase II) is located within the scope of the first renewal unit. The special plan has been adjusted by the Group in consideration of Xikeng Station and is being submitted to the review authority for review. Meanwhile, in consideration of the demolition and resettlement work arrangement of the government for the metro, the Group has fully started the demolition and resettlement negotiation for the first renewal unit. Subsequent thereto, the establishment of other projects will be commenced.

Financial Review

Revenue

For the year ended December 31, 2023, the Group's revenue was RMB2,506.3 million, representing a decrease of 35.8% from RMB3,904.7 million for the year ended December 31, 2022.

Revenue from property development for the year ended December 31, 2023 was RMB2,040.4 million, representing a decrease of38.9% as compared to the corresponding period of last year. The decrease in revenue during the Reporting Period was primarily due to the decrease in completion and delivery areas in the property development segment and reduced sales.

Cost of Sales and Services

For the year ended December 31, 2023, the Group's cost of sales and services was RMB2,556.6 million, representing a decrease of 32.6% as compared to the corresponding period of last year. The decrease in cost of sales and services during the Reporting Period was primarily due to the decrease in completion and delivery areas in the property development segment.

Gross Profit

For the year ended December 31, 2023, the Group's gross loss was RMB50.3 million, representing a decrease of RMB163.8 million as compared to corresponding period of last year, which was primarily due to the decreased sales, increased costs caused by the delayed commencement of projects and provision for impairment of properties.

Changes in Fair Value Gains on Investment Properties

The fair value gains on investment properties at the Group's level increased from RMB20.1 million for the year ended December 31, 2022 to RMB263.5 million for the year ended December 31, 2023.

Other Gains and Losses, Net

Other loss, net were RMB85.5 million for the year ended December 31, 2022, while other gains, net were RMB127.4 million for the year ended December 31, 2023. Which is mainly due to the recognition of the gains on the sale of partial equity from the sale of Langfang Guosheng Real Estate Development Co., Ltd(廊坊國盛房地產開發有限公司) in 2023.

Other Income

Other income decreased from RMB143.0 million for the year ended December 31, 2022 to RMB140.0 million for the year ended December 31, 2023, which was mainly due to the decrease in the recognised royalty income from associates and joint ventures.

Distribution and Selling Expenses

Distribution and selling expenses decreased by 13.3% from RMB96.3 million for the year ended December 31, 2022 to RMB83.5 million for the year ended December 31, 2023. The decrease is mainly due to the decrease in marketing expenses resulted from the decrease in sales revenue.

Administrative Expenses

Administrative expenses decreased by 4.9% from RMB364.3 million for the year ended December 31, 2022 to RMB346.4 million for the year ended December 31, 2023. The decrease was mainly attributable to the reduction in administrative expenses as a result of the Group's improvement in operating quality through organizational structure adjustment and optimisation during the Reporting Period.

Finance Costs

Finance costs decreased by 22.6% from RMB725.4 million for the year ended December 31, 2022 to RMB561.6 million for the year ended December 31, 2023, which was primarily due to the decrease in financing expenses caused by the debt restructuring of the Group as of the reporting period.

Income Tax Credit

Income tax credit for the year ended December 31, 2022 was RMB95.1million, while the amount of income tax credit for the year ended December 31, 2023 was RMB85.1million.

Total Comprehensive (Loss)

As a result of the foregoing reasons, the Group's total comprehensive loss of RMB995.3 million for the year ended December 31, 2022. While the total comprehensive loss was RMB593.5 million for the year ended December 31, 2023.

Liquidity, Financial and Capital Resources

Cash Position

As at December 31, 2023, the Group's cash, restricted bank deposits and bank balances were approximately RMB319.9 million, while as at December 31, 2022, the Group's cash, restricted bank deposit and bank balances were approximately RMB377.3 million.

Net Operating Cash Flow

The Group recorded net operating cash flow in the amount of RMB512.9 million for the year ended December 31, 2023, while we had recorded net operating cash flow of RMB923.1 million for the year ended December 31, 2022.

Borrowings

As at December 31, 2023, the Group had outstanding borrowings of RMB22,174.4 million, consisting of bank and other borrowings of RMB18,576.3 million and senior notes of RMB3,598.1 million.

As at December 31, 2023, other outstanding borrowings of the Group accounted for 15.5% of the total outstanding borrowings of the Group.

Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2023, the assets pledged to secure certain borrowings granted to the Group amounted to RMB29,999.9 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, our group has entered into agreements and arrangements with multiple banks to provide mortgage financing to customers. Our group will not conduct independent credit reviews on customers, but will rely on credit reviews conducted by the underwriting bank. Like other Chinese property developers, banks generally require the Group to provide guarantees for customers to repay their property mortgage loans. The guarantee period generally lasts until the bank receives the customer's separate ownership certificate as collateral for the granted mortgage loan. On December 31, 2023, the Group provided an outstanding guarantee of RMB 3,813.2 million for customer mortgages. Except as disclosed in this announcement, the Group had no other significant contingent liabilities as of December 31, 2023.

Future Plans for Material Investments or Capital Assets

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities as it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at the date of this announcement.

Employees and Remuneration Policies

For the year ended December 31, 2023, the Group had approximately 548 employees, and incurred employee costs of approximately RMB163.8 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medication, maternity, occupational injury and unemployment benefit plans.

FINAL DIVIDEND

The Board did not recommend any payment of final dividend for the year ended December 31, 2023.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there is no material post balance sheet event undertaken by the Group after December 31, 2023 up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

Our company has always complied with the provisions of the Corporate Governance Code ("Corporate Governance Code") set out in Appendix 14 of the Listing Rules. According to the current organizational structure of our company, Mr. Zhang Zhangsun ("Chairman Zhang") is the Chairman of the Board of Directors and the President of our company. Having the same person as the chairman and president deviates from the corporate governance code. Since the establishment of this group, Chairman Zhang has been responsible for supervising the strategic planning, operation, and management of the group. Our company believes that granting Chairman Zhang the dual role of Chairman and President is beneficial for the business operations of our group and will not have any adverse impact on the management of our group. The balance of power and responsibility is ensured through the operation of senior management and the board of directors, which are composed of experienced and capable individuals. The board of directors currently consists of five executive directors and one independent non-executive director. Our company appointed Liu Chengjiang as an independent director on May 28, 2023 (Liu Chengjiang resigned as a director on January 29, 2024). However, from June 30, 2023, Luo Zhenbang resigned as an independent director of our company, and from August 24, 2023, Lai Siming resigned as an independent director of our company. Our company has failed to comply with the provisions of Article 3.10 (1), 3.10 (2), and 3.10A of the Listing Rules. Our company has taken proactive measures to identify suitable candidates to fill vacancies in the board of directors and audit committee, in order to re comply with the regulations of the listed company mentioned above. Our company appointed Chen Jinrong and Deng Zhidong as independent directors on January 29, 2024.

Except as disclosed in this announcement, our company has complied with the provisions of the Corporate Governance Code as of December 31, 2023. Our company will continue to review and strengthen its corporate governance practices to ensure compliance with corporate governance regulations.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the year ended December 31, 2023.

Purchase, Sale or Redemption of Listed Securities of the Company

For the year ended December 31, 2023, save as disclosed in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

Our company has established an Audit Committee ("Audit Committee") and has formulated its terms of reference in writing in accordance with Article 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code. Starting from June 30, 2023, Luo Zhenbang resigned as an independent director of the company, and starting from August 24, 2023, after Lai Siming resigned as an independent director of the company, the audit committee was composed of an independent non-executive director, Mr. Liu Chengjiang. (After Mr. Liu Chengjiang resigned on January 29, 2024, the audit committee was composed of Chen Jinrong and Deng Zhidong starting from January 29, 2024).The audit committee has reviewed the unaudited annual performance, risk management framework, internal monitoring system, and other functions within its scope of authority for the year ended December 31, 2023, with the joint participation of management.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to the going concern basis of preparing the consolidated financial statements

As set out in note 3 to the consolidated financial statements, the Group incurred a loss of approximately RMB593,503,000 for the year ended December 31, 2023, and as of that date, the Group has net current assets of approximately RMB67,172,000. As at December 31, 2023, the Group's bank and other borrowings with the aggregate carrying amount of approximately RMB8,002,459,000 was due on demand or within one year, while its cash and cash equivalents amounted to only approximately RMB74,697,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB 178,991,440 , which can be used for payments for project costs when approval from related government authority is obtained. As at December 31, 2023, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,598,057,000 and RMB2,739,318,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment.

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, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As detailed in note 3 to the consolidated financial statements, in view of the above circumstances, the directors of the Company have prepared a cash flow forecast of the Group which takes into account certain plans and measures. The validity of the going concern assumption is dependent on the successful and favourable outcomes of these plans and measures being undertaken by the management of the Company, which are subject to uncertainties including (i) successful negotiation with the senior notes holders and the banks for the extension of the repayment schedules; (ii) successful disposal of certain investment properties and timely collection of the relevant sales proceeds; (iii) successful implementation of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sales and timely collection of the relevant sales proceeds; and (iv) control the administrative costs and capital expenditures. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its operating and financing needs as and when they fall due within the twelve months from December 31, 2023 and would be able to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The appropriateness of the preparation of the consolidated financial statements on the going concern basis depends on whether the above-mentioned assumptions and other assumptions set out in note 3 to the consolidated financial statements taken into account by the directors of the Company in the going concern assessment are achievable.

However, in respect of the assumptions regarding the successful and favourable outcomes of the plans and measures being undertaken by the management of the Company as detailed in note 3 to the consolidated financial statements and the development of the events, we were unable to obtain sufficient and appropriate audit evidence regarding the assumptions used in the going concern basis. There were no other satisfactory audit procedures that we could adopt to conclude whether it is appropriate to use the going concern assumption to prepare these consolidated financial statements.

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 value 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. The effect of these adjustments has not been reflected in these consolidated financial statements.

Publication of the Annual Results and Annual Report for the Year ended December 31, 2023 on the Websites of the Stock Exchange and the Company

This announcement is published on the website of the Stock Exchange and the Company's website. In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the annual report for the year ended December 31, 2023 containing all the information about the Company set out in this announcement of results for the year ended December 31, 2023 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Glory Health Industry Limited
Zhang Zhangsun
Chairman

Beijing, the PRC, March 28, 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Mr. Yang Huabin, Mr. Feng Yang, and Mr. Zhao Yuhong, who are executive directors; And independent non-executive directors Ms. Chen Jinrong and Mr. Deng Zhidong.