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## **Glorious Property Holdings Limited**

**恒盛地產控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00845)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the annual report of Glorious Property Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 published on 22 July 2022 (the “**Annual Report**”).

Reference is also made to (i) the announcement of the Company dated 30 March 2022 in relation to the unaudited annual results for the year ended 31 December 2021, and (ii) the announcement of the Company dated 14 July 2022 in relation to the Group’s audited annual results for the year ended 31 December 2021 (collectively, the “**Announcements**”).

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Annual Report and the Announcements.

Further to the information disclosed in the Annual Report, the Directors would like to provide to the shareholders of the Company and the potential investors with the following supplemental information:

#### **1. The disclaimer of opinion in relation to the going concern issue**

Although the Company had been implementing a number of measures to improve the Group’s liquidity and financial position, which were set out in note 2(a)(i) to the consolidated financial statements of the Group for each of the years ended 31 December 2014 to 2021, the challenges and difficulties faced by the Group as a result of the frequent policy changes in the PRC property market, as well as the significant financial pressure resulted from the Group’s fast expansion strategy after the Company’s initial public offering has exposed the Group to prolonged period of reliance on loan financing. The frequent policy changes in the PRC property market and the extended period of

reliance on loan financing has contributed to the Company's failure in resolving the disclaimer of opinion in relation to the going concern issue in the previous financial years.

To resolve the disclaimer of opinion, during the year ending 31 December 2022, the Group plans to:

- (a) negotiate with financial institutions for settlement plans, terms modification, renewal, extension and replacement of bank loans with longer repayment terms in order to ensure all the default or cross-default conditions of its borrowings are remedied by 31 December 2022 and repay or complete refinancing of all overdue loans as at 31 December 2021;
- (b) implement measures to monitor the Group's working capital so as to ensure no subsequent breach of covenants during the period of no less than 12 months after the balance sheet date;
- (c) make available property resources of no less than 800,000 sq.m., including sales from the new launch of properties from 4 existing projects namely Nantong Royal Bay, Project 292 in Shanghai (also known as "**Caohejing Project**" in the Group's annual/interim reports), Nanjing Royal Bay and Changchun Villa Glorious) and the Group's other inventory properties so as to improve the sales performance and reduce loan balances for FY2022 to a degree where sufficient cash is available when the liabilities fall due; and
- (d) speed up the pace of construction of the existing projects by investing more financial resources, including but not limited to sales proceeds from the sale of the Group's properties and borrowings from project loan facilities and other available sources, and to gradually push forward the commencement of construction of certain new project area so as to prepare for more property resources for future sales.

The outbreak of COVID-19 pandemic in the PRC in early 2022, especially in the Shanghai area, has frozen the Group's business and caused delays in communication between the Group and the financial institutions, there has been slow progress for the above-mentioned measures in the first half of 2022. The management is determined and will be using its best endeavors to carry out the action plans as set out in note 2(a)(i) to the Group's Annual Report and the above-mentioned targets of property sales, loan repayment and refinancing plan and the pace of construction of the Group's projects in the second half of 2022. By achieving these and hence demonstrate continuous improvement in the Group's business performance together with full compliance with the terms and conditions of the Group's loans before 31 December 2022, the Group will be able to provide evidence to the auditor for the purpose of determining the validity of our using of the going concern assumption in preparing the consolidated financial statements of the Group for the year ending 31 December 2022. The Company's auditor understands the Group's view, subject to the auditor's assessment of the extent of remediation and refinancing plans the Group achieved and the result of business operations as well as the nature and extent of the evidence to be provided to support the going concern assumption by the time they carry out the audit for the year ending 31 December 2022.

## 2. The write-off of Initial Land Payments in the 2021 audited annual results

As discussed in note 14(d) and 14(g) to the Group's consolidated financial statements as included in the Annual Report, the Group wrote-off the Initial Land Payments for an aggregate amount of approximately RMB956 million in the 2021 financial statements. The directors would like to supplement that due to the tight lockdown measures put in place during the outbreak of COVID-19 epidemic in Shanghai and also other cities in China from March to May 2022, there was a suspension of communications between the Group and the governmental representatives in respect of the follow-up discussions about the Cooperative Development Framework Agreements. By the end of March 2022, as the management has not been informed of any intention to forfeit the Initial Land Payments by the government representatives, management was of the view that there was no issue on recoverability of the Initial Land Payments and thus the Initial Land Payments was not written-off in the unaudited annual results published on 30 March 2022. The Group's management was not aware that the Cooperative Development Framework Agreements are no longer executable until mid-June 2022 when the epidemic situation in China has eased upon having dialogue with the government representatives in relation to an enquiry letter from the local government department dated 9 June 2022 in respect of certain possible idle land held by the Group. After multiple rounds of communications, the government representatives discussed with the Group's management that due to changes in the land development policies and taking into account the latest real estate market conditions and that the Group was unable to fully fulfill its obligations to commit resources to acquire the land parcels in accordance with the Cooperative Development Framework Agreements, the Cooperative Development Framework Agreements can no longer be executed. In respect of the idle land enquiry, the management has sought legal opinion and considered the risk of being charged with idle land penalty or confiscation of the land is very low. For the above-mentioned Initial Land Payments, management has agreed with government representatives to waive its rights to recover the Initial Land Payments and thus recorded an adjustment to write-off the remaining balance of approximately RMB956 million in the Group's audited annual results published on 14 July 2022.

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

Hong Kong, 7 September 2022

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