The Ultimacy of Life
築·極致人生

恒盛地產
GLORIOUS PROPERTY

GLORIOUS PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00845

Annual Report 2023

Contents

2 Corporate Information

Management Discussion and Analysis

- **4** Annual Highlights
- **6** Market Review
- **8** Business Review
- **18** Future Outlook
- **19** Financial Review

31 Biographies of Directors and Senior Management

35 Environmental, Social and Governance Report

58 Corporate Governance Report

76 Report of the Directors

88 Independent Auditor's Report

91 Consolidated Statement of Financial Position

93 Consolidated Statement of Comprehensive Income

94 Consolidated Statement of Changes in Equity

95 Consolidated Statement of Cash Flows

96 Notes to the Consolidated Financial Statements

186 Five-Year Financial Summary

188 Particulars of Major Properties Held

Corporate Information

BOARD OF DIRECTORS

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

Independent Non-Executive Directors
Prof. Liu Tao
Dr. Hu Jinxing
Mr. Han Ping

AUDIT COMMITTEE

Prof. Liu Tao *(Chairman)*
Dr. Hu Jinxing
Mr. Han Ping

REMUNERATION COMMITTEE

Dr. Hu Jinxing *(Chairman)*
Mr. Ding Xiang Yang
Prof. Liu Tao

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

Mr. Ding Xiang Yang *(Chairman)*
Prof. Liu Tao
Ms. Lu Juan

FINANCE COMMITTEE

Mr. Ding Xiang Yang
Ms. Lu Juan

COMPANY SECRETARY

Ms. Leung Yin Fai

AUDITOR

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

LEGAL ADVISER

Conyers Dill & Pearman

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 807H, 8/F
Cornell Centre
50 Wing Tai Road
Chai Wan
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

41st Floor, Shanghai Sunglow Riverfront Center
No. 899 Ruining Road
Xuhui District
Shanghai, China

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

CONTACT

Investor Relations Department
Glorious Property Holdings Limited
Room 807H, 8/F
Cornell Centre
50 Wing Tai Road
Chai Wan
Hong Kong
Telephone: (852) 3104 2225/(86) 21 6407 6688
Facsimile: (852) 3104 2224
Email: ir@gloriousphl.com.cn

KEY DATES

Closure of Register of Members
4 June 2023 to 7 June 2024

Annual General Meeting
7 June 2024

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE INFORMATION

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

1. wish to receive a printed copy; or

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

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

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

WEBSITE

www.gloriousphl.com.cn

STOCK CODE

00845

Management Discussion and Analysis

ANNUAL HIGHLIGHTS

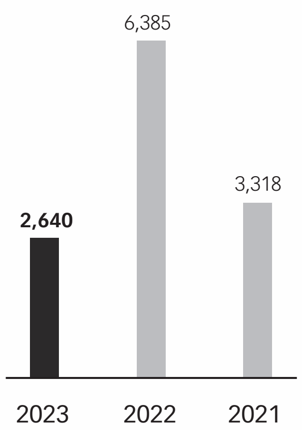
- In 2023, the Group recorded a revenue of RMB2,639.7 million and the delivered gross floor area ("GFA") was 82,004 sq.m.
- In 2023, the Group achieved property sales of RMB1,686.0 million and the GFA sold was 83,754 sq.m.
- In 2023, the Group recorded a loss attributable to the owners of the Company of RMB2,949.2 million
- As at 31 December 2023, total borrowings was RMB22,663.4 million
- As at 31 December 2023, the Group had a total land bank of 5.7 million sq.m. and the average land cost was RMB1,446 per sq.m.

RESULTS HIGHLIGHTS

	2023	2022
Revenue *(RMB'000)*	**2,639,656**	6,385,035
GFA sold and delivered *(sq.m.)*	**82,004**	143,030
Gross profit *(RMB'000)*	**833,357**	4,010,842
Loss attributable to the owners of the Company *(RMB'000)*	**(2,949,153)**	(297,355)
Basic loss per share attributable to the owners of the Company *(RMB per share)*	**(0.38)**	(0.04)

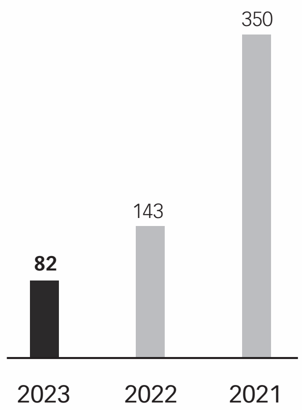
Revenue

RMB (million)



GFA sold and delivered

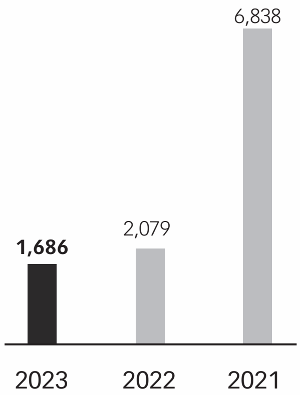
('000 sq.m.)



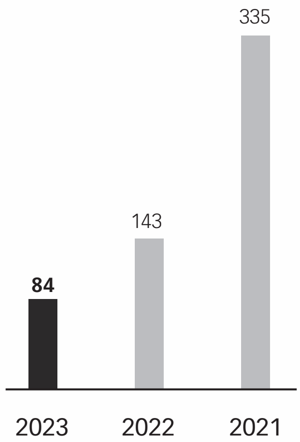
BUSINESS INFORMATION HIGHLIGHTS

	2023	2022
Property sales *(RMB'000)*	**1,686,005**	2,079,510
GFA sold *(sq.m.)*	**83,754**	142,520
Total land bank *(sq.m.)*	**5,696,880**	5,949,800
Average land cost *(RMB per sq.m.)*	**1,446**	1,597

Property sales
RMB (million)



GFA sold
('000 sq.m.)



OTHER KEY FINANCIAL INFORMATION

RMB'000	**2023**	2022
Total assets	**44,828,088**	48,494,101
Total liabilities	**(47,650,088)**	(48,366,926)
Total equity	**(2,822,000)**	127,175
Current borrowings	**22,663,387**	20,963,726
Non-current borrowings	**—**	—
Total borrowings	**22,663,387**	20,963,726
Gearing ratio(1)	**N/A**	N/A

Note:

(1) Gearing ratio is calculated as net debt (calculated as total borrowings (excluding loans from a non-controlling interest) less cash and cash equivalents, and restricted deposits) divided by total equity attributable to the owners of the Company.

MARKET REVIEW

In 2023, the international environment entered a new period of turbulence and change. The series of chain effects triggered by the Russo Ukrainian war continue to ferment, with the addition of the Palestinian Israeli conflict and a significant increase in the instability of the international situation. The cruel political and military games are filled with intense economic, financial, and technological competition, leading to imbalanced global economic recovery. The focus of the United States on competition among major powers, anxiety about China's rise, and its policies of suppressing China's economy, finance, and technology have posed greater challenges to China's deep participation in global governance reform and the construction of a high-level economic and trade system. However, China has always maintained strategic composure and political patience, rationally facing the long-term and inevitable game between the United States and China's two major economies, coordinating development and security, and making every effort to do a good job in the post pandemic era of economic recovery to resolve the instability of the external environment, continuing to deepen the construction of a community with a shared future for mankind, and deepening the long-term progress of China's economy towards reform, development, and harmony.

2023 is the first year of economic recovery and development after the three-year COVID-19 epidemic prevention and control transformation. The overall domestic economic growth has shown a trend of "first rising, then falling, and then stabilizing". The main macroeconomic indicators are affected by the unexpected decline in exports, insufficient investment and consumption recovery momentum, and weak social expectations, indicating that the foundation for economic recovery is not solid enough. In the first quarter, the domestic economy showed a positive momentum, with the suppression of the epidemic and the comprehensive release of consumption power during the Spring Festival holiday, and a good start to recovery; In the second quarter, the economy operated normally, but under downward pressure from economic data and expectations, it showed a downward trend. Household consumption began to weaken, making it difficult to support the initial upward trend of consumption. Due to the low base effect of the same period in 2022, the overall year-on-year GDP growth rate increased; In the third quarter, the overall economic growth rate declined significantly, and the government urgently introduced relatively conservative measures to stabilize the economy. However, the market response was weak, and the policy implementation effect was weak; After entering the fourth quarter, the combination of macroeconomic regulation policies continued to exert force, and the endogenous repair momentum gradually showed. The overall economic operation showed a slow downward trend and stabilized, while the economic momentum maintained a medium to low speed development trend.

The tone set by the Political Bureau meeting in the second half of 2023 regarding significant changes in supply and demand in the real estate market has become a turning point and guiding theme for the current and future development of the national real estate industry. Although there was a brief market trend in some hot cities from February to March 2023, the market maintained a certain level of activity. But with weak expectations of residents' income, expectations of declining housing prices, and the basic release of previous backlog of demand, the purchasing sentiment of homebuyers quickly declined after the second quarter, and the new housing market sharply declined. The transaction area of commercial residential properties in key cities decreased by 27.9% month-on-month. In the second half of the year, the new construction area and real estate investment fell to the lowest point in the same period in a decade, and the supply and demand scale of residential land in 300 cities decreased by more than 30% year-on-year. The price and transaction area of second-hand houses are also experiencing a "Waterloo" phenomenon. Starting from the third quarter, the government gradually introduced policies such as "lowering interest rates and down payments", "adjusting the recognition standards for ordinary residential properties", "recognizing houses but not loans", "providing mortgage transfer services", "reducing intermediary fees", and loosening purchase restrictions in most cities. However, these policies have not reversed the downward trend of the real estate market, and the real estate market is still undergoing deep adjustments. For the capital turnover and survival environment of real estate enterprises, their strength is severely damaged, and most enterprises are unable to change, completely constrained by the overall economic pressure at the current stage and the results of structural changes in the real estate industry. The goal of implementing policies tailored to the city, improving expectations, and boosting confidence in the real estate market is a long and arduous task.

In 2023, our group was also deeply affected by the overall downturn in the real estate market, resulting in uneven changes. We seized the sales momentum during the golden sales period in the first quarter and the stable sales period at the end of the year, ensuring partial signing and payment collection. In the middle of the year, the commission payment mode of some key projects was adjusted to be deeply integrated with the sales channels to strive for sales breakthrough, but it was difficult to block the downward momentum of the market, which also made the enterprise experience great cash flow difficulties. Based on the changes caused by the structural adjustment of property management, the sales decision-making power to supplement cash flow needs to be further improved, and sales response and expansion are still the top priority for the survival of enterprises. In terms of engineering, we have always solidly carried out various tasks to ensure the delivery of buildings, people's livelihoods, and stability. The entire group is based on coordinating the resolution of key and difficult project issues, optimizing the allocation of resources and personnel, and ensuring that systemic risks do not occur. We are also actively seeking solutions in terms of financing structure and debt reduction.

Our group timely pays attention to external policy support, combines property structure and project characteristics, accelerates the alleviation of financing environment, stabilizes financing security, eliminates the drawbacks of the "high debt, high leverage" development model for many years, and maintains stable financing risks. Strengthen the effectiveness of commercial leasing and achieve positive operation of commercial cash flow. Adhere to the principle of balancing survival and safety, implement a collaborative management model between the Group and the project, maintain a stable operating mechanism and reasonable sustainable optimization and adjustment.

BUSINESS REVIEW

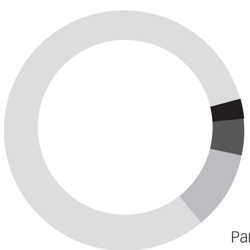
I. Revenue

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

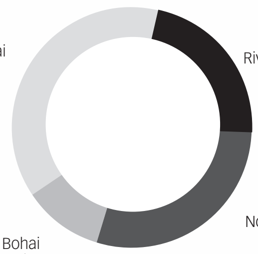
In 2023, the Group recognised revenue (including revenue from property sales and interior decoration) was substantially attributable to the projects in Shanghai Region and the Pan Bohai Rim, mainly included the revenue from Tower 16 of Shanghai Bay in Shanghai and Royal Mansion in Beijing. In 2023, 81.7%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

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

Percentage of Revenue by Region in 2023



Percentage of GFA sold and delivered by region in 2023



BUSINESS REVIEW (Continued)

I. Revenue (Continued)

Projects sold and delivered in 2023 and 2022 included:

Property projects	City	2023 Revenue (RMB'000)	2023 GFA sold and delivered (sq.m.)	2023 Average selling price recognised (RMB per sq.m.)	2022 Revenue (RMB'000)	2022 GFA sold and delivered (sq.m.)	2022 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	**20,409**	**1,991**	**10,251**	32,708	4,473	7,312
Shanghai Bay	Shanghai	**1,590,641**	**18,047**	**88,139**	3,694,846	39,260	94,112
Shanghai City Glorious	Shanghai	**56,234**	**4,644**	**12,109**	10,362	1,512	6,853
Chateau De Paris	Shanghai	**26,976**	**1,671**	**16,144**	2,258	803	2,812
Shanghai Park Avenue	Shanghai	**—**	**—**	**—**	11,537	773	14,925
Royal Lakefront	Shanghai	**28,207**	**3,458**	**8,157**	38,116	8,811	4,326
Holiday Royal	Shanghai	**11,461**	**1,382**	**8,293**	20,976	1,860	11,277
Royal Mansion	Beijing	**279,674**	**8,567**	**32,646**	2,247,721	37,609	59,766
Tianjin Royal Bay Seaside	Tianjin	**830**	**146**	**5,685**	—	—	—
No.1 City Promotion	Wuxi	**32,092**	**12,318**	**2,605**	19,002	6,613	2,873
Nantong Villa Glorious	Nantong	**1,091**	**708**	**1,541**	5,538	3,032	1,827
Nantong Royal Bay	Nantong	**20,312**	**1,547**	**13,130**	1,148	455	2,523
Nantong Glorious Chateau	Nantong	**3,086**	**1,534**	**2,012**	1,074	188	5,713
Hefei Bashangjie Project	Hefei	**8,172**	**1,179**	**6,931**	85,618	5,397	15,864
Hefei Royal Garden	Hefei	**1,286**	**835**	**1,540**	8,381	5,457	1,536
Sunny Town	Shenyang	**—**	**—**	**—**	2,648	573	4,621
Harbin Royal Garden	Harbin	**5,170**	**1,864**	**2,774**	—	—	—
Changchun Villa Glorious	Changchun	**130,549**	**22,113**	**5,904**	165,153	25,933	6,368
Dalian Villa Glorious	Dalian	**—**	**—**	**—**	2,113	281	7,520
Sub-total		**2,216,190**	**82,004**	**27,025**	6,349,199	143,030	44,391
Interior decoration for properties sold:							
Shanghai Bay	Shanghai	**423,466**			35,836		
Total		**2,639,656**			6,385,035		

BUSINESS REVIEW (Continued)

II. Property Sales

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

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

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

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

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

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

BUSINESS REVIEW (Continued)

II. Property Sales (Continued)

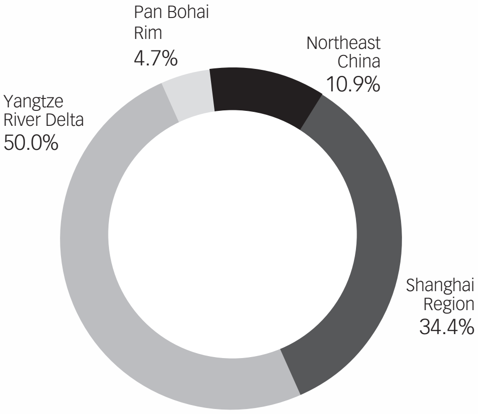
Property sales and GFA sold by region in 2023 and 2022 were as follows:

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

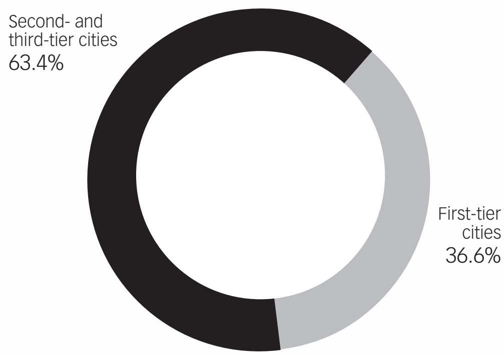
Note:

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

Percentage of property sales by region in 2023



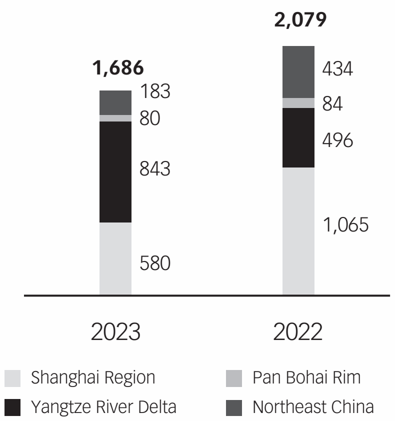
Percentage of property sales in first-, second- and third-tier cities in 2023



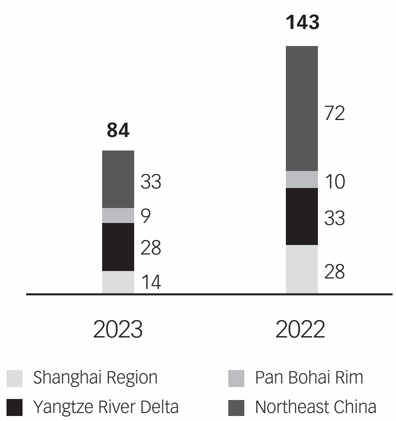
BUSINESS REVIEW (Continued)

II. Property Sales (Continued)

Property sales by region
RMB (million)



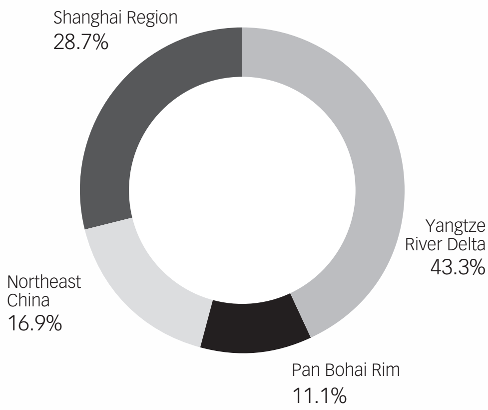
GFA sold by region
('000 sq.m.)



In 2024, the Group expects to launch properties from 14 projects to the market for sale with a saleable GFA of approximately 0.55 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 28.7%, 43.3%, 11.1% and 16.9% respectively of the Group's saleable GFA which are expected to be available for sale in 2024.

Resources available for sale in 2024



Total: 0.55 million sq.m.

BUSINESS REVIEW (Continued)

II. Property Sales (Continued)

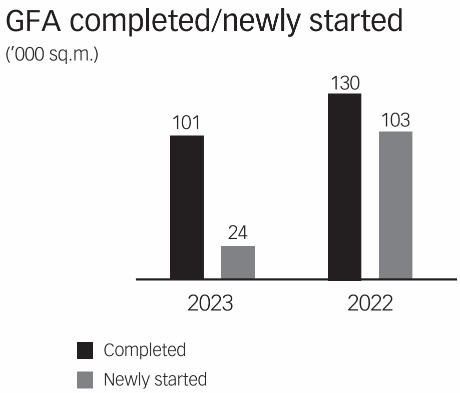
Details of the projects which are expected to be available for sale in 2024 are as follows:

City		Project	Saleable GFA (sq.m.)	Interests attributable to the Group
Shanghai Region				
1	Shanghai	Shanghai Bay	23,417	100%
2	Shanghai	Shanghai City Glorious	2,388	100%
3	Shanghai	Sunshine Venice	31,315	100%
4	Shanghai	Caohejing Project	99,329	100%
	Subtotal		156,449	
Yangtze River Delta				
5	Nanjing	Nanjing Royal Bay	35,993	60%
6	Nantong	Nantong Royal Bay	98,194	100%
7	Hefei	Hefei Bashangjie Project	86,828	100%
8	Wuxi	No. 1 City Promotion	15,325	100%
	Subtotal		236,340	
Pan Bohai Rim				
9	Beijing	Royal Mansion	132	100%
10	Beijing	Sunshine Bordeaux	2,345	100%
11	Tianjin	Tianjin Royal Bay Seaside	23,706	100%
12	Tianjin	Sunshine Holiday	34,500	100%
	Subtotal		60,683	
Northeast China				
13	Changchun	Changchun Villa Glorious	84,543	100%
14	Harbin	Harbin Royal Garden	7,680	100%
	Subtotal		92,223	
Total			**545,695**	

BUSINESS REVIEW (Continued)

III. Construction and Development

In 2023, the total GFA completed by the Group was approximately 100,692 sq.m. and approximately 24,382 sq.m. was added to the new construction area. As at 31 December 2023, the Group had projects with a total area under construction of 2.1 million sq.m..

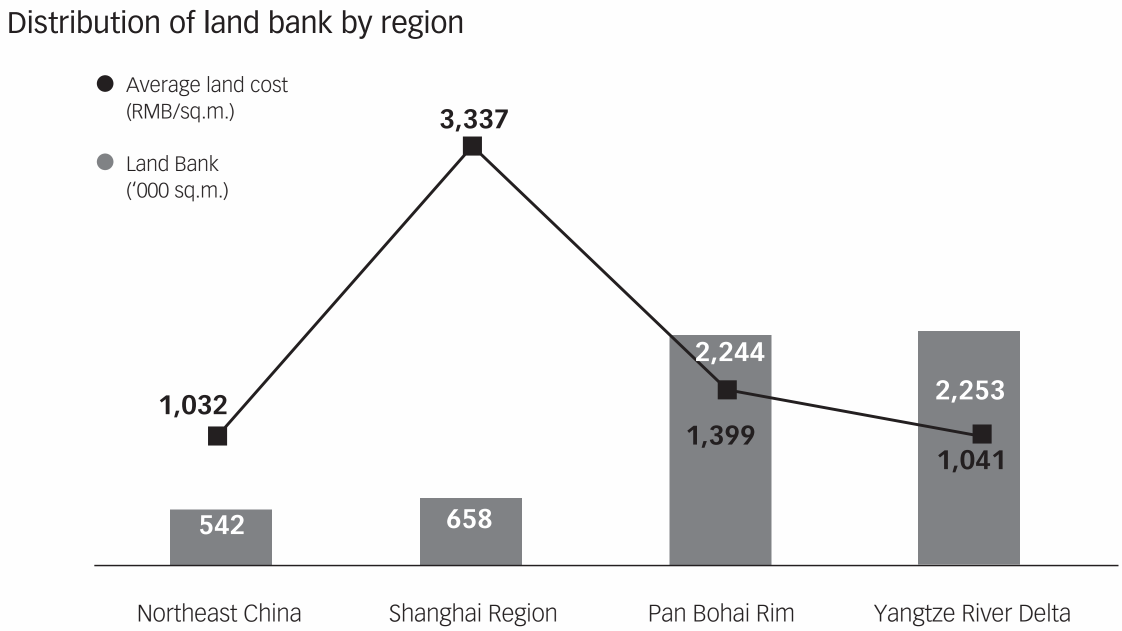


IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources.

The Group did not acquire any new land parcel during 2023.

Distribution of land bank by region as at 31 December 2023 was as follows:



As at 31 December 2023, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 5.7 million sq.m. and the average land cost was RMB1,446 per sq.m.. The relatively low-cost land bank provided the Group with a strong guarantee in maintaining its sustainable development and generating higher profit margins in the future.

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

BUSINESS REVIEW (Continued)

IV. Land Bank (Continued)

Details of land bank by project as at 31 December 2023 were as follows:

Project		City	Location	Use	Land bank	Average land cost	Interests attributable to the Group
					(sq.m.)	*(RMB per sq.m.)*	
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, serviced apartment, office and commercial	279,867	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, office and commercial	83,422	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	112,290	1,870	100%
4	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	101,548	9,703	100%
5	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	80,646	9,703	100%
	Subtotal				657,773	3,337	
Yangtze River Delta							
6	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	460	100%
7	Nantong Glorious Plaza	Nantong	New District	Office, hotel and commercial	297,486	348	70%
8	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	181,312	4,719	100%
9	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	849,701	881	100%
10	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
11	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	35,730	6,013	60%
	Subtotal				2,253,258	1,041	

BUSINESS REVIEW (Continued)

IV. Land Bank (Continued)

Project		City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
Pan Bohai Rim							
12	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential and commercial	455,749	1,396	100%
13	Tianjin Central City	Tianjin	Binhai New Area	Residential and commercial	205,961	2,792	100%
14	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
15	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,243,535	1,399	
Northeast China							
16	Sunny Town	Shenyang	Yuhong District	Residential and commercial	119,391	1,133	100%
17	Changchun Villa Glorious	Changchun	New and High-tech District	Residential and commercial	422,923	1,004	100%
	Subtotal				542,314	1,032	
Total					**5,696,880**	**1,446**	

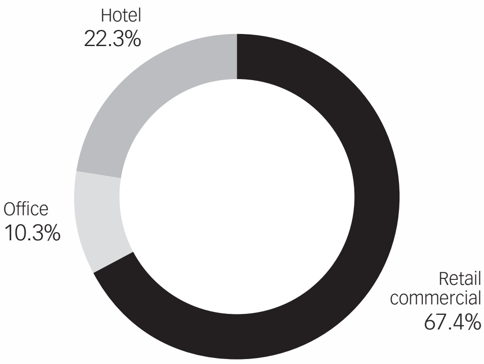
BUSINESS REVIEW (Continued)

V. Development of Commercial Properties

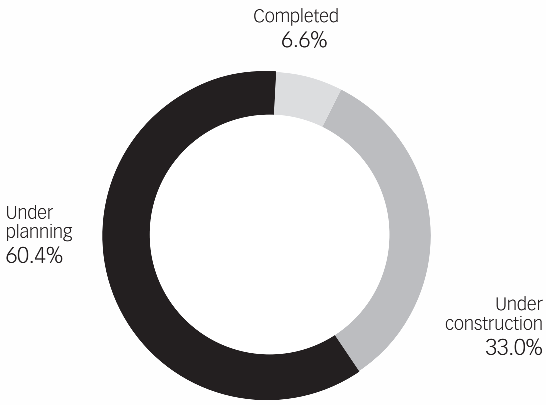
The Group will steadily foster the development of its commercial properties. As at 31 December 2023, the Group has total GFA of 2.0 million sq.m. is planned for the development of commercial properties, of which approximately 130,715 sq.m. of commercial properties were completed by the Group, around 647,774 sq.m. of commercial property projects are under construction, and 1,187,465 sq.m. of commercial property projects are still under planning.

As at 31 December 2023, retail commercial properties, office buildings and hotels accounted for 67.4%, 10.3% and 22.3% of the total commercial properties of the Group by GFA respectively. The Group plans to retain the ownership of most of the commercial properties to secure stable rental income.

Type of commercial properties



Development stages of commercial properties



Total GFA of 2.6 million sq.m. is planned for commercial properties

Major commercial projects under construction are as follows:

City	Project	Property type	GFA *(sq.m.)*
Shanghai	Shanghai Bay	Commercial	47,832
Shanghai	Caohejing Project	Office, hotel and commercial	99,329
Nantong	Nantong Royal Bay	Commercial	133,528
Nantong	Nantong Glorious Plaza	Office, hotel and commercial	209,982
Nanjing	Nanjing Royal Bay	Commercial	25,066
Shenyang	Shenyang Glorious Plaza	Commercial	119,391
Changchun	Changchun Villa Glorious	Commercial	12,646
Total			**647,774**

FUTURE OUTLOOK

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

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

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

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

FINANCIAL REVIEW

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

Results for the year ended 31 December 2023 are as follows:

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

FINANCIAL REVIEW (Continued)

Revenue

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

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

Cost of Sales

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

FINANCIAL REVIEW (Continued)

Cost of Sales (Continued)

Components of the consolidated cost of sales for the year are as follows:

	2023		2022	
	RMB'000	RMB per sq.m.	RMB'000	RMB per sq.m.
Construction costs	697,720	8,508	1,436,711	10,045
Land costs	209,613	2,556	651,195	4,553
Capitalised interests	88,319	1,077	222,723	1,557
Business taxes and other levies	65,260	796	63,564	444
Sub-total	1,060,912	12,937	2,374,193	16,599
Changes in provision for impairment of properties under development and completed properties held for sale	745,387		—	
Total	1,806,299		2,374,193	

The Group's average cost of sales in 2023 was RMB12,937 per sq.m., which was 22.1% lower than that of RMB16,599 per sq.m. in 2022.

Gross Profit

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

Other Income

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

FINANCIAL REVIEW (Continued)

Other Losses, Net

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

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

Selling and Marketing Expenses

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

Administrative Expenses

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

Finance Costs, Net

Gross finance costs for the year ended 31 December 2023 were RMB2,492.0 million, representing an increase of 22.0% from RMB2,043.3 million for 2022. For the year ended 31 December 2023, finance costs of RMB387.7 million (2022: RMB550.7 million) had been capitalised, leaving RMB2,104.3 million (2022: RMB1,492.5 million) which was charged directly to the consolidated statement of comprehensive income. After netting off the finance income of RMB2.4 million (2022: RMB14.1 million), the amount of finance costs, net was RMB2,102.0 million for 2023 (2022: RMB1,478.5 million). The Group's gross finance costs for 2023 was higher than that of 2022 due to the higher average borrowing costs in the current year. As the amount of gross finance costs incurred in the current year continued to exceed the amount that can be capitalised based on the Group's qualifying assets, a portion of the finance costs were not capitalised and were recorded as current year expenses.

Share of (Loss)/Profit of a Joint Venture

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

FINANCIAL REVIEW (Continued)

(Loss)/Profit Before Taxation

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

Income Tax (Credits)/Expenses

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

Loss Attributable to the Owners of the Company

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

Current Assets and Liabilities

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

FINANCIAL REVIEW (Continued)

Current Assets and Liabilities (Continued)

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

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

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

Liquidity and Financial Resources

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

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

FINANCIAL REVIEW (Continued)

Liquidity and Financial Resources (Continued)

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

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

The maturities of the Group's borrowings as at 31 December 2023 were as follows:

RMB'000	2023	2022
Repayable on demand or within 1 year(3)	**22,663,387**	20,963,726
After 1 and within 2 years	**—**	—
After 2 and within 5 years	**—**	—
After 5 years	**—**	—
Total	**22,663,387**	20,963,726

Note:

(3) The current bank borrowings included borrowings with principal amounts of RMB3,919.1 million with original maturity beyond 31 December 2024 which have been reclassified as current liabilities as at 31 December 2023.

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

FINANCIAL REVIEW (Continued)

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings (excluding loan from a non-controlling interest) less cash and cash equivalents, and restricted deposits. The gearing ratios as at 31 December 2023 and 2022 were as follows:

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

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

Going Concern and Mitigation Measures

For the year ended 31 December 2023, the Group reported a loss attributable to the owners of the Company of RMB2,949.2 million. As at 31 December 2023, the Group had accumulated losses of RMB11,872.3 million and the Group's current liabilities exceeded its current assets by RMB24,189.8 million. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB22,663.4 million and capital commitment amounted to RMB8,810.7 million, while its cash and cash equivalents amounted to RMB214.6 million only. In addition, as at 31 December 2023, certain borrowings whose principal amounts of RMB10,262.9 million and interest payable amounts of RMB3,757.1 million, relating to borrowings with a total principal amount of RMB10,262.9 million were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,904.0 million had been overdue during the loan period; although these overdue balances and interests were subsequently settled before 31 December 2023, these borrowings remained to be in default as at 31 December 2023. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,374.1 million as at 31 December 2023. These conditions, together with other matters described in note 2(a)(i) to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which include:

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

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

FINANCIAL REVIEW (Continued)

Going Concern and Mitigation Measures (Continued)

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

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

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

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

The Group has been actively implementing the aforementioned measures in the past few years by focusing on reduction of debt balance and improving debt structure. As a result of the efforts over such period, a number of financial data have gradually shown improvements, including steady growth in property sales and maintained at a reasonable level, trend of decreasing balance of total borrowings, as well as continuous improvements in the operating cash flows, although occasionally there was operating net cash outflow. In 2023, the Group recorded a significant amount of losses. This was mainly because the Group only completed and delivered one project in Shanghai, which contributed sales revenue of RMB1,088.7 million to the Group. The other projects only recorded carpark sales during the year and late house sales revenue, therefore the Group's recognised sales revenue in 2023 is still at a low level. At the same time, a significant impairment provision was made for properties during the year, and there continued to be significant amounts of financial costs that could not be capitalised and were directly charged to current year expenses. The Group's investment properties recorded a substantial fair value loss in 2023. The fair value loss resulted in a significant increase in the amount of loss attributable to the owners of the Company this year compared with the loss in 2022. In 2023, economic uncertainty had a significant adverse impact on China's real estate industry. The accumulated weak purchasing power of the domestic real estate market, coupled with changes in the Group's product structure and insufficient saleable resources, etc., the Group's property sales in 2023 reached a record low of only RMB1,686.0 million and the total borrowings stood at a high level, the Group has experienced prolong period of liquidity problem without obvious breakthrough. In 2023, the management continuously adjusted the operation plan, strengthened working capital management and exercised extra efforts to control various expenses such that the Group's total borrowings at 2023 year-end was controlled at RMB22,663.4 million, which was only 8.1% higher than that of RMB20,963.7 million at the end of 2022. As at 31 December 2023, the Group's effective interest rate was 9.1%, which was close to 9.3% for 2022, but was significantly lower than 12% or above for earlier years, which has laid a good foundation for the Group to reduce finance costs in the future. The Group will actively implement the business plan in 2024, on one hand continue to adhere to the business plan to construct and launch sale of the property projects as well as to speed up the leasing or sales of the offices and commercial shops so as to increase the cash inflow, on the other hand to actively negotiate with financial institutions to renew and extend the bank loans, and to identify opportunities to obtain new borrowings so as to improve the Group's debt structure.

FINANCIAL REVIEW (Continued)

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 31 December 2023, the Group had cash and cash equivalents, and restricted deposits, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2023**	2022
Cash and cash equivalents, and restricted deposits:		
US$	**29**	268
HK$	**97**	136
Total	**126**	404
Borrowings:		
US$	**157,565**	93,972
HK$	**177,805**	134,774
Total	**335,370**	228,746
Trade and other payables:		
US$	**393**	700
HK$	**7,733**	6,380
Total	**8,126**	7,080

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

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

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

Interest Rate Risk

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

FINANCIAL REVIEW (Continued)

Interest Rate Risk (Continued)

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

As at 31 December 2023, the Group's total borrowings amounted to RMB22,663.4 million (2022: RMB20,963.7 million), of which RMB19,197.0 million (2022: RMB17,309.0 million) borne fixed interest rate.

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

Price Risk

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

Pledge of Assets

As at 31 December 2023 and 2022, the Group had the following categories of properties which had been pledged for the Group's borrowings:

RMB'000	**2023**	2022
Property, plant and equipment	—	65,711
Right-of-use assets	—	258,079
Investment properties	**8,180,229**	18,420,009
Properties under development	**3,142,286**	11,538,831
Completed properties held for sale	**2,716,919**	1,547,129
	14,039,434	31,829,759

As at 31 December 2023, equity interests of certain of the Company's subsidiaries and equity interest in a joint venture had also been pledged for the Group's borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligation of such purchasers. Such guarantees terminate upon the earlier of: (i) the issuance of the real estate ownership certificate which is generally available within an average period of one to two years upon the completion of the registration of the guarantee; or (ii) the full repayment of the mortgage loan by the purchasers of the Group's properties.

FINANCIAL REVIEW (Continued)

Financial Guarantee (Continued)

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage.

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

Capital Commitments

As at 31 December 2023 and 2022, the Group had capital commitments as follows:

RMB'000	**2023**	2022
Property development expenditures	**8,181,722**	8,476,367
Construction materials	**629,019**	629,019
Total	**8,810,741**	9,105,386

Employee and Remuneration Policy

As at 31 December 2023, the Group had a total of 397 employees (2022: 509 employees). Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2023 amounted to RMB134.5 million (2022: RMB174.8 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted annual bonus. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ding Xiang Yang, aged 56, is the chairman of the board of directors of the Company (the "Board") and an executive director of the Company. Mr. Ding is also a director of a number of subsidiaries of the Company. With more than 20 years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for the Group's overall strategic planning and development. Mr. Ding joined the Group on 18 March 2001 and played an integral role in formulating the Group's development strategies, operational management and supervising the construction of the Group's projects. On 5 June 2018, he was also appointed as the chairman of the board of the Company. Prior to joining the Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a company listed on the The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company.

Ms. Lu Juan, aged 47, is an executive director of the Company. Ms. Lu is also a director of a number of subsidiaries of the Company. Ms. Lu joined the Group serving as an accounting officer in Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司) from May 2008 to December 2009, and subsequently as a finance manager in the finance department of Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發（南通）有限公司) from January 2010 to June 2013. Ms. Lu was promoted to her current position as the financial controller in Glorious Property Development (Nantong) Co., Ltd. (恒盛地產發展（南通）有限公司) in July 2013, and has concurrently served as the deputy financial controller of the Company since August 2022. She has over fourteen years of experience working for the Group and has acquired extensive knowledge of the Group's business, operations and finance. Ms. Lu graduated from Dongbei University of Finance and Economics (東北財經大學) with a bachelor's degree of accounting and is a senior accountant.

Mr. Yan Zhi Rong, aged 62, is an executive director of the Company. Mr. Yan is also a director of a number of subsidiaries of the Company. With more than 24 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of the Company. Mr. Yan joined the Group on 8 December 1996 as the manager of the project budgeting department. Prior to joining the Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC. Mr. Yan completed the Executive MBA Programme and was awarded the degree of Master of Business Administration by Southeast University in 2018.

Independent Non-executive Directors

Prof. Liu Tao, aged 59, is an independent non-executive director of the Company. Prof. Liu is currently an associate professor in accounting, professor of EMBA and EDP programs at Antai College of Economics & Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院). Prof. Liu focuses on the research of, including financial accounting, analysis of financial statements, corporate auditing, corporate internal control and corporate governance. She has also issued several academic papers related to share incentive in recent years, including the "Research in Impact Factors of Share Incentive" (股權激勵的影響因素研究) and the "Research in Surplus Management and its Impact Factors of the Share Incentive in a Listed Company" (上市公司股權激勵盈餘管理及影響因素研究) and participated in several researches of national social science fund and natural science fund. Prof. Liu has also published numerous articles related to financial management and accounting including "Strategic Financial Management" (戰略財務管理), "Concepts in Accounting" (會計學概論), "Cost Accounting" (成本會計學), "Tutorial of Advanced Financial Management" (高級財務管理教程) and "Management Account" (管理會計) etc. Prof. Liu has received several recognitions and awards related to teaching. From 2004 to 2015, she was awarded the Teaching Excellence Award of Antai College of Economics & Management (安泰經管學院教學優秀獎), the Most Welcomed MBA Teacher of Antai College of Economics & Management (安泰經管學院年度最受MBA學生歡迎教師獎) and the Outstanding Teachers Award of Shanghai Jiao Tong University (上海交大校優秀教師獎). Prof. Liu graduated from the Finance Department of Shaanxi Institute of Finance and Economics (陝西財經學院財政系) (incorporated into Xi'an Jiaotong University in 2000) with a bachelor's degree (Finance) in 1986 and a master's degree (Financial Management) in 1989. Prof. Liu joined the Group on 17 September 2015. Prof. Liu has been a financial advisor and independent director of several large and medium scale enterprises. She was an independent director of Shanghai Jielong Industry Group Corporation Limited ("Shanghai Jielong", a company listed on the Shanghai Stock Exchange, stock code: 600836) from 2008 to 2014 and 2018 to 2020, and an independent director of Shanghai Liangyou Oils & Fats Company Limited from 2016 to September 2017. She was an independent director of Shanghai No.1 Pharmacy Co., Ltd. (a China-based company listed on the Shanghai Stock Exchange, stock code: 600833) from June 2017 to June 2019. She was an independent director of Shanghai SafBon Water Service (Holding) Inc. ("Shanghai SafBon", a China-based company listed on the Shenzhen Stock Exchange, stock code: 300262), chairman and member of its audit committee, and member of remuneration and appraisal committee and nomination committee of SafBon from May 2016 to May 2022. She is currently an independent director of Y.U.D. Yangtze River Investment Industry Co., Ltd., (a China-based company listed on the Shanghai Stock Exchange, stock code: 600119), an independent non-executive director of Shanghai Gench Education Group Limited (a China-based company listed on the Hong Kong Stock Exchange, stock code: 1525).

Dr. Hu Jinxing, aged 47, is an independent non-executive director of the Company. He is currently associate professor and a tutor for graduate students of the Department of Public Policy, School of Public Administration, East China Normal University (華東師範大學公共管理學院公共政策系). He is also the executive dean of the College of Oriental Real Estate (東方房地產研究院), deputy head of the tenth council of the Shanghai Real Estate Economic Society (上海市房產經濟學會), standing director of the Global Chinese Real Estate Congress (世界華人不動產學會), and evaluation expert of the China Europe International Business School (CEIBS) Case Center (中歐國際工商學院案例中心). Dr.Hu focuses on the research of housing policies, real estate markets, real estate finance, etc. Since 2009, Dr. Hu has presided over 16 projects such as the Youth Project of National Social Science Fund (國家社科青年基金) and the Youth Project of the Ministry of Education (教育部青年基金), participated in the completion of five projects of National Natural Science and National Social Science Foundations (國家自科與國家社科基金), published more than 20 papers, and won the titles of the Outstanding Employee (優秀員工) and Outstanding Undergraduate Tutor Award (優秀本科生導師獎), Teaching Excellence Award (教學優秀獎), and Crystal Award for Student Ideological and Political Work (學生思想政治工作水晶獎) at School of Business Administration, East China Normal University, and other honours. His paper was also selected in the National Excellent 100 Management Cases (全國百篇優秀管理案例). Dr. Hu received a bachelor's degree in management from Zhejiang Gongshang University (浙江工商大學) in 1999, and studied in the Department of Business Administration and Department of Industrial Economics (postgraduate and doctoral program of study) and for a doctorate in economics at Fudan University School of Management (復旦大學管理學院) from 2001 to 2007. Since 2007, Dr. Hu has been worked in the Department of Real Estate, School of Business Administration, East China Normal University. From 2015 to 2021, Dr. Hu has been the head of the Department of Real Estate, School of Business Administration, East China Normal University. From 2011 to 2012, Dr. Hu was a visiting scholar at the OTB Research Institute of the Delft University of Technology. From 2003 to 2008, Dr. Hu has been involved in the planning and consultation relating to the development strategy for Shanghai Zhangjiang (Group) Co., Ltd. (上海張江(集團)有限公司) ("Shanghai Zhangjiang Group"), which controls Zhangjiang Hi-Tech Park Development Co., Ltd. (張江高科技園區開發股份有限公司), a company listed on Shanghai Stock Exchange with a stock code of 600895, and Zhongnan Group (中南集團), which controls Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司), a company listed on Shenzhen Stock Exchange with a stock code of SZ000961.

Mr. Han Ping, aged 55, is an independent non-executive director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華廈工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of 6 years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 28 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC. According to code provision B.2.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, if an independent non-executive Director serves more than nine years, any further appointment of such independent non-executive Director should be subject to a separate resolution to be approved by the shareholders. As Mr. Han had served the Company as the independent non-executive Directors for more than nine years by October 2018, the ordinary resolution proposing re-election of Mr. Han was approved by the shareholders of the Company by poll at the annual general meeting on 1 September 2022.

CHIEF EXECUTIVE OFFICER

Mr. Zheng Qun Guo, aged 54, is the chief executive officer of the Company. Mr. Zheng joined the Group in 2008 and has served a number of management positions, including the general manager of Shanghai Hongye Property Development Co., Ltd.* (上海弘曄房地產發展有限公司), a wholly-owned subsidiary of the Company, since March 2008 to the date of this report; vice president of Glorious Property Investment (Shanghai) Co., Ltd.* (恒盛地產投資（上海）有限公司), a wholly-owned subsidiary of the Company, from July 2010 to July 2012; assistant to the chief executive officer of the Company from August 2012 to April 2017; and executive vice-president of the Company from May 2017 to the date of this report. Mr. Zheng graduated from the Department of Electrical Automation of Shanghai College of Metallurgy* (上海冶金專科學校) in 1991. He also finished the Advanced Training Class in the MBA Real Estate core course at Shanghai Jiao Tong University in 2008. Mr. Zheng has comprehensive experience in the management of property development companies.

COMPANY SECRETARY

Ms. Leung Yin Fai, aged 59, was appointed as the Group's company secretary on 30 September 2021. Ms. Leung has been a director of K E Corporate Services Limited (a company secretarial services provider) since April 2016, the managing director of K E Management & Consultancy (Shanghai) Co., Ltd. since August 2015 and an independent non-executive director of Lotus Horizon Holdings Limited (Hong Kong Stock Code: 6063) since March 2020. Ms. Leung was a director of KCS Hong Kong Limited from August 2008 to October 2014 and an independent non-executive director of Green Leader Holdings Group Limited (Hong Kong Stock Code: 0061) from April 2014 to January 2020. Ms. Leung was admitted as a fellow of the Association of Chartered Certified Accountants (currently known as Chartered Association of Certified Accountants) in the United Kingdom in July 1995. Ms. Leung was also admitted as a fellow member of the CPA Australia in May 2004 and is currently a member of HKICPA, Ms. Leung obtained a master's degree in commerce from the University of New South Wales, Australia in November 2002.

Environmental, Social and Governance Report

OVERVIEW

Glorious Property Holding Limited (the "Group" or "we") principally engages in property investment, development and management businesses in the People's Republic of China (the "PRC"). We are pleased to present this Environmental, Social and Governance ("ESG") Report (the "Report") to demonstrate the Group's ESG policies and performance in 2023.

ABOUT THIS REPORT

This Report has been prepared in strict compliance with the requirements under Appendix C2- "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") of Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. The reporting period for this Report is from 1 January 2023 to 31 December 2023 (the "Reporting Period"), and the reporting scope of this Report is defined according to the revenue of each development project of the Group during the Reporting Period. According to this principle, the reporting scope of this Report includes the Group's residential development project in Nantong. This Report fully disclosed the Key Performance Indicators ("KPIs") required to be reported in the ESG Reporting Guide in "Environmental Sustainability" and "Social Sustainability" sections. In addition to complying with the ESG Reporting Guide, this Report also discloses the laws and regulations that have been complied.

STAKEHOLDERS ENGAGEMENT

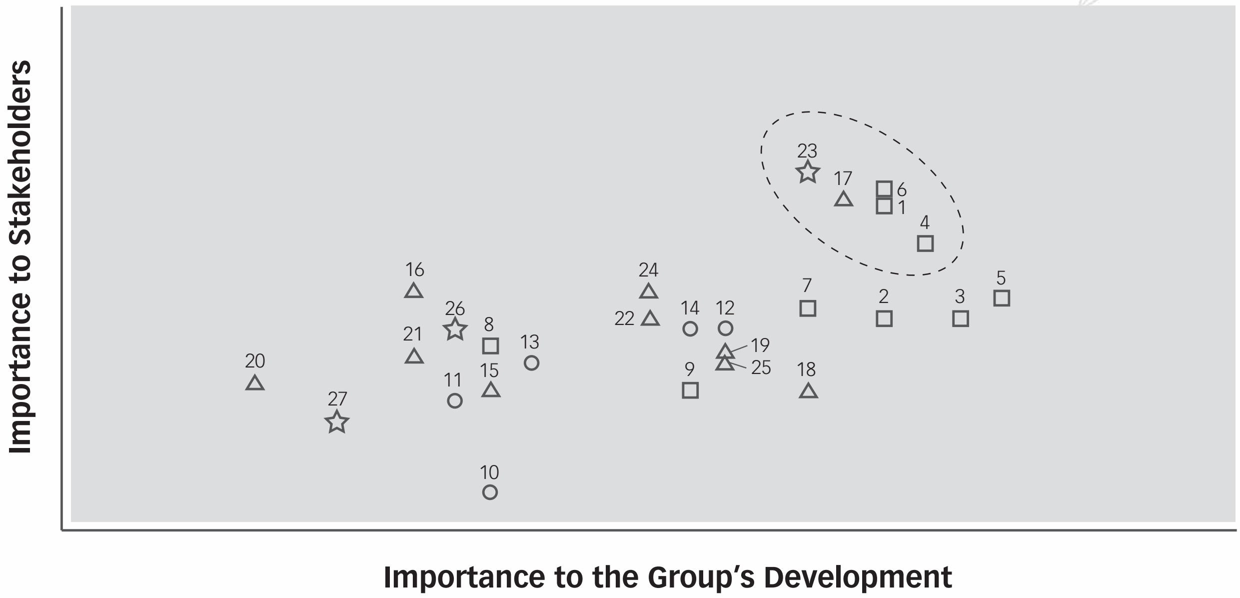
Stakeholders refer to the groups and individuals materially influencing or being influenced by the Group's businesses. Our stakeholders include government, regulatory authorities, shareholders, investors, directors, employees, customers, suppliers and general public. During the Reporting Period, the Group utilized the following activities to communicate with our stakeholders and understand their most concerned sustainability issues to prepare this Report.

Stakeholders	Communication Activities
Government and Regulatory Authorities	Face-to-Face Meetings
Shareholders and Investors	Annual General Meeting
	Interim and Annual Reports
	Listing Compliance Announcements
	Investor Meetings
	Corporate Website
Directors	Board of Directors Meetings
Employees	Employee Trainings
	Employee Exchange Meetings
Customers	Customer Interviews
	On-site Visits
	Customer Service Hotlines and Email
	Corporate Website
Suppliers	Supplier Meetings
	On-site Inspections and Visits
Media and General Public	Management Media Interviews
	Corporate Website

The Group welcomes stakeholders' opinion, especially on related to our sustainability works and performance. Readers are welcomed to share their views with the Group at info@gloriousphl.com.cn.

MATERIALITY ASSESSMENT

In order to identify the Group's ESG issues that are most important to our stakeholders, we appointed an independent sustainability consultant to conduct an ESG issue materiality assessment. Our stakeholders selected the most important options among a series of ESG issues related to the Group's businesses. Based on the selection of stakeholders, the independent sustainability consultant prepared the materiality assessment matrix set out below.



1.	**Greenhouse gas emissions**	15.	Responsible procurement
2.	Climate changes	16.	Management of suppliers' sustainability works
3.	Use of energies	**17.**	**Product quality management**
4.	**Green construction**	18.	Impact on the environment of products
5.	Water consumption and sewage treatment	19.	Customers satisfaction about products
6.	**Land use, pollution and restoration**	20.	Marketing and promotional strategies of products
7.	Construction waste treatment	21.	Protection of intellectual property rights
8.	Use of raw/packaging materials	22.	Protection of customers information and privacy
9.	Mitigation measures to protect environment and natural resources	**23.**	**Prevention of bribery, extortion, fraud and money laundering**
10.	Personnel recruitment	24.	Anti-corruption policies and whistle-blowing procedures
11.	Employee remuneration and benefits	25.	Corporate governance
12.	Employee occupational health and safety	26.	Support for local community
13.	Employee development and training	27.	Public welfare and charity
14.	Prevention of child labor and forced labor		

According to the materiality assessment matrix, followings are the five ESG topics which are most relevant to our operations.

1. Greenhouse gases emissions
4. Green construction
6. Land use, pollution and restoration
17. Product quality management
23. Prevention of bribery, extortion, fraud and money laundering

BOARD INCLUSIVENESS

The Group's Board of Directors (the "Board") is the highest governing body responsible for formulating our ESG strategies. The Board regularly sets sustainability goals for the Group and integrates them into the businesses. In addition, the Board is responsible for identifying and managing the Group's sustainability risks, and making improvement suggestions for follow-up by relevant departments. The Group engaged an independent sustainability consultant to facilitate our ESG-related data collection and analysis, and provide advices on our future sustainable development strategies.

BOARD STATEMENT

The Board has overall responsibility for the Group's ESG affairs, and is comprehensively responsible for the Group's ESG strategy implementation and information disclosure. The Board regularly reviews the ESG risks faced by the Group, and manages and monitors the ESG issues that have been identified as related to the Group. In order to ensure the effective implementation of the Group's ESG initiatives, the Board requires the management to report regularly the Group's ESG performance, and instructs the management to take appropriate risk mitigation measures. All ESG information disclosures, policies and targets in this Report have been reviewed and approved by the Board.

ENVIRONMENTAL SUSTAINABILITY

Emissions

The Group's core property development business consume certain amount of various natural resources, and emits greenhouse gas ("GHG") directly and indirectly. We strictly adhere to the green production principle, and are committed to enhancing energy usage efficiency in the property development processes. The Group strictly complies with relevant environmental protection laws in relation to property industry in the PRC. Pollutants are discharged in strict accordance with the statutory requirements and standards. We stipulated several environmental management policies, including "Carbon Emission Management Policy", "Energy Consumption Management Policy", "Water Consumption Management Policy", "Waste Management Policy" and "Green Procurement Policy". We also strictly obliged the requirements of the ISO14001 environmental management system. The Group's developed properties adopt the latest PRC standard "Assessment Standard for Green Building (GB/T 50378–2014)". Environmental protection elements were being integrated into the properties' design, construction, operation and maintenance. It reduces the carbon emissions of the properties in their life cycle. During the Reporting Period, the Group's emissions performance is as follows:

Various Emissions in 2023

Gases	Unit	Amount
Nitrogen Oxide (NO_x)	kg	1.9
Sulphur Oxides (SO_x)	Kg	0.0
Particulate Matter	kg	0.1

Various GHG Emissions in 2023

KPIs	Unit	Amount	Intensity* (Unit/RMB'million Revenue)
Scope 1 (Direct Emissions)	Tonnes of CO_2e	7.0	0.0
Scope 2 (Indirect Emissions)	Tonnes of CO_2e	4,064.2	1.5
Scope 3 (Other Indirect Emissions)	Tonnes of CO_2e	1.5	0.0
Total	Tonnes of CO_2e	4,072.7	1.5

*Note: Intensity was calculated by dividing the Group's revenue of RMB2,639.7 million in 2023.

The Group may generate hazardous wastes during its property development processes. We require contractors to use low volatility building materials to mitigate the impacts on construction workers, customers and the environment. Contractors must use building materials which contain volatile organic compounds at a level no higher than that prescribed in the "10 Mandatory National Standards for the Limits of Hazardous Substances in Interior Decoration Building Materials". Before tendering and construction commences, contractors are required to test the building materials to ensure they fulfilling the law requirements. Selected materials must be with green label scheme certifications or passed the tests conducted by laboratories with relevant qualifications. Composite wood and fiber products shall not contain excess formaldehyde.

The non-hazardous wastes generated by the Group were mainly daily operation wastes from construction sites such as plastics, paper and domestic wastes. Our contracts with contractors require them to reduce waste generation in construction processes. They are required to dispose construction site wastes by themselves. Wastes must be classified into toxic, hazardous, recyclable and non-recyclable categories. Construction wastes such as gravels, earth and stones can be reused by backfilling the foundation and paving the road. We also require employees to reduce daily commercial wastes in the offices in accordance with the 3R principle (Reducing, Reusing, and Recycling). We implemented waste separation and recycling systems in office areas, using recycling bins to separate wastes. We realize the importance of reducing wastes from the sources. The Group realized paperless office, encouraging employees to use electronic documents and make good use of electronic communications to reduce paper usage. We also encourage the reuse of old office equipment and abandon the habit of throwing away immediately after use. During the Reporting Period, the Group's non-hazardous commercial wastes were 4.6 tonnes.

Use of Resources

To reduce the indirect GHG emissions in daily operations, the Group adopts various new energy-efficient technologies to reduce the usage of resources. During the Reporting Period, the major resources we consumed were electricity, water, petrol and paper. The Group does not consume packaging materials in operations.

Usage of Various Resources in 2023

Resources	Unit	Amount	Intensity* (Unit/RMB'million Revenue)
Electricity	kWh ('000)	4,170.0	1.6
Water	m^3	195,300.0	74.0
Petrol	liter	2,985.0	1.1
Paper	kg	312.0	0.1

*Note: Intensity was calculated by dividing the Group's revenue of RMB2,639.7 million in 2023.

- **Electricity**

  The Group's electricity consumption was mainly from construction sites. We remind our staff to reduce electricity consumption. Energy saving and environmental friendly construction equipment have been used in construction processes. The Group's properties are designed in accordance with the "Design Standard for Energy Efficiency of Public Buildings (GB50189–2015)", "Design Standard for Energy Efficiency of Residential Buildings in Hot Summer and Cold Winter Zones (JGJ134–2010)" and "Design Standard for Energy Efficiency of Residential Buildings in Severe Cold and Cold Zones (JGJ126–2010)".

  We required contractors to implement the following measures to reduce electricity consumption in construction sites:

  ✔ Install energy-saving LED lights in construction, office and living areas;

  ✔ Use solar street lights;

  ✔ Display "Electricity Saving" and "Turn Off the Power After Work" labels in prominent positions;

  ✔ Select energy-saving and high-efficiency mechanical equipment;

  ✔ Carry out mechanical equipment maintenance regularly to keep them in the status of low consumption and high efficiency;

  ✔ Keep the office area air conditioning system temperature at 25 degrees Celsius.

- **Water**
  The Group's water consumption mainly came from construction sites. Water is a precious resource that is indispensable to our society. We adopt the following measures on water conservation:

  ✔ Cut off unnecessary water consumption from the sources and regularly monitor of water usage;

  ✔ Formulate water reuse measures such as setting up sewage pools for wastewater treatment;

  ✔ Use the treated wastewater for spraying road, watering plants, and washing machineries, equipment and vehicles;

  ✔ Encourage contractors to use non-traditional water sources instead of municipal tap water. During the construction process, non-traditional water sources and recycled water targeted for more than 30% of the total water use;

  ✔ Prevent groundwater from being polluted;

  ✔ Display "Water Saving" labels in prominent positions;

  ✔ Avoid leakage of water facilities, and repair or replace immediately once leakage is found.

- **Petrol**
  The Group's petrol usage was mainly from our business vehicles in daily operations. We implemented the following measures to reduce petrol usage:

  ✔ Use low emission petrol;

  ✔ Purchase low fuel consumption vehicles;

  ✔ Require employees to travel by public transportations;

  ✔ Advocate of using local materials and local suppliers. Contractors are required to use building materials produced within 400 kilometers from construction sites. Local building materials usage should not be less than 70% of the total building materials used.

- **Paper**
  The Group's paper consumption was mainly attributable to sales materials and office areas daily operations. We implemented following measures to reduce paper usage:

  ✔ Prioritize the purchase of environmental friendly paper;

  ✔ Establish electronic office administration system;

  ✔ Reduce paper printing and encourage double-side printing;

  ✔ Use electronic means to promote products to customers and reduce printing physical promotional materials.

Environmental and Natural Resources

The use of building materials and environmental management of construction sites are considered as the Group's activities that have direct and significant impact on environment and natural resources. A sound building material management system does not only reduce operating expenses, but also reduce the impact on the environment. We require contractors to implement the following measures to ensure the effective use of building materials:

✔ Arrange the procurement and arrival of building materials according to construction progress and inventory level;

✔ Adopt technical and management measures to increase turnover of frameworks and scaffolding;

✔ Use high-strength reinforced steel and high-performance concrete;

✔ Double check the orders and samples before bulk production of reinforced steel and steel components;

✔ Perform overall layout planning of veneering materials before construction to reduce the quantity of fragmented veneer bits;

✔ Use self-adhesive sheets to reduce the amount of liquid adhesive used on-site.

The Group promotes "Green Construction Measures" and complies with the most stringent green building standards to control contractors' emissions of pollutants. At the same time, they are ensured that they comply with all environmental protection laws and minimize the impact of the construction process on the surrounding environment.

✔ Implement effective anti-dust measures such as watering, hardening of ground, fencing, dense mesh covering, closure and etc., to ensure dust control at construction sites to meet the National Level 2 Emission Standard;

✔ Monitor and control of noise at the construction sites to ensure noise shall not exceed the limits under the "Noise Limits for Construction Sites (GB12523–90)" of the PRC;

✔ Appoint qualified professionals to test wastewater quality to ensure the sewage discharged to meet the "Comprehensive Sewage Discharge Standard" of the PRC;

✔ Set up temporary waste storage sites and classify wastes by category with clear labels;

✔ Classify collection of hazardous wastes and stored in closed confinements, and shall be handed over to qualified collectors for disposal.

Climate Change

The Group recognizes climate change is one of the greatest risks confronting humanity. Extreme weather is seriously affecting our communities and the Group's business operations. We regularly review the impact of daily operations on climate change, and are committed to adopting green and low-carbon operations to reduce GHG emissions. During the Reporting Period, we closely monitored and addressed the climate-related concerns that are pertinent to our business. We have identified both physical and transitional risks within the climate risks, and formulated responses to mitigate potential impacts on our business operations. Looking ahead, the Group will continue to closely monitor the global and PRC environmental protection policies and regulatory trends. We will invest timely in corresponding environmental protection initiatives to enhance the Group's sustainability performance.

Climate Risks		Mitigation Actions
Physical Risks	✔ Extreme weather caused by climate change may lead to various natural disasters such as typhoon, flooding, wildfire and etc., which will affect the normal business operations and supply of building materials. ✔ Potential damage to the properties due to climate change.	✔ Formulate emergency response measures to maintain normal business operations. ✔ Commit to adopting environmental friendly and low-carbon operating measures to reduce GHG emissions. ✔ Increase the use of environmental friendly building materials and reduce the dependence on a single supplier. ✔ Properties are designed with climate adaptability.
Transition Risk	✔ More stringent policies and information disclosure requirements for corporate sustainability by the PRC government and regulatory authorities.	✔ Conduct regular review and analyses of sustainability regulations and information disclosure requirements of the PRC. ✔ Appoint independent sustainability consultant to enhance ESG information disclosure and data collection.

Sustainability Targets

Previously the Group has set emission targets for GHG emission intensity, hazardous and non-hazardous wastes generation intensity and various resources usage intensity to remain stable in the next three to five years. As the reporting boundary of this Report differs from the report for the previous financial year, the emissions figures are not directly comparable. We will regularly review the sustainability targets and adopt the measures in this Report to achieve the targets.

SOCIAL SUSTAINABILITY

Employment

Talents are the cornerstone of the Group's continuous business development. It is always our top priority to protect the well-being of our employees, and provide them a fair and harmonious working platform. The Human Resources Department strictly implements the recruitment, dismissal and welfare policies according to the "Labor Law of the People's Republic of China", and updates the Group's human resources policies if any changes of the law.

The Group is committed to recruiting and retaining talents. Our recruitment plan is prepared based on business developmental needs. The Group is strictly abided by the principles of "anti-discrimination" and "diversity", and strives to create a caring and non-discriminatory working environment. All our employees are recruited in conformity with the principles of openness and fairness. Employees are treated equally with respect to recruitment, training, promotion, dismissal and retirement, irrespective of their gender, race, age, disability, family status, marital status, sexual orientation, religion beliefs, nationality or any other factors unrelated to work.

For talents retention, the Group conducts annual employee performance appraisal to assess the performance of all employees. Employees' salary adjustments and bonuses are determined by referencing to employee's performance, corporate results and market conditions. Attractive remuneration packages will be provided to the outstanding employees. Priority is given to internal promotion for any vacancy. Employees' promotions are based on performance, capabilities and professional ethics. Meanwhile, there is a clear retirement and dismissal policy. We handle the retirement for employees who have reached the statutory retirement age in accordance with the "Labor Law of the People's Republic of China" and employment contracts. Any illegal or unreasonable dismissal is strictly prohibited. Employees will only be dismissed in accordance with the "Labor Law of the People's Republic of China" for having major negligence or damaging the interests of the Group.

As at 31 December 2023, there were 37 employees within the reporting boundary this Report. All of them were full time staff and located in the PRC. During the Reporting Period, there were 17 employees left the Group.

Employees by Category as at 31 December 2023

Male	Female
24	13

30 years old or below	31–40 years old	41–50 years old	51 years old or above
1	19	12	5

Senior Management	Middle Management	General Staff
1	2	34

Employee Turnover by Category in 2023

Male	Female
15	2

30 years old or below	31–40 years old	41–50 years old	51 years old or above
1	6	9	1

Senior Management	Middle Management	General Staff
0	0	17

During the Reporting Period, the Group was in full compliance with relevant employment laws and regulations regarding remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, welfares and etc.

Occupational Health and Safety

Property development business involve handful of processes with potential occupational health and safety risks. Thus the Group strives to provide safe working environment for both our internal employees and outsourcing workers. The Group and its contractors must comply with the laws and regulations related to occupational health and safety of the PRC. Our internal employees and outsourcing workers must comply with the Group's "Workplace Safety Rule and Policy" to manage occupational health and safety related matters. This policy states the responsibilities of the Group's internal employees and outsourcing workers in the construction sites. Meanwhile, there is safety reward and penalty system to encourage frontline staff to handle safety issues properly.

In order to strengthen the supervision of constructors' safety capacities, we formulated the "Rules of Construction Management for Contractors" and safety agreements with them, which clearly state the various safety rules to preclude the occurrence of outsourced construction accidents. We conduct regular construction sites safety inspections to ensure safety construction measures are executed. Followings are the safety management measures implemented by the Group in construction sites:

- ✔ Enhance work procedures to reduce the use and emission of hazardous substances;
- ✔ Identify high-risk work procedures;
- ✔ Provide job specific safety trainings before construction commence;
- ✔ Contractors are required to submit construction plans and operation procedures before construction commence;
- ✔ Place warning boards at high-risk areas to alert the personnel entering that they must abide by the relevant safety instructions;
- ✔ Provide necessary protective equipment, facilities and tools to employees, such as safety helmets and safety shoes;
- ✔ Ensure sufficient sanitation facilities at construction sites;
- ✔ Provide first aid equipment at construction sites such as first aid kit and stretchers.

The Group purchased social insurance for its employees in accordance with the "Labour Law of the People's Republic of China", and provides pre-employment and annual body checks. If any abnormal situation is found, appropriate work arrangements and medical follow-ups will be made. Employees' work and rest time are according to the laws. We conduct quarterly occupational health and safety trainings for employees to keep their health and safety awareness at high level. The Human Resources Department regular meets with employees to mitigate their work pressure and take care of their mental health. In case of fatal accidents, the Group will provide immediate relief to the impacted employees and will investigate each accident to prevent reoccurrence of incident.

During the Reporting Period, the Group did not violate any relevant laws and regulations regarding occupational health and safety. For the past three years, the Group has not recorded any work-related fatalities and major accidental injuries due to industrial accidents.

Development and Training

The Group highly values on nurturing employees' personal growth, and makes every effort to facilitate employees' career achievements and professional goal achievements. The Human Resources Department prepares and organizes staff trainings amid corporate development and talents demand of various departments. Newly recruited employees are required to attend pre-employment training to familiarize with internal rules and regulations, role responsibilities, job duties, corporate culture, corporate values and development strategies. They must pass the assessment before being official staff. There is mentorship system in daily operations. Special guidance and trainings will be provided for new employees so that they can independently complete their duties as soon as possible. Well-performing employees will be awarded customized trainings. Subsidies will be given to those successfully passed the work-related examinations. We also concern employees' physical and mental health. By organizing various after-work activities, we balance employees' work and life and enhance team cohesion.

During the Reporting Period, the Group provided 222 hours of training for employees within the reporting boundary of this Report, which represented an average of 6 hours of training per employee.

Employee Training Hours by Category in 2023

	Senior Management	Middle Management	General Staff	Total
Number of Training Hours	7	12	203	222
Number of Employees	1	2	34	37
Average Training Hours per Employee	7.0	6.0	5.8	6.0

	Male	Female
Number of Training Hours	144	78
Number of Employees	24	13
Average Training Hours per Employee	6.0	6.0

Labour Standard

The Group is fully aware that child and forced labour violate basic human rights. We strictly comply with relevant laws and regulations of the PRC, and implement strict measures to prevent child and forced labour. During the recruitment, we require applicants to present their identity documents including identity cards, graduation certificates, employment history and etc., to ensure that the age and other personal information provided are correct and can be legally employed. We also strictly prohibit any form of forced labour. Employees' overtime works are voluntary and we respect employees' freedom of employment and resignation. Working hours and rest time of employees must comply with the "Labour Law of the People's Republic of China". Any overtime arrangement must be agreed by the employees and they will be compensated in accordance with the statutory requirements. We also require all contractors and suppliers to strictly prohibit child or forced labour.

During the Reporting Period, the Group did not violate any laws and regulations related to child and forced labour.

Supply Chain Management

The Group's suppliers are also expected to support sustainable development and fulfill corporate social responsibility. It is our responsibility to monitor the ESG performance of the entire supply chain. Thus sustainability is included in the procurement and outsourcing. All suppliers are required to meet the green environmental protection standards. They have to ensure that their employees, sub-suppliers and outsourcers, comply with sustainable development requirements.

We expect to establish long-term and stable cooperative relations with quality suppliers. We insist on achieving mutual development with suppliers on the basis of equality. Suppliers must comply with the Group's "Code of Conduct for Suppliers", and are required to pay attention to possible environmental risks arising from their operations and manufacturing processes. We regularly evaluate the performance of suppliers. They must achieve the passing scores in different evaluation criteria during the contract period.

Our supplier selection process is open, fair and transparent. Potential suppliers are given equal competition opportunities. The Group established a series of evaluation criteria for selection of suppliers. Priorities are given to environmental friendly and socially responsible suppliers. Other selection criteria include pricing, quality, social reputation, historical performance, customers' feedback, technical capability, after-sales services, occupational health and safety, loyalty and etc. Suppliers passed the various evaluations will be included in the Group's qualified supplier list. We stipulate that at least three potential suppliers have to be liaised, and require them to declare interests to avoid conflicts of interests or transfer of benefits.

During the Reporting Period, there were 31 suppliers within the reporting boundary of this Report. All of them were from the PRC.

Product Responsibility

The Group is committed to providing high-quality housing products. We strictly comply with the PRC laws and construction quality standards of the property industry. Through monitoring the quality of our housing products and communicating with customers, we understand customer needs and expectations to continuously improve our products and services.

The Group issues quality assurance for each property unit in relation to its structure, components, facilities, supporting facilities and maintenance. Our buildings conform to the design standards for residential housings and have passed the completion inspections in accordance with the PRC laws. It ensures that the buildings are constructed with safe structures and equipped with up-to-standard fire-fighting facilities.

The Group and contractors adopt following quality control measures to ensure the housing products fulfilling the quality standards stipulated by the laws:

✔ All design drawings are be reviewed by design institutes and the Group's professionals;

✔ On-site inspections for key construction processes to ensure they are carried out according to blue-prints;

✔ Return those buildings materials that are not in conformity with the blue-prints. Suppliers involved will be penalized in accordance with the contracts;

✔ Issue rectification notices for those constructions deviated from the blue-prints, and rectifications must be completed within prescribed time limits;

✔ Building materials must meet the requirements of the PRC laws;

✔ Fire protection designs are reviewed and accepted by related government authorities.

The Group provides comprehensive after-sales services to customers. Sales contracts specify the warranty periods for each unit according to the PRC laws, covering foundation, main structures, roof waterproofing, heating and cooling systems, electrical pipes, drainage pipelines, equipment installations and furnishing. If the quality of the main structure is not up to standard after delivery, we will assume the responsibility in accordance with the "Regulations on Urban Real Estate Development and Operation". The Group assigned customer service personnel and property management company to each development project for handling customers' complaints. Our project companies and property management companies are with policies and procedures to handle customers' complaints.

It is important that the Group's advertising and sales descriptions are accurate. Our marketing and advertising strictly abide by the PRC laws, and ensure that we do not make false claims about our products. The advertising of all sales projects are scrutinized by the Marketing Department to ensure that the product information as contained within promotional materials are true and accurate. Prior to servicing customers, our salespersons and customer services personnel are required to attend the trainings on work procedures and product knowledge. Only those who have passed the assessments are qualified to be on board. It ensures that they are equipped with professional expertise to undertake sales duties.

The Group is committed to protecting intellectual property rights. We strictly comply with the PRC laws in applying for patents for trademarks, labels and product designs. The Group refuses to provide or use any products or services that violate copyright or intellectual property rights in operations. We only purchase genuine products and all software used are legally licensed.

The Group is responsible for protecting the privacy of suppliers and customers. Statement of consent must be obtained before we collect information from suppliers and customers. The purposes of data collection are clearly stated in the consent. The data collected is limited to the intended purpose at the time of collection. The information of suppliers and customers is regarded as confidential, and is stored by dedicated department to prevent unauthorized use. The use of data is limited to relevant departments and employees. Employees are not allowed to copy and archive the data without permission.

During the Reporting Period, the Group did not violate any laws and regulations regarding product responsibility, intellectual property rights and data privacy. There was no products sold being recalled and received complaints.

Anti-Corruption

The Group believes that integrity is the key for maintaining our competitive advantage. There is zero tolerance of any forms of bribery and corruption. We strictly comply with anti-corruption laws and regulations of the PRC. Strict internal anti-corruption policies were formulated, stipulating that employees shall not participate in any bribery, extortion, fraud and money laundering activities. We set the limits on gifts that employees can accept and require employees to declare their interests. Once an employee is found to be involved in corruption, regardless of whether it causes losses to the Group, we have the rights to unconditionally terminate the labour contract. We will hand over the employees who violated the laws to the judiciary for handling if necessary. We provide regular anti-corruption trainings to all employees to raise their awareness and understanding of unethical behaviours and other malpractices. During the Reporting Period, the Group arranged 148 hours of trainings in relation to anti-corruption to employees within the reporting boundary of this Report.

The Group's independent Internal Audit Department is responsible for preventing and detecting frauds, and reducing operational risks. Internal auditors directly report to the Audit Committee under the Board and be responsible for setting up the internal control system. Based on the findings of internal audit, the Board will regularly organize special meetings with the management to implement relevant works. We welcome employees and stakeholders to report any misconducts. Whistleblowers can submit opinions, complaints and reports related to the Group through the email "President Mailbox". The Group will investigate the suspicious or illegal activities. All investigations will be handled confidentially and whistleblowers are protected. Management will take corrective actions once misconduct is found.

During the Reporting Period, the Group did not receive any corruption lawsuits against the Group or its employees. Meanwhile, the Group and its employees did not violate any laws and regulations in relation to bribery, extortion, fraud and money laundering.

Community Investment

The Group's business development is closely tied to the well-being of the community where we serve. We highly value the participation of community services and are committed to utilizing our resources to contribute to the community. We encourage our employees to participate in charity events and volunteer services to repay the society.

REPORT DISCLOSURE INDEX

			Page
A. Environmental			
Aspect A1: Emissions	General Disclosure		
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		39–40
	KPI A1.1	The types of emissions and respective emissions data.	39
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	44
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	40
Aspect A2: Use of Resources	General Disclosure		
	Policies on the efficient use of resources, including energy, water and other raw materials.		41–43
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	41
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	41
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	44
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	42
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	41

			Page
Aspect A3: The Environment and Natural Resources	General Disclosure		
	Policies on minimising the issuer's significant impacts on the environment and natural resources.		43
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	43
Aspect A4: Climate Change	General Disclosure		44
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		44
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	44
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure		
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		45–46
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	46
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	46

			Page
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		47
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	47
	KPI B2.2	Lost days due to work injury.	47
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	47
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		48
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	48
	KPI B3.2	The average training hours completed per employee by gender and employee category.	48
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		49
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	49
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	49

			Page
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure		
	Policies on managing environmental and social risks of the supply chain.		49
	KPI B5.1	Number of suppliers by geographical region.	49
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	49
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	49
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	49
Aspect B6: Product Responsibility	General Disclosure		
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		50–51
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	51
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	51
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	51
	KPI B6.4	Description of quality assurance process and recall procedures.	50–51
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	51

			Page
Aspect B7: Anti-corruption	General Disclosure		
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		52
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	52
	KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	52
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	52
Community			
Aspect B8: Community Investment	General Disclosure		
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		52
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	52
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	52

Corporate Governance Report

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") is pleased to present this Corporate Governance Report in the Company's Annual Report for the year ended 31 December 2023 (the "Review Period").

The Board and the management of the Company are committed to achieving and maintaining high standards of corporate governance which they believe are crucial to the development of the Company and the benefits of its shareholders.

As a responsible business enterprise, the corporate governance standards of the Company are built on the principles of independence, accountability, transparency and honesty.

CORPORATE GOVERNANCE

The Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the year ended 31 December 2023.

CORPORATE CULTURE

The Board has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities and to ensure they are embedded throughout the Company:

Purpose: The innovative attitude of "One Building, One Landscape" has evolved into a well-respected industry participant, operating in Chinese cities with high growth potential.

Values: Improved the overall value proposition for customers and quality of life through superb services, such as the top private Royal Club, thoughtful property services and a people-oriented corporate philosophy.

Strategy: Fueled by an ideal of Wonderful Workmanship Excelling Nature and based on a composite development model in a wide range of different product categories, GLORIOUS PROPERTY has developed many high-quality landmark projects.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD COMPOSITION

During the Review Period and up to the date of this report, the Board consists of the following Directors:

Executive Directors:

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

Independent Non-Executive Directors:

Prof. Liu Tao
Dr. Hu Jinxing
Mr. Han Ping

Biographical details of the Directors and Senior Management are set out on pages 31 to 34 of this annual report. Mr. Ding Xiang Yang is the brother-in-law of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company. Save as aforesaid, the Board members have no financial, business, family and/or other material relationships with each other.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

All Directors of the Company bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board to ensure its efficient and effective functioning.

The Company has three independent non-executive Directors (the "INED(s)"), two of them have appropriate financial management expertise in compliance with the Listing Rules. The Company has received annual independence confirmations from all the INEDs and concluded that all of them are independent pursuant to Rule 3.13 of the Listing Rules.

The INEDs serve on the audit committee, the remuneration committee, the nomination committee and the Corporate Governance Committee of the Company. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Company's strategy, performance and management process, taking into account the interests of all shareholders.

Details of emoluments of the Directors are set out in note 35 to the consolidated financial statements.

ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. It is responsible for formulating strategies and management policies of the Company, approving the strategic objectives of the Company and ensuring the availability of necessary financial and other resources to meet such objectives. The Board also constantly supervises and reviews the Company's regulations and rules. The Directors perform their duties in a faithful and diligent manner and act in the best interests of the Company and its shareholders as a whole.

Moreover, the Board is also responsible for presenting a clear and balanced assessment of the Company's performance and prospects, preparing accounts that give a true and fair view of the Company's financial position on a going concern basis and disclosing other inside information.

The management is responsible for implementing the policies and strategies as determined by the Board, and is delegated with the daily management, operations and administration of the Company.

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Company and its subsidiaries (together, the "Group") from their risk exposure arising from the business of the Group.

Mechanism to ensure independent views and input

The Board has established different ways to ensure independent views and input from Directors. The Board reviews the implementation and effectiveness of such mechanism on an annual basis to ensure that independent views and input are available to the Board.

The mechanism is disclosed below:

(i) Composition
The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

(ii) Independence Assessment
The nomination committee assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive Director before an appointment. On an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules.

(iii) Board Decision Making
The Directors (including INEDs), upon reasonable request, may seek independent professional advice at the Company's expense.

(iv) Independent non-executive Directors meeting
The Chairman of the Board meets with independent non-executive Directors annually without the presence of the other executive Directors and management of the Company.

MEETINGS

The Company held four Board meetings during the Review Period.

At the Board meetings, the Directors discussed and formulated overall strategies for the Company, discussed and approved the financial budgets, annual results, dividends and other significant transactions of the Group. Issues relating to the daily management and operations of the Group have been delegated to the management of the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference. Currently, the Audit Committee comprises three INEDs, namely, Prof. Liu Tao (chairman of the Audit Committee), Dr. Hu Jinxing and Mr. Han Ping. The main duties of the Audit Committee are, among others, as follows:

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

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

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

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

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

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

The terms of reference of the Audit Committee (which was amended and adopted by the Board on 31 December 2018 in response to the amendments to the Corporate Governance Code which took effect on 1 January 2019) are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn. Five meetings were held by the Audit Committee during the Review Period. The summary of the works of the Audit Committee during 2023 are, among others, as follows:

1. reviewed the annual results (including the announcement thereof) and the audited consolidated financial statements for the year ended 31 December 2022;

2. reviewed the interim results (including the announcement thereof) and the condensed consolidated financial statements for the six months ended 30 June 2023;

AUDIT COMMITTEE (Continued)

3. reviewed the external auditor's audit findings and other audit issues;

4. reviewed the effectiveness of the internal control system and risk management system; and

5. reviewed the external auditor's remuneration.

On 28 March 2024, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed with the external auditors about the content of the auditor's report. The Group's consolidated financial statements for the year ended 31 December 2023 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such consolidated financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2023.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two INEDs, namely, Dr. Hu Jinxing (chairman of the Remuneration Committee) and Prof. Liu Tao and one executive Director, namely Mr. Ding Xiang Yang. The main duties of the Remuneration Committee are, among others, as follows:

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

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

3. to make recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

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

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

6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and

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

REMUNERATION COMMITTEE (Continued)

The terms of reference of the Remuneration Committee (which was amended and adopted by the Board on 30 December 2022 in response to the amendments to the Corporate Governance Code which took effect on 1 January 2019 and the Share Option Schemes which took effect on 1 January 2023) are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn. Three meetings were held by the Remuneration Committee during the Review Period. The summary of the works of the Remuneration Committee during the Review Period are, among others, as follows:

1. reviewed, considered and made recommendations to the Board on the remuneration packages proposed for all Directors of the Company;

2. reviewed, considered and made recommendations to the Board as to the disclosure of the remuneration/benefits of the Directors in the Company's annual report and accounts;

3. reviewed, considered and made recommendations to the Board in respect of the change of fees of the INEDs; and

4. made recommendation to the Board to adopt a revised terms of reference of the Remuneration Committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 35 and 25, respectively, to the financial statements.

Pursuant to Code provision E.1.5 of the Code, the remuneration of the members of the senior management by band for the year ended 31 December 2023 is set out below:

Remuneration band (RMB)	Number of persons
Below 1,000,000	2

NOMINATION COMMITTEE

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

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

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

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

4. to assess the independence of the INEDs;

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

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

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

One meeting was held by the Nomination Committee during the Review Period to discuss and review the structure, size and composition (including the skills, knowledge and experience) of the Board.

NOMINATION POLICY

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

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

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

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

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

BOARD DIVERSITY POLICY

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

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

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

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

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

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

The Board emphasis on diversity (including gender diversity) across all levels of the Group. As at the date of this annual report, the Board comprises six Directors, two of whom are female, it stands at 33.3%. The Board considers that gender diversity on the Board has been achieved. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across the workforce (including senior management), together with relevant data, can be found in the "Environmental, Social and Governance Report", which sets out on pages 35 to 57.

DIVIDEND POLICY

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

Objective

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

The Policy

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

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

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

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

4. the Group's liquidity position;

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

6. taxation considerations;

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

8. other factors that the Board deems relevant.

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

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee of the Company (the "CG Committee") was established on 1 April 2012 with written terms of reference. Currently, the CG Committee comprises two executive Directors, namely, Mr. Ding Xiang Yang (chairman of the CG Committee) and Ms. Lu Juan and an INED, namely Prof. Liu Tao. The main duties of the CG Committee are, among others, as follows:

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

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

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

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

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

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

Two meetings was held by the CG Committee during the Review Period. The meeting was held to review, consider and discuss the following matters, inter alia, regarding the corporate governance of the Company:

1. reviewed the Company's policies and practices on corporate governance;

2. reviewed and recommended the training and continuous professional development of the Directors;

3. reviewed the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report as included in the Annual Report; and

4. discussed the rules, requirements and regulations of the Environment, Social and Governance Reporting.

FINANCE COMMITTEE

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

ATTENDANCE RECORD AT MEETINGS

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meeting, CG Committee meeting and the 2023 AGM during the Review Period are set out in the following table:

	Number of meetings attended/Number of meetings held					
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	2023 AGM
Executive Directors						
Mr. Ding Xiang Yang	4/4(c)	—	1/1	1/1(c)	2/2(c)	1/1
Ms. Lu Juan	4/4	—	—	—	2/2	1/1
Mr. Yan Zhi Rong	4/4	—	—	—	—	1/1
Independent Non-executive Directors						
Prof. Liu Tao	4/4	3/3(c)	1/1	—	2/2	1/1
Mr. Han Ping	4/4	3/3	—	1/1	—	1/1
Dr. Hu Jinxing	4/4	3/3	1/1(C)	1/1	—	1/1

Note: Chairman of the Board and Board Committees are indicated by (c).

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid out in the articles of association of the Company. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of the INEDs.

All Directors are appointed based on their merits and experiences relevant to the business of the Group. Each of the executive Directors has entered into a service contract with the Company with no specific term. Mr. Han Ping, the INED, has entered into an appointment letter with the Company for a term of one year commencing on 2 October 2021, which was renewed for three years from 2 October 2022. Prof. Liu Tao who, the INED, has entered into an appointment letter with the Company for a term of one year commencing on 17 September 2021, which was renewed for three years from 17 September 2022. Dr. Hu Jinxing, the INED, has also entered into an appointment letter with the Company for a term of one year commencing on 24 June 2021, which was renewed for three years from 24 June 2022. In accordance with the provisions of the Corporate Governance Code and the articles of association of the Company, all Directors are subject to retirement by rotation at least once every three years. A Director may be re-elected at the annual general meeting upon his/her retirement by rotation.

According to code provision B.2.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, if an independent non-executive Director serves more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. As Mr. Han Ping had served the Company as the independent non-executive Directors for more than nine years since 17 October 2018, the ordinary resolutions proposing re-election of Mr. Han was approved by the Shareholders by poll at the annual general meeting on 1 September 2022.

The Board reviews its own structure, size, composition and diversity regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company has established a Nomination Committee on 1 April 2012. One of the responsibilities of the Nomination Committee is to review the structure, size, composition and diversity (including the skills, knowledge, experience, etc.) of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. It is also responsible for recommending the appointment of directors for the Board's approval.

New directors are sought mainly through referrals or internal promotion. In evaluating whether a candidate is suitable to act as a Director of the Company, the Board will review the independence, experience and skills of the candidate as well as personal ethics, integrity and time commitment of the candidate.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

All Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional and/or regulatory bodies in Hong Kong and overseas so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, all Directors are also provided with written materials to develop and refresh their professional skills; the Company Secretary also organises and arranges various seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the Review Period, the Company organised for the Directors and executives an online training on (1) Trading arrangements for corporate actions; and (2) Share schemes to enhance their capacities to carry out directors' duties.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a Director of a listed company in compliance with the requirement of the Corporate Governance Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
Name of Directors	**Read materials/ Attend seminars**	**Online training**
Executive Directors		
Mr. Ding Xiang Yang	✔	✔
Ms. Lu Juan	✔	✔
Mr. Yan Zhi Rong	✔	✔
Independent Non-executive Directors		
Prof. Liu Tao	✔	✔
Mr. Han Ping	✔	✔
Dr. Hu Jinxing	✔	✔

COMPANY SECRETARY

Ms. Leung Yin Fai is the company secretary of the Company and responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. All Directors have access to the advice and services of the company secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, the company secretary is responsible for facilitating communications among Directors as well as with the management.

The Company engages an external service provider, Ms. Leung Yin Fai, as its company secretary. Mr. Ding Xiang Yang, the chairman of the Board and executive director of the Company, is the primary contact person whom Ms. Leung Yin Fai can contact. During the year ended 31 December 2023, the company secretary has undertaken more than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

How shareholders can convene an extraordinary general meeting

Pursuant to the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such a requisition must be signed by the Shareholder(s).

The procedures by which enquires may be put to the Board and sufficient contact details to enable these enquires to be property directed Shareholders and other stakeholders may at any time send their enquiries and concerns in writing through our Investor Relations Department whose contact details are as follows:

Address:	Room 807H, 8/F, Cornell Centre, 50 Wing Tai Road, Chai Wan, Hong Kong
Telephone:	(852) 3104 2225/(86) 21 6407 6688
Facsimile:	(852) 3104 2224
Email:	ir@gloriousphl.com.cn

If necessary, the Investor Relations Department will forward the enquires or concerns to the Company Secretary or other members of the senior management of the Company as appropriate within their area of responsibilities for handling.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for shareholders to propose a person for election as a Director

As regards to the procedures for proposing a person for election as the Director (other than the retiring Director of the Company or a person recommended by the Board), please refer to the procedures made available under the Corporate Governance section of the Company's website at http://ir.gloriousphl.com.cn/html/ir_gov.php.

PROCEDURES AND SUFFICIENT CONTACT DETAILS FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "HOW SHAREHOLDERS CAN CONVENE AN EXTRAORDINARY GENERAL MEETING" above.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for overseeing the Company's systems of risk management and internal control and is committed to managing business risks and maintaining a sound and effective risk management and internal control system to safeguard the shareholders' investment and the Company's assets. The management is responsible for designing and implementing the risk management and internal control system to achieve the aforesaid objectives. The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Under its terms of reference, the Audit Committee, during the Review Period, performed a review of the Company's financial controls, risk management and internal control systems and was responsible for discussing with the management the Company's risk management and internal control systems.

During the Review Period, the Directors, through the Audit Committee as well as by themselves, conducted reviews of the effectiveness of the Company's risk management and internal control systems, including financial, operational and compliance controls and risk management functions, and the adequacy of resources, qualifications and experience of the staff, budget of the Company's accounting, internal audit and financial reporting functions. The Directors considered the Company's risk management and internal control systems effective and adequate.

The internal audit department of the Company performs regular audit reviews in respect of the risk management and internal control systems and report of the key controls of the Company to the Board and the Audit Committee. The responsible heads of departments will be notified of the control deficiencies noted for rectification.

To maintain an effective internal control system, all departments of the Company have formulated operational management guidelines, which clearly define the functions and responsibilities of each department and scope of power of each position.

The Directors, in coordination with division heads, also assesses the likelihood of risk occurrence and monitor the risk management progress, and reports to the Board (if necessary). Management and Board meetings will be held to discuss and manage the risks if necessary.

The Company has developed its disclosure policy which enables the Company's Directors, officers, senior staff and relevant employees to handle confidential information, monitor inside information disclosure and respond to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

EXTERNAL AUDITOR

Crowe (HK) CPA Limited was appointed as the auditor of the Company with effect from 30 November 2022. The aggregate remuneration in respect of services provided by the external auditors for the year ended 31 December 2023 was approximately RMB3.63 million (2022: RMB6.59 million), of which RMB nil million (2022: RMB0.05 million) represents fee for other audit-related services.

The responsibilities of the Independent auditor with respect of the consolidated financial statements for the year ended 31 December 2023 are set out in the section "Independent Auditor's Report" on pages 88 to 90.

DIRECTORS' RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2023 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

GOING CONCERN AND MITIGATION MEASURES

Multiple Uncertainties Relating to Going Concern

For the year ended 31 December 2023, the Group reported a loss attributable to the owners of the Company of RMB2,949.2 million. As at 31 December 2023, the Group had accumulated losses of RMB11,872.3 million and the Group's current liabilities exceeded its current assets by RMB24,189.8 million. As at the same date, the Group's total and current borrowings (including loans from a non-controlling interest) amounted to RMB22,663.4 million and commitments for capital and property development expenditures amounted to RMB8,810.7 million, while its cash and cash equivalents amounted to RMB214.6 million only. In addition, as at 31 December 2023, certain borrowings whose principal amounts of RMB10,262.9 million and interest payable amounts of RMB3,757.1 million, relating to borrowings with a total principal amount of RMB10,262.9 million were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,904.0 million had been overdue during the loan period; although these overdue balances and interests were subsequently settled before 31 December 2023, these borrowings remained to be considered as in default as at 31 December 2023. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,374.1 million as at 31 December 2023. These conditions, together with other matters described in note 2(a)(i) to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments and breach of specific terms and conditions of borrowings from financial institutions, which are set out in note 2(a)(i) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms; (ii) the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (iii) successfully obtaining additional new sources of financing as and when needed; and (iv) the successful acceleration of the pre-sales and sales of properties under development and completed properties and speed up the collection of outstanding sales proceeds, including meeting all the necessary conditions to launch the presale and make these pre-sales at the expected sale prices and in accordance with the timelines of cash flow projections prepared by management; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows. The Group's ability to obtain the abovementioned financing and operating funds depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; and (2) whether the lenders of existing borrowings can agree to the terms and conditions for such extension or renewal and the Group's ability to continuously comply with the relevant terms and conditions of borrowings. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

DISCLAIMER OF OPINION ISSUED BY THE INDEPENDENT AUDITOR

As a result of the matters discussed in the section headed "GOING CONCERN AND MITIGATION MEASURES", the Group's financial conditions, together with the other matters as described in note 2(a)(i) to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, the Company's auditor does not express an opinion on the Group's consolidated financial statements for the year ended 31 December 2023. The Independent Auditor's Report is contained in pages 88 to 90 of this annual report.

As set out in note 2(a)(i) to the consolidated financial statements as contained in this annual report, the Directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions. Despite that the auditor could not obtain sufficient evidence regarding the going concern of the Group, the Group in recent years achieved steady growth in property sales and maintained at a reasonable level, trend of decreasing balance of total borrowings, as well as continuous improvements in the operating cash flows, although occasionally there was operating net cash outflow. However, the outbreak of COVID-19 pandemic in the past few years caused the Group to be affected by the weakened purchasing power in the property market and also has dragged down the pace of property development of the Group's projects that resulted in low level of property resources available for sale. With communal immunity becoming the new normal, the Group is still facing challenges and economic uncertainties that has a significant adverse impact on China's real state industry and may continue to adversely affect the Group's operation in the short to medium run (details as set out in the section headed "Going Concern and Mitigation Measures" in "Management Discussion and Analysis — Financial Review" in pages 26 to 27 of this annual report). With all the measures mentioned in note 2(a)(i) to the consolidated financial statements, the Directors of the Company are expecting the Group's overall financial position to be improved in the coming year.

The Board and Audit Committee agreed with the views of the management and the auditor regarding the uncertainties relating to going concern. There is no disagreement by the Board, the management nor the Audit Committee with the position taken by the Company's auditor regarding the disclaimer of opinion.

The Directors will continue to use their best efforts to protect and uphold the Company's best interest, including ongoing negotiation with the lenders for terms modification, renewal, extension and replacement of the Group's borrowings and accelerating the pre-sales and sales of properties. The Group, the Directors and the management will proactively to resolve matters relating to the disclaimer of opinion throughout the financial year 2024.

SHAREHOLDERS' MEETINGS

All Shareholders have the right to be informed and participate in material matters of the Company as prescribed by laws and the articles of association of the Company.

The Company regards the annual general meeting as an important event as it provides an invaluable opportunity for the Board to communicate with the shareholders.

During the Review Period, the Company held the annual general meeting on 9 June 2023 to enable the shareholders (i) to consider and approve the audited financial statements and the reports of the Directors and the auditor for the year ended 31 December 2022, (ii) to re-elect the retiring Directors, (iii) to authorise the Board to fix the remuneration of all Directors, (iv) to re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorise the Board to fix its remuneration and (v) to consider and pass other special businesses in the meeting.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with its shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. It has adopted a policy of disclosing clear, adequate and relevant information to its shareholders in a timely manner through various channels. This policy is regularly reviewed to ensure its effectiveness.

The Board communicates with its shareholders and investors through various channels. The Board members meet and communicate with shareholders and investors at annual general meeting and other general meetings. The Board considers that the Company has effectively communicated with Shareholders during the Review Period.

The goal of the Company's communication activities is to provide a true and fair view of the Company to the public. To further enhance the Company's relationship with its shareholders and investors and to ensure that all investors have a better understanding of the Company, the Company has established an Investor Relations Department to handle regular contact with investors.

Important events regarding financial results, business development and operations are also announced on a timely basis to investors through the Company's website www.gloriousphl.com.cn.

To maintain and improve the visibility of the Company in the financial community, the Company will leverage on various channels and platforms including press conferences, analyst briefings and industry conferences (if necessary) to ensure the timely release of important messages to the public.

CHANGES IN CONSTITUTIONAL DOCUMENTS

At the annual general meeting held on 9 June 2023, a special resolution was passed by the Shareholders to amend and restate the then existing amended and restated memorandum and articles of association of the Company in order to (i) bring the memorandum and articles of association of the Company in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules; and (ii) make certain housekeeping improvements. The second amended and restated memorandum and articles of association of the Company are available for viewing on the websites of the Company and the Stock Exchange. Save as disclosed above, there was no other amendment made to the constitutional documents of the Company during the year ended 31 December 2023.

Report of the Directors

The directors (the "Directors") of Glorious Property Holdings Limited (the "Company") are pleased to submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the development and sale of high quality properties in key economic cities in the PRC. As at 31 December 2023, the Group had property development projects in prime locations of key economic cities in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China.

An analysis of the Group's revenue and total assets during the year, by reportable operating segment, is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year is contained in the sections headed "Business review" on pages 8 to 17. A description of the principal risks and uncertainties facing the Group and an indication on the Group's likely future business development are contained in the section headed "Future Outlook" on page 18.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Management Discussion and Analysis on pages 4 to 5 and Five-Year Financial Summary on pages 186 to 187 of this Annual Report.

ENVIRONMENT PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group endeavors to construct premium residential projects and actively integrates environmental considerations into them. The Group also promotes the concept of caring for the nature and environmental conservation, so as to promote green management and create a pleasant environment. Since the establishment of the Group, it has strictly complied with laws and regulations regarding environmental protection and adopted innovative and effective environmental technologies to ensure each of its projects meets the highest construction standards and ethics in respect of environmental protection.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board paid attention to the Group's policies and practices on compliance with legal and regulatory requirements. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time.

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES

A description of the relationship with the employees of the Group is contained in the section headed "Employee and Remuneration Policy" under "Financial Review" on page 30.

SUBSIDIARIES OF THE COMPANY

A list of the subsidiaries of the Company, together with their places of operation and incorporation, issued capital and registered capital, is set out in note 11 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2023 are set out in the accompanying consolidated statement of comprehensive income on page 93 of this annual report.

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

FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 186 and 187 of this annual report.

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

During the year ended 31 December 2023, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

DONATIONS

There were no charitable donations made by the Group during the year (2022: Nil).

PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

Details of movements in property, plant and equipment/right-of-use assets, investment properties, properties under development and completed properties held for sale of the Group during the year are set out in notes 6, 7, 12 and 13 to the consolidated financial statements.

BORROWINGS

Particulars of the borrowings of the Group as at 31 December 2023 are set out in note 17 to the consolidated financial statements.

CAPITALISED BORROWING COSTS

Borrowing costs capitalised by the Group during the year amounted to approximately RMB387.7 million (2022: RMB550.7 million).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2023 are set out on pages 188 to 192 of this annual report.

SHARE PREMIUM AND RESERVES

Details of movements in the share premium and reserves of the Company during the year ended 31 December 2023 are set out in notes 19 and 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2023, no reserves of the Company were available for distribution to the shareholders (2022: Nil).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 19 to the consolidated financial statements.

DIRECTORS

The Directors of the Company who held office during the year and as at the date of this annual report are:

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

Independent Non-Executive Directors:
Prof. Liu Tao
Dr. Hu Jinxing
Mr. Han Ping

In accordance with the articles of association of the Company, Mr. Yan Zhi Rong and Prof. Liu Tao are due to retire from the Board by rotation at the forthcoming annual general meeting of the Company to be held on 7 June 2024 (the "2024 AGM"). All the retiring Directors, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the contracts disclosed in the section headed "Continuing Connected Transactions" below, no arrangements or contract of significance (as defined in Appendix 16 to the Listing Rules) in relation to the Group's business to which the Company or its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS AND DEED OF NON-COMPETE UNDERTAKING

As at 31 December 2023, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

In order to protect the Group's interests and its current business activities, the controlling shareholders of the Company, namely, Best Era International Limited and Mr. Zhang Zhi Rong, had entered into a deed of non-compete undertaking on 9 September 2009 ("Deed of Non-compete Undertaking") in favour of the Company, under which each of Best Era International Limited and Mr. Zhang Zhi Rong has undertaken and covenanted with the Company that pursuant to the terms and conditions of the Deed of Non-compete Undertaking, they shall not and shall procure their respective associates not to directly or indirectly engage or otherwise be interested in the business of the development, sales, leasing and investment of properties in the PRC (other than through the Group) or business which is the same or similar to that carried on by the Group from time to time.

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

The Company has received a confirmation from Best Era International Limited, Mr. Zhang Zhi Rong and Century Glory Assets Limited in respect of their compliance with the terms of the Deed of Non-compete Undertaking during the year ended 31 December 2023.

The INEDs have also reviewed and confirmed the compliance with, and the enforcement of, the Deed of Non-compete Undertaking by Best Era International Limited and Mr. Zhang Zhi Rong during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the Directors and the chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the SFO which (a) were recorded in the register required to be kept under Section 352 of the SFO; or (b) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Company

	Number of ordinary shares			
Name of Directors	Personal interests[1]	Corporate interests	Total	Approximate % of shareholding[2]
Mr. Ding Xiang Yang	10,579,000	—	10,579,000	0.14
Ms. Lu Juan	260,000	—	260,000	0.01
Mr. Yan Zhi Rong	5,894,000	—	5,894,000	0.08

Notes:

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

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2023 (i.e. 7,792,645,623 ordinary shares).

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

Apart from the aforesaid, as at 31 December 2023, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations of any Directors or chief executive of the Company which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 31 December 2023 the number of outstanding options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, is set out in the section headed "Share Option Schemes" of this annual report.

Apart from the aforesaid, at no time during the year ended 31 December 2023 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDER'S INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2023, the interests of substantial shareholders (other than the Directors or the chief executive of the Company) in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

Notes:

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

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

(3) As at 31 December 2023, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are indirectly wholly-owned by Mr. Zhang Zhi Rong, held 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively, representing in aggregate 335,293,000 shares or approximately 4.30% of the issued share capital of the Company. Together with the shares held by the family trust, Mr. Zhang Zhi Rong's aggregate interests was 5,275,922,436 shares or approximately 67.70% of the issued share capital of the Company.

(4) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2023 (i.e. 7,792,645,623 ordinary shares).

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

Apart from the aforesaid, as at 31 December 2023, the Company was not aware of any persons (other than the Directors or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme").

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

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

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

SHARE OPTION SCHEMES (Continued)

As at 31 December 2023, there were 16,733,000 share options and 129,891,000 share options that were granted to the Directors and employees of the Company respectively under the Share Option Scheme and remained outstanding. No share options have been granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2023. The following table discloses details of the Company's outstanding share options held by the eligible participants under the Share Option Scheme and its movement during the year ended 31 December 2023:

	Number of underlying shares comprised in share options								
Name of Grantee	Date of Grant	Balance as at 01/01/2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31/12/2023	Exercise price per share HK$	Exercise Period
Category 1:									
Directors									
Mr. Ding Xiang Yang	23/07/2019	10,579,000	—	—	—	—	10,579,000	0.45	Note 2
Ms. Lu Juan	04/02/2019	260,000	—	—	—	—	260,000	0.45	Note 1
Mr. Yan Zhi Rong	23/07/2019	5,894,000	—	—	—	—	5,894,000	0.45	Note 2
		16,733,000	—	—	—	—	16,733,000		
Category 2:									
Employees (in aggregate)	04/02/2019	136,615,000	—	—	—	(8,739,000)	127,876,000	0.45	Note 1
	23/07/2019	4,030,000	—	—	—	(2,015,000)	2,015,000	0.45	Note 2
		140,645,000	—	—	—	(10,754,000)	129,891,000		
Category 3:									
Suppliers (in aggregate)	04/02/2019	455,476,000	—	—	—	—	455,476,000	0.45	Note 1
		455,476,000	—	—	—	—	455,476,000		
Total:		612,854,000	—	—	—	(10,754,000)	602,100,000		

Note 1: The share options are exercisable at any time during the option period from 4 February 2019 to 3 February 2024 (both dates inclusive) at an exercise price of HK$0.45 per share.

Note 2: The share options are exercisable at any time during the option period from 23 July 2019 to 22 July 2024 (both dates inclusive) at an exercise price of HK$0.45 per share.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the following transactions are continuing connected transactions which are subject to the requirements under Chapter 14A of the Listing Rules. These continuing connected transactions also constitute related party transactions as set out in note 31 to the consolidated financial statements. Details of such transactions are as follows:

On 30 December 2020, the Group entered into the new construction services agreement for the period from 1 January 2021 to 31 December 2023 (the "2021 Construction Services Agreement") with Shanghai Ditong Construction (Group) Co., Ltd* ("Shanghai Ditong") to continues certain existing transactions with Shanghai Ditong. The Group applies the new annual transaction amount as disclosed in the Company's announcement dated 30 December 2020, being RMB85.0 million, for each of the three years ended 31 December 2023. The Group have closely monitored the aggregate transaction amount of the transactions under the 2021 Construction Services Agreement to ensure that the amount of such transactions would not exceed RMB85.0 million for each of the three years ended 31 December 2023.

Mr. Zhang De Huang (the father of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company) holds a controlling stake in Shanghai Ditong. Therefore, Shanghai Ditong is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the construction services provided to the Group by Shanghai Ditong under the 2017 Construction Services Agreement constitute continuing connected transactions of the Company.

For the year ended 31 December 2023, the annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the 2021 Construction Services Agreement was RMB85 million and the actual transacted amount was approximately RMB nil.

CONTINUING CORPORATE GOVERNANCE MEASURES

The Group has adopted the Guidelines on Tendering Procedures for Construction Services (工程類招投標工作指引) (the "Guidelines") on 15 April 2010, for the selection of potential bidders for the property projects carried out by the Group and review of construction services provided by Shanghai Ditong.

The Guidelines contain (a) an independent mechanism to govern and monitor the selection process of potential bidders for construction company; and (b) independent review procedures for the monitoring of the quality of construction work completed by Shanghai Ditong (applicable where Shanghai Ditong is selected to provide construction services to the Group after going through the selection process).

The Board has confirmed that the Group has complied with the independent mechanism contained in the Guidelines and has carried out the independent review procedures set out in the Guidelines to monitor the quality of the construction work completed by Shanghai Ditong during the year ended 31 December 2023. The Group had followed the pricing policies and guidelines when determining the price and terms of the continuing connected transactions conducted during the year ended 31 December 2023.

* *For identification purpose only*

CONTINUING CORPORATE GOVERNANCE MEASURES (Continued)

The INEDs of the Company have reviewed the transactions conducted between the Group and Shanghai Ditong under the 2021 Construction Services Agreement during the year ended 31 December 2023. The INEDs had also reviewed the terms of the 2021 Construction Services Agreement pursuant to a meeting of the INEDs held on 28 March 2024. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2023 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has also issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

In accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other than Audits or Reviews of Historical Financial Information", the auditor has also reported to the Board that for the year ended 31 December 2023, nothing has come to their attention that the continuing connected transactions, which were governed by the New Construction Services Agreement, (i) have not received the approval of the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) have not been entered into, in all material respects, in accordance with the relevant agreement governing such transactions; and (iv) have exceeded the relevant ceiling amount of approximately RMB85.0 million for the financial year ended 31 December 2023 as set out in the announcement dated 30 December 2020 published by the Company in respect of the continuing connected transactions. In light of the recent downturn business development of the Group, the Group will not continue any transactions with Shanghai Ditong in coming few years.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 31 to the consolidated financial statements.

Save as afore-mentioned, those related party transactions which constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules are set out in the section headed "Continuing Connected Transactions" above and the Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

Except as disclosed above, there was no contract of significance between the Group and the controlling shareholder of the Company or any of its subsidiaries during the year ended 31 December 2023.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into a service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Directors' remuneration is determined by reference to the Director's duties and responsibilities, their individual performance, the financial results of the Group and the prevailing market benchmark.

Details of the remuneration of the Directors and the five highest paid individuals of the Company for the year ended 31 December 2023 are set out in notes 35 and 25, respectively, to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

PERMITTED INDEMNITY AND INSURANCE

Pursuant to the articles of association of the Company, every Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto; provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged appropriate directors' and officers' liability insurance cover in respect of legal action against the directors and officers of the Group.

PENSION SCHEMES

Details of the Group's pension schemes are set out in notes 2(u) and 25(a) to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year and up to the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 58 to 75 of this annual report.

AUDITOR

The Company changed its auditor from PricewaterhouseCoopers to Crowe (HK) CPA Limited with effect from 30 November 2022. For details, please refer to the announcement of the Company dated 30 November 2022.

The consolidated financial statements for the year ended 31 December 2023 have been audited by Crowe (HK) CPA Limited, who shall retire at the forthcoming AGM and, being eligible, offer themselves for reappointment.

On behalf of the Board

Ding Xiang Yang
Chairman

Hong Kong, 28 March 2024

Independent Auditor's Report

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

Independent Auditor's Report
To the Shareholders of Glorious Property Holdings Limited
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 91 to 185, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended; and the notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

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

BASIS FOR DISCLAIMER OF OPINION (Continued)

Multiple Uncertainties Relating to Going Concern (Continued)

As set out in note 2(a)(i) to the consolidated financial statements, in view of economic and regulatory environments, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments and breach of specific terms and conditions of borrowings from financial institutions. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms; (ii) the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (iii) successfully obtaining additional new sources of financing as and when needed; and (iv) the successful acceleration of the pre-sales and sales of properties under development and completed properties and speed up the collection of outstanding sales proceeds, including meeting all the necessary conditions to launch the presale and make these pre-sales at the expected sale prices and in accordance with the timelines of cash flow projections prepared by management; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows. The Group's ability to obtain the abovementioned financing and operating funds depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; and (2) whether the lenders of existing borrowings can agree to the terms and conditions for such extension or renewal and the Group's ability to continuously comply with the relevant terms and conditions of borrowings.

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

As a result of the above-mentioned multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Crowe (HK) CPA Limited
Certified Public Accountants

Hong Kong, 28 March 2024

Chung Wai Chuen, Alfred
Practising Certificate Number: P05444

Consolidated Statement of Financial Position

As at 31 December 2023

RMB'000	Note	**2023**	2022
Non-current assets			
Property, plant and equipment	6(a)	**70,023**	93,248
Right-of-use assets	6(b)	**245,811**	259,187
Investment properties	7	**22,385,588**	23,818,035
Intangible assets	8	**1,800**	1,800
Investment in an associate	9	**5,900**	7,050
Interest in a joint venture	10	**343,991**	815,381
Deferred income tax assets	18	**697,359**	628,556
		23,750,472	25,623,257
Current assets			
Properties under development	12	**10,633,066**	12,663,590
Completed properties held for sale	13	**6,724,782**	5,924,243
Trade and other receivables, prepayments and other financial assets	14	**3,290,102**	3,400,930
Prepaid taxes		**187,799**	491,399
Cash and cash equivalents, and restricted deposits	15	**241,867**	390,682
		21,077,616	22,870,844
Total assets		**44,828,088**	48,494,101

The notes on pages 96 to 185 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

RMB'000	Note	**2023**	2022
Current liabilities			
Contract liabilities	5	**6,288,579**	7,601,642
Trade and other payables	16	**5,899,753**	6,146,344
Income tax payable		**10,061,759**	10,501,491
Amount due to a joint venture	10	**353,029**	353,029
Borrowings	17	**22,663,387**	20,963,726
Lease liabilities	6(b)	**936**	433
		45,267,443	45,566,665
Non-current liabilities			
Borrowings	17	**—**	—
Deferred income tax liabilities	18	**2,382,035**	2,799,595
Lease liabilities	6(b)	**610**	666
		2,382,645	2,800,261
Total liabilities		**47,650,088**	48,366,926
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	19	**68,745**	68,745
Share premium	19	**7,822,982**	7,822,982
Reserves		**(10,848,109)**	(7,898,956)
		(2,956,382)	(7,229)
Non-controlling interests		**134,382**	134,404
Total (deficit)/equity		**(2,822,000)**	127,175
Total liabilities and equity		**44,828,088**	48,494,101

Approved by the Board on 28 March 2024 and signed on its behalf by

Ding Xiang Yang
Director

Lu Juan
Director

The notes on pages 96 to 185 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

RMB'000	Note	**2023**	2022
Revenue	5	**2,639,656**	6,385,035
Cost of sales		**(1,806,299)**	(2,374,193)
Gross profit		**833,357**	4,010,842
Other income	21	**121,388**	49,975
Other losses, net	22	**(1,461,192)**	(912,255)
Reversal of provision/(provision) for loss allowances of financial assets		**15,359**	(10,964)
Selling and marketing expenses		**(105,043)**	(123,184)
Administrative expenses		**(241,205)**	(303,990)
Finance costs, net	24	**(2,101,961)**	(1,478,452)
Share of (loss)/profit of an associate		**(1,150)**	823
Share of (loss)/profit of a joint venture	10	**(458,834)**	48,405
(Loss)/profit before taxation	23	**(3,399,281)**	1,281,200
Income tax credits/(expenses)	26	**450,106**	(1,578,666)
Loss for the year		**(2,949,175)**	(297,466)
Loss for the year attributable to:			
— the owners of the Company		**(2,949,153)**	(297,355)
— non-controlling interests		**(22)**	(111)
		(2,949,175)	(297,466)
Other comprehensive income		**—**	—
Total comprehensive loss for the year		**(2,949,175)**	(297,466)
Total comprehensive loss for the year attributable to:			
— the owners of the Company		**(2,949,153)**	(297,355)
— non-controlling interests		**(22)**	(111)
		(2,949,175)	(297,466)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
— Basic	27	**(0.38)**	(0.04)
— Diluted	27	**(0.38)**	(0.04)
Dividend (expressed in RMB per share)	28	**—**	—

The notes on pages 96 to 185 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

RMB'000	Share capital (note 19)	Share premium (note 19)	Merger reserve (note 20(a))	Statutory reserve (note 20(b))	Revaluation reserve (note 20(c))	Other reserve (note 20(d))	Share-based compensation reserve	Accumulated losses	Total	Noncontrolling interests	Total deficit
	Year ended 31 December 2023 Attributable to the owners of the Company										
Balance as at 1 January 2023	**68,745**	**7,822,982**	**(770,477)**	**361,922**	**947,730**	**219,515**	**254,281**	**(8,911,927)**	**(7,229)**	**134,404**	**127,175**
Total comprehensive loss for the year	–	–	–	–	–	–	–	(2,949,153)	(2,949,153)	(22)	(2,949,175)
Transfer to statutory reserve	–	–	–	11,204	–	–	–	(11,204)	–	–	–
Balance at 31 December 2023	**68,745**	**7,822,982**	**(770,477)**	**373,126**	**947,730**	**219,515**	**254,281**	**(11,872,284)**	**(2,956,382)**	**134,382**	**(2,822,000)**

RMB'000	Share capital (note 19)	Share premium (note 19)	Merger reserve (note 20(a))	Statutory reserve (note 20(b))	Revaluation reserve (note 20(c))	Other reserve (note 20(d))	Share-based compensation reserve	Accumulated losses	Total	Noncontrolling interests	Total equity
	Year ended 31 December 2022 Attributable to the owners of the Company										
Balance as at 1 January 2022	68,745	7,822,982	(770,477)	325,088	947,730	219,515	254,281	(8,577,738)	290,126	134,515	424,641
Total comprehensive loss for the year	–	–	–	–	–	–	–	(297,355)	(297,355)	(111)	(297,466)
Transfer to statutory reserve	–	–	–	36,834	–	–	–	(36,834)	–	–	–
Balance at 31 December 2022	68,745	7,822,982	(770,477)	361,922	947,730	219,515	254,281	(8,911,927)	(7,229)	134,404	127,175

The notes on pages 96 to 185 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2023

RMB'000	Note	**2023**	2022
Cash flows from operating activities			
Cash generated from operations	29(a)	**952,877**	1,525,116
Income tax paid		**(172,390)**	(9,815)
Interest paid		**(414,504)**	(772,868)
Net cash generated from operating activities		**365,983**	742,433
Cash flows from investing activities			
Purchases of property, plant and equipment		**(510)**	(102)
Payments for the construction of investment properties		**(259,786)**	(570,890)
Proceeds from disposal of investment properties		**35,722**	97,714
Proceeds from disposal of property, plant and equipment		**154**	—
Repayments from a joint venture		**12,556**	113,069
Interest received		**2,388**	14,089
Net cash used in investing activities		**(209,476)**	(346,120)
Cash flows from financing activities			
Proceeds from borrowings	29(b)	**198,359**	1,780,776
Repayment of borrowings	29(b)	**(429,914)**	(2,077,507)
Principal elements of lease payments		**(1,159)**	(408)
Net cash used in financing activities		**(232,714)**	(297,139)
Net (decrease)/increase in cash and cash equivalents		**(76,207)**	99,174
Cash and cash equivalents at beginning of the year		**290,859**	191,642
Exchange (losses)/gains on cash and cash equivalents		**(5)**	43
Cash and cash equivalents at end of the year	15	**214,647**	290,859

The notes on pages 96 to 185 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2023

1 GENERAL INFORMATION

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

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

(a) Basis of preparation

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

The preparation of consolidated financial statements in conformity with the 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, are disclosed in note 4 below.

(i) Going concern basis

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation (Continued)

(i) Going concern basis (Continued)

As at 31 December 2023, certain borrowings whose principal amounts of RMB10,262,924,000 and interest payable amounts of RMB3,757,109,000, relating to borrowings with a total principal amount of RMB10,262,924,000 ("Overdue Borrowings") were overdue. In addition, part of the principals and interests of certain borrowings not above-mentioned with a total principal amount of RMB1,904,034,000 had been overdue during the loan period ("Other Overdue Borrowings"); although these overdue balances and interests were subsequently settled before 31 December 2023, the Other Overdue Borrowings remained to be considered as in default as at 31 December 2023. The aggregate principal amount of the aforementioned borrowings of RMB12,166,958,000 would be immediately repayable if requested by the lenders. This amount included borrowings with principal amount of RMB700,000,000 with original contractual repayment dates beyond 31 December 2024 which have been reclassified as current liabilities as at 31 December 2023 (note 17).

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, any default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amount of borrowings of RMB4,374,080,000 were considered as cross-default ("Cross-default Borrowings"), of which RMB3,219,080,000 with original contractual repayment dates beyond 31 December 2024 have been reclassified as current liabilities as at 31 December 2023 (note 17).

During the past several years of COVID-19 disruptions, lockdowns, distancing measures, and travel restrictions caused significant disruptions to the Group's operation. With communal immunity becoming the new normal, the new challenge of the Group is to control the negative impacts such as high inflation resulting from low productivity, supply-demand imbalances, and labor shortages.

In 2023, economic uncertainty had a significant adverse impact on China's property sector. The post-COVID recovery, reduced disposable income, and a pessimistic outlook on property investment due to unforeseeable near-term growth potential led to the decline in contracted sales of the Group. Delay in construction and delivery status also limited sales to a certain extent. It is reasonably expected that the transaction volume of the Group will not return to pre-COVID-19 level within the next 12 to 18 months.

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation (Continued)

(i) Going concern basis (Continued)

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

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

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

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

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

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

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2023. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation (Continued)

(i) Going concern basis (Continued)

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

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

(ii) Successful negotiations with the lenders for the renewal of or extension for repayments beyond year 2024 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2024; (b) were overdue as at 31 December 2023 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (c) became or might become overdue in year 2024;

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation (Continued)

(ii) Effect of adopting amendments to standards

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

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation (Continued)

(ii) Effect of adopting amendments to standards (Continued)

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

As disclosed in note 25, the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted in June 2022 and will take effect on 1 May 2025 (the "Transition Date"). The Amendment Ordinance has two effects: (i) the accrued benefits derived from an employer's mandatory MPF contributions can no longer be used to offset long service payment ("LSP") in respect of the employment period after the Transition Date (post-transition LSP); and (ii) the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date (pre-transition LSP).

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation (Continued)

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between companies comprising the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profits or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of (loss)/profit of an associate" in the consolidated statement of comprehensive income.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Consolidation (Continued)

(ii) Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistent with the policies adopted by the Group.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements is presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies

The results and financial positions of all the companies comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— Assets and liabilities for each statement of financial position of the companies comprising the Group are translated at the closing rate at the date of that statement of financial position;

— Income and expenses for each statement of comprehensive income of the companies comprising the Group are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date; in which case income and expenses are translated at the rate on the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Company's equity holders are reclassified to the profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of comprehensive income. For all other partial disposals (that is, reductions in the Group's ownership interests in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to the profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Building	The shorter of remaining lease term or useful lives
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture, fitting and equipment	5 years
Plant and machinery	10 years
Leasehold improvements	Over the lease terms of 1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "administrative expenses" in the consolidated statement of comprehensive income.

Construction in progress are stated at historical cost less any impairment losses. Historical cost includes expenditure that is directly attributable to the development of the properties which comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to building within property, plant and equipment.

No depreciation is provided for construction in progress. The carrying amount of properties under construction is written down immediately to its recoverable amount if the assets carrying amounts are greater than their estimated recoverable amounts (note 2(g)).

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Group is classified as investment property. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such case, the operating leases are accounted for as if they were finance leases. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent and professionally qualified valuer, changes in fair values are recorded in the consolidated statement of comprehensive income as part of "Other losses, net".

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Investment properties (Continued)

Property that is currently being constructed or developed for future use as investment property is classified as investment property and stated at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed or the date at which fair value becomes reliably measurable.

If an item of completed properties held for sale becomes an investment property as a result of change in its use, any difference between the carrying amount and the fair value of this property at the date of transfer is recognised in the consolidated statement of comprehensive income as part of "Other losses, net".

(f) Intangible assets

Intangible assets mainly represent the licence which was recorded at cost of acquisition on initial recognition. The licence has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licence over its estimated useful life of 5 years.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial assets (Continued)

(i) Classification (Continued)

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other losses, net" together with foreign exchange gains and losses. Impairment losses are presented in "Other losses, net" in the consolidated statement of comprehensive income. Interest income from these financial assets is included in other income using the effective interest method.

- Fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated statement of comprehensive income within "Other losses, net" in the period in which it arises.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial assets (Continued)

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(a)(iv) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 Financial Instruments ("HKFRS 9"), which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Other receivables at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for those receivables under the 12 months and lifetime expected losses method.

(i) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion based on prevailing marketing conditions.

Development cost of property primarily comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(j) Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(k) Inventories

Inventories consist of construction materials and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(m) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, deposits held at call with financial institutions, property pre-sale proceeds deposited at restricted bank accounts that are held for meeting short-term cash commitments, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank deposits which are restricted to use are not included in the cash and cash equivalents.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective method.

(q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowing costs include interest expenses, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

(t) Current and deferred income tax

The tax expenses for the year comprise current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates position taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities, and the Group recognises tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Current and deferred income tax (Continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and do not give rise to equal taxable and deductible temporary difference. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Employee benefits (Continued)

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC governments.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate monthly income and HK$1,500. The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(v) Share-based payments

The Group operates one equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The cash received for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and that when specific criteria have been met for each of the Group's activities as described below.

(i) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains control of the completed property.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(ii) Interior decoration services

For rendering of interior decoration services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time by measuring the progress towards complete satisfaction of the services. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Revenue recognition (Continued)

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments receivable.

Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(x) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using Group's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date, less any lease incentive received.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of property are recognised on a straight-line basis as an expense in consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(x) Leases (Continued)

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 7). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(y) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(z) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(aa) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

(ab) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which of the other entity is a member);

(iii) both the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or joint controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's major financial instruments include cash and cash equivalents, and restricted deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any kind of derivative financial instruments to hedge its risk exposures.

(i) Foreign currency exchange risk

The Group's property development projects are all located in the PRC and the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong which have recognised assets and liabilities in currencies other than RMB. As at 31 December 2023 and 2022, the Group has cash and cash equivalents, and restricted deposits, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2023**	2022
Cash and cash equivalents, and restricted deposits:		
US$	**29**	268
HK$	**97**	136
	126	404

RMB'000	**2023**	2022
Borrowings:		
US$	**157,565**	93,972
HK$	**177,805**	134,774
	335,370	228,746

RMB'000	**2023**	2022
Trade and other payables:		
US$	**393**	700
HK$	**7,733**	6,380
	8,126	7,080

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate risk

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

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

As at 31 December 2023, if interest rates on borrowings at variable rates had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been RMB27,985,000 higher/lower (2022: post-tax loss RMB17,582,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

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

(iv) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from bank balances and restricted deposits, trade and other receivables and loan to a joint venture. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate loss allowance are made for irrecoverable amounts. The Group specifically analyses the recoverability of such receivables, including the debtors' financial conditions and any other known information.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor

(a) Loan to a joint venture

Loan to a joint venture is generally supported by the underlying assets and the Group monitors the credibility of joint venture continuously. The Group assessed that the expected credit losses for the balance under the 12 months expected losses method. The expected loss rate of the balance is assessed to be low and no loss allowance provision is made for this balance during the year.

(b) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

(b) Trade receivables (Continued)

As at 31 December 2023 and 2022 was determined as follows.

Trade receivables	Individual basis	Collective basis: Less than 180 days past due	Collective basis: More than 180 days past due	Collective basis: More than 1 year past due	Total
31 December 2023					
Expected loss rate	—	**1%**	**7%**	**30%**	
Gross carrying amount					
– trade receivables (RMB'000)	—	**116,181**	**19,126**	**49,275**	**184,582**
Loss allowance (RMB'000)	—	**1,319**	**1,322**	**14,650**	**17,291**
31 December 2022					
Expected loss rate	0.1%	1%	7%	14%	
Gross carrying amount					
– trade receivables (RMB'000)	430,063	9,643	515	43,223	483,444
Loss allowance (RMB'000)	430	97	36	6,051	6,614

(c) Other receivables and other financial assets

The Group uses three categories for other receivables and other financial assets which reflect their credit risk and how the loss allowance is determined for each of those categories, as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows, receivables with no significant increase in credit risk after initial recognition	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming/ non-performing	Receivables with significant increase in credit risk since initial recognition, but there are no objective evidence of impairment	Lifetime expected losses
Write-off	Receivables show objective evidence of impairment at the end of the reporting period, and there is no reasonable expectation of recovery	Asset is written off

Over the terms of the other receivables and other financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of other receivables and other financial assets, and adjusts for forward looking macroeconomic data.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

(c) Other receivables and other financial assets (Continued)

As at 31 December 2023 and 2022, the Group provides for credit losses against other receivables and other financial assets as follows:

The Group's internal credit rating	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RMB'000	Carrying amount (net of impairment provision) RMB'000
31 December 2023			
Performing	12 months expected losses	**971,768**	**941,502**
Underperforming/ Non-performing	Lifetime expected losses	**743,508**	**—**
31 December 2022			
Performing	12 months expected losses	865,755	791,998
Underperforming/ Non-performing	Lifetime expected losses	726,053	—

No significant change to estimation techniques or assumptions was made during the reporting period.

As at 31 December 2023 and 2022, the loss allowance provision for trade receivables and other receivables reconciles to the opening loss allowance for that provision as follows:

RMB'000	Trade receivables	Other receivables and other financial assets	Total
Opening loss allowance as at 1 January 2022	5,813	789,647	795,460
Provision for loss allowance recognised in profit or loss during the year	801	10,163	10,964
Closing loss allowance as at 31 December 2022	6,614	799,810	806,424
Provision/(reversal of provision) for loss allowance recognised in profit or loss during the year	**10,677**	**(26,036)**	**(15,359)**
Closing loss allowance as at 31 December 2023	**17,291**	**773,774**	**791,065**

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

(c) Other receivables and other financial assets (Continued)

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 32.

(v) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2024 on the basis that: (1) bank financing will continue to be available; (2) construction payments will be satisfied by receipt of the relevant proceeds from pre-sales; and (3) available project loan facilities will be no less than that of 2023. Management will closely monitor the situation to ensure that appropriate alternative actions are taken, such as to accelerate the sales of completed properties, if any of the above conditions are not fully fulfilled.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment which might have unexpected material impact on the Group's anticipated cash flow position. These include accelerating sales of the Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources for the development of properties for sale, implementing cost control measures, introducing strategic partners to the Group's property development projects and seeking other funding alternatives. The Group will assess the relevant future costs and benefits and pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows after consideration of overdue borrowings and borrowings considered as default and cross-default.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

RMB'000	Less than 1 year/ repayable on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2023					
Borrowings, including interest payable	**24,144,915**	**415,280**	**519,005**	**1,650,524**	**26,729,724**
Lease liabilities	**1,058**	**639**	**—**	**—**	**1,697**
Trade and other payables	**4,964,125**	**—**	**—**	**—**	**4,964,125**
Total	**29,110,098**	**415,919**	**519,005**	**1,650,524**	**31,695,546**
At 31 December 2022					
Borrowings, including interest payable	22,177,360	437,770	560,573	1,754,360	24,930,063
Lease liabilities	454	769	—	—	1,223
Trade and other payables	5,271,240	—	—	—	5,271,240
Total	27,449,054	438,539	560,573	1,754,360	30,202,526

The table above excludes the amount of guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties as the directors consider the likelihood of default in payments by the purchasers is minimal. As at 31 December 2023, the maximum exposure for these guarantees are RMB3,793,555,000 (2022: RMB3,378,183,000) (note 32). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

(b) Capital risk management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management (Continued)

The Group monitors capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total deficit on equity attributable to the owners of the Company. Net debt is calculated as total borrowings (excluding loan from a non-controlling interest) less cash and cash equivalents, and restricted deposits. The gearing ratios at 31 December 2023 and 2022 were as follows:

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

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

(c) Fair value estimation

The table below analyses financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group did not have any financial asset that was measured at fair value as at 31 December 2023 and 2022. See note 7 for disclosure relating to the investment properties which are measured at fair value.

The carrying amounts of the Group's financial assets and liabilities (including bank balances and restricted deposits, trade and other receivables, financial asset at fair value through profit and loss, and trade and other payables) approximate their fair values due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2(a)(i) to the consolidated financial statements.

(b) Impairment assessment of trade receivables, other receivables and other financial assets

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade receivables. For trade receivables, the Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which requires the use of the lifetime expected loss allowance for all trade receivables (excluding non-financial assets). For other receivables and other financial assets, the Group applies the general approach to provide for expected credit losses. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Management reassesses the provision at the end of each reporting period.

(c) Provision for impairment of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

As at 31 December 2023, based on management's best estimates, the balance of provision for impairment made by the Group for properties under development and completed properties held for sale was RMB8,897,100,000 (2022: RMB8,151,713,000).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 7.

(e) Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules, by using a single best estimate of the most likely outcome approach. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(f) Revenue recognition on properties sold

Judgement on recognition method

The Group recognises revenue from sales of properties at a point in time when the buyer obtains control of the completed property; otherwise, revenue is recognised over time only when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. Whether there is an enforceable right to payment depends on the terms of sales contract (by written or verbal) and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements interpretation.

Judgement on recognition point

Management has also made judgement on when control of properties are transferred to customers. Control of properties are transferred to customer upon which the construction of relevant properties has been completed and upon which the beneficial interest in the properties has been passed to the customers.

The judgement on the right to payment associated with the property sales transaction and the transfer of control of properties would affect the Group's profit for the year and the carrying value of completed properties held for sale.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(g) Income tax and deferred income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group recognises tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(h) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties for rental purposes, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties be subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties being consumed substantially by leasing over time. In the event that the investment properties are being disposed of, the Group may be liable for higher tax upon disposal considering the impact of corporate income tax and land appreciation tax.

5 SEGMENT INFORMATION

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

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

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

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

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

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

5 SEGMENT INFORMATION (Continued)

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

5 SEGMENT INFORMATION (Continued)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2023							
Total segment assets	**47,852,365**	**21,525,783**	**4,555,917**	**5,442,766**	**3,469,281**	**(47,277,401)**	**35,568,711**
Total segment assets include:							
Investment in an associate	**5,900**	**—**	**—**	**—**	**—**	**—**	**5,900**
Investment in a joint venture	**295,349**	**—**	**—**	**—**	**—**	**—**	**295,349**
Deferred income tax assets							**697,359**
Other unallocated corporate assets							**8,562,018**
Total assets							**44,828,088**
Additions to:							
Property, plant and equipment	**6**	**125**	**379**	**—**	**—**	**—**	**510**
Investment properties	**26,482**	**143,109**	**—**	**90,195**	**—**	**—**	**259,786**
At 31 December 2022							
Total segment assets	44,978,610	26,693,696	4,058,509	5,508,612	3,589,061	(45,942,433)	38,886,055
Total segment assets include:							
Investment in an associate	7,050	–	–	–	–	–	7,050
Investment in a joint venture	758,161	–	–	–	–	–	758,161
Deferred income tax assets							628,556
Other unallocated corporate assets							8,979,490
Total assets							48,494,101
Additions to:							
Property, plant and equipment	6	94	2	–	–	–	102
Investment properties	61,439	269,905	–	239,546	–	–	570,890

5 SEGMENT INFORMATION (Continued)

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

Analysis of revenue by category

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

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

Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

RMB'000	2023	2022
Contract liabilities		
Sales of properties (a)	**6,288,579**	7,601,642

As at 1 January 2022, contract liabilities amounted to RMB12,151,831,000.

(a) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liabilities balance at the beginning of the year, recognised during the year relates to carried-forward contract liabilities.

RMB'000	2023	2022
Sales of properties	**1,499,548**	6,299,049

6 PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

RMB'000	Building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Total
At 1 January 2022							
Cost	121,389	26,977	64,524	8,392	557	19	221,858
Accumulated depreciation	(28,035)	(25,122)	(59,714)	(7,370)	(557)	—	(120,798)
Net book amount	93,354	1,855	4,810	1,022	—	19	101,060
Year ended 31 December 2022							
Opening net book amount	93,354	1,855	4,810	1,022	—	19	101,060
Additions	—	94	—	8	—	—	102
Disposals	—	—	(28)	(570)	—	—	(598)
Depreciation	(6,340)	(438)	(460)	(78)	—	—	(7,316)
Closing net book amount	87,014	1,511	4,322	382	—	19	93,248
At 31 December 2022							
Cost	121,389	27,071	63,959	7,831	557	19	220,826
Accumulated depreciation	(34,375)	(25,560)	(59,637)	(7,449)	(557)	—	(127,578)
Net book amount	87,014	1,511	4,322	382	—	19	93,248
Year ended 31 December 2023							
Opening net book amount	**87,014**	**1,511**	**4,322**	**382**	**—**	**19**	**93,248**
Additions	**—**	**131**	**379**	**—**	**—**	**—**	**510**
Disposals	**(17,151)**	**(13)**	**(128)**	**(4)**	**—**	**—**	**(17,296)**
Depreciation	**(5,488)**	**(391)**	**(199)**	**(361)**	**—**	**—**	**(6,439)**
Closing net book amount	**64,375**	**1,238**	**4,374**	**17**	**—**	**19**	**70,023**
At 31 December 2023							
Cost	**77,592**	**26,904**	**61,219**	**7,787**	**557**	**19**	**174,078**
Accumulated depreciation	**(13,217)**	**(25,666)**	**(56,845)**	**(7,770)**	**(557)**	**—**	**(104,055)**
Net book amount	**64,375**	**1,238**	**4,374**	**17**	**—**	**19**	**70,023**

6 PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS (Continued)

(a) Property, plant and equipment (Continued)

Depreciation charge was capitalised or expensed in the following categories in the consolidated statement of financial position and the consolidated statement of comprehensive income:

RMB'000	2023	2022
Properties under development	**91**	834
Selling and marketing expenses	**344**	339
Administrative expenses	**6,004**	6,143
	6,439	7,316

As at 31 December 2023, no property, plant and equipment (2022: carrying value of RMB65,711,000) was pledged as collateral for the Group's borrowing (note 17).

(b) Right-of-use assets/Lease liabilities

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

RMB'000	2023	2022
Right-of-use assets:		
Leasehold land	**244,058**	258,079
Properties	**1,753**	1,108
	245,811	259,187
Lease liabilities:		
Current portion	**936**	433
Non-current portion	**610**	666
	1,546	1,099

Additions to right-of-use assets during the year ended 31 December 2023 were approximately RMB1,606,000 (2022: RMB1,399,000).

As at 31 December 2023, no right-of use assets (2022: carrying value of RMB258,079,000) was pledged as collateral for the Group's borrowing (note 17).

6 PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS (Continued)

(b) Right-of-use assets/Lease liabilities (Continued)

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

RMB'000	2023	2022
Depreciation charge of right-of-use assets		
Leasehold land	**14,021**	14,021
Properties	**960**	686
	14,981	14,707
Finance costs (included in finance cost)	**190**	100
Expenses relating to short-term leases (included in selling and marketing expenses and administrative expenses)	**8,555**	7,832

The total cash outflow for leases during the year ended 31 December 2023 was RMB5,836,000 (2022: RMB8,340,000).

(iii) The Group's leasing activities and how these are accounted for

Rental contracts for properties are typically made for a fixed period of two to three years (2022: three to six years). Lease term is negotiated on an individual basis and contains a wide range of different terms and conditions. The lease agreement does not impose any covenants other than the security interest in the leased asset that are held by the lessor.

7 INVESTMENT PROPERTIES

RMB'000	2023	2022
At beginning of the year	**23,818,035**	24,309,410
Additions	**259,786**	570,890
Disposals	**(234,762)**	(168,939)
Fair value changes (included in "Other losses, net") (note 22)	**(1,457,471)**	(893,326)
At end of the year	**22,385,588**	23,818,035

7 INVESTMENT PROPERTIES (Continued)

The following amounts have been recognised in the consolidated statement of comprehensive income:

RMB'000	2023	2022
Rental income	**66,860**	51,449
Direct operating expenses attributable to investment properties that generate rental income	**(5,609)**	(1,793)
Net rental income (note 21)	**61,251**	49,656

As at 31 December 2023 and 2022, the Group had no unprovided contractual obligations for future repairs and maintenance in respect of its investment properties.

The Group leases out various offices and commercial properties under operating leases with rentals usually payable monthly or quarterly. The leases typically run for an initial period of 9 to 16 years. Certain leases grant the lessees have the option to extend the lease beyond initial agreed period but it is subject to mutual agreement between the Group and the lessees. The extension option is subject to market review clauses in the event the lessee exercises the option.

Independent valuations of the Group's investment properties were performed by the valuers, Beijing Zhongcai Assets Appraised Co., Ltd. and Asia-Pacific Consulting Appraisal Limited to determine the fair value of the investment properties as at 31 December 2023 and 2022, respectively. The changes in the fair value are included in "Other losses, net" in the consolidated statement of comprehensive income (note 22). The following table analyses the investment properties carried at fair value, by valuation method.

7 INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

RMB'000	Fair value measurements at 31 December 2023		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties:			
Shops/shopping malls	—	—	**6,148,028**
Car parks	—	—	**120,060**
Complexes, including shops, car parks, offices and hotels	—	—	**16,117,500**

RMB'000	Fair value measurements at 31 December 2022		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties:			
Shops/shopping malls	—	—	6,431,435
Car parks	—	—	171,000
Complexes, including shops, car parks, offices and hotels	—	—	17,215,600

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

7 INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs (Level 3)

RMB'000	**Shops/ shopping malls**	**Car parks**	**Complexes, including shops, car parks, offices and hotels**	**Total**
At 1 January 2023	**6,431,435**	**171,000**	**17,215,600**	**23,818,035**
Additions	**90,195**	**—**	**169,591**	**259,786**
Disposals	**(168,262)**	**(11,993)**	**(54,507)**	**(234,762)**
Fair value changes	**(205,340)**	**(38,947)**	**(1,213,184)**	**(1,457,471)**
At 31 December 2023	**6,148,028**	**120,060**	**16,117,500**	**22,385,588**

RMB'000	Shops/ shopping malls	Car parks	Complexes, including shops, car parks, offices and hotels	Total
At 1 January 2022	6,733,590	171,000	17,404,820	24,309,410
Additions	239,546	—	331,344	570,890
Disposals	(95,806)	—	(73,133)	(168,939)
Fair value changes	(445,895)	—	(447,431)	(893,326)
At 31 December 2022	6,431,435	171,000	17,215,600	23,818,035

7 INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group

The Group's investment properties were valued as at 31 December 2023 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. As at 31 December 2023 and 2022, the fair values of the properties were determined by Beijing Zhongcai Assets Appraised Co., Ltd. and Asia-Pacific Consulting and Appraisal Limited, respectively.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Valuation techniques

Fair values of completed shops/shopping malls, newly completed offices, car parks and shops/shopping malls are derived using either comparison approach or the income capitalisation method. Fair values of investment properties under development are derived using either comparison approach or residual approach.

Income capitalisation method

This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sales transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Comparison approach

The fair values are generally derived using the comparison approach and assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market, with adjustments to valuer's interpretation.

Residual approach

Fair values of investment properties under development are generally derived using residual approach that uses the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year.

7 INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

As at 31 December 2023, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of investment properties:

Description	Fair value at 31 Dec 2023 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls	6,148,028	Comparison approach	Comparable's unit selling price	RMB11,000 per square meter	The higher the unit selling price, the higher the fair value
		Income approach (term and reversionary method)	Vacancy rate	0% – 13%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB2 – RMB15 per day per square meter	The higher the rental value, the higher the fair value
		Residual approach	Term yield and revisionary yield	3%	The higher the yields, the lower the fair value
			Estimated cost to completion	RMB5,400 – RMB6,700 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	10% of property value	The higher the profit margin required, the lower the fair value
			Comparable's unit selling price	Shops: RMB5,400 – RMB13,400 per square meter	The higher the unit selling price, the higher the fair value
Car parks	120,060	Comparison approach	Comparable's unit selling price	Average of RMB870,000 per lot	The higher the unit selling price, the higher the fair value

7 INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

Description	Fair value at 31 Dec 2023 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Complexes, including shops, car parks, offices and hotels	16,117,500	Residual approach	Rental value	Shops: RMB7 – RMB16 per day per square meter	The higher the rental value, the higher the fair value
				Car parks: RMB1,500 per month	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	3% – 6%	The higher the yields, the lower the fair value
			Estimated costs to completion	RMB20,500 – RMB23,900 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	13% of property value	The higher the profit margin required, the lower the fair value
			Vacancy rate	12% – 16%	The higher the vacancy rate, the lower the fair value
			Comparable's unit selling price	Office: RMB45,500 per square meter	The higher the unit selling price, the higher the fair value
				Hotel: RMB49,000 per square meter	The higher the unit selling price, the higher the fair value
		Income approach (term and reversionary method)	Vacancy rate	0% – 20%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB1 – RMB18 per day per square meter	The higher the rental value, the higher the fair value
		Comparison approach	Comparable's unit selling price	Car parks: RMB50,000 – RMB870,000 per lot	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price	Office: RMB9,200 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price	Land: RMB4,200 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price	Shops: RMB17,300 per square meter	The higher the unit selling price, the higher the fair value

7 INVESTMENT PROPERTIES (Continued)

As at 31 December 2022, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of investment properties:

Description	Fair value at 31 Dec 2022 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls	6,431,435	Comparison approach	Comparable's unit selling price	RMB5,600 – RMB14,000 per square meter	The higher the unit selling price, the higher the fair value
		Income approach (term and reversionary method)	Vacancy rate	0% – 12%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4% – 5%	The higher the yields, the lower the fair value
			Rental value	RMB1 – RMB16 per day per square meter	The higher the rental value, the higher the fair value
Car parks	171,000	Comparison approach	Comparable's unit selling price	Average of RMB900,000 per lot	The higher the unit selling price, the higher the fair value

7 INVESTMENT PROPERTIES (Continued)

Description	Fair value at 31 Dec 2022 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Complexes, including shops, car parks, offices and hotels	17,215,600	Residual approach	Rental value	RMB8 – RMB19 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	3% – 6%	The higher the yields, the lower the fair value
			Estimated costs to completion	RMB20,300 – RMB23,900 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	17% of property value	The higher the profit margin required, the lower the fair value
			Vacancy rate	12% – 15%	The higher the vacancy rate, the lower the fair value
			Comparable's unit selling price	Shops: RMB60,000 – RMB60,300 per square meter	The higher the unit selling price, the higher the fair value
				Car parks: RMB290,000 – RMB320,000 per lot	The higher the unit selling price, the higher the fair value
				Office: RMB48,100 per square meter	The higher the unit selling price, the higher the fair value
				Hotel: RMB54,000 per square meter	The higher the unit selling price, the higher the fair value
		Income approach (term and reversionary method)	Vacancy rate	0% – 15%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4% – 5%	The higher the yields, the lower the fair value
			Rental value	RMB2 – RMB18 per day per square meter	The higher the rental value, the higher the fair value
		Comparison approach	Comparable's unit selling price	Car parks: RMB50,000 – RMB900,000 per lot	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price	Office: RMB10,700 – RMB17,900 per square meter	The higher the unit selling price, the higher the fair value

7 INVESTMENT PROPERTIES (Continued)

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increases, the yield may decrease.

The Group's interests in investment properties at their carrying amounts are analysed as follows:

RMB'000	**2023**	2022
In the PRC, held on:		
Leases of 10–50 years	**15,694,864**	16,833,617
Leases of over 50 years	**6,690,724**	6,984,418
	22,385,588	23,818,035

As at 31 December 2023, investment properties with carrying value of RMB8,180,229,000 (2022: RMB18,420,009,000) were pledged as collateral for the Group's borrowings (note 17).

8 INTANGIBLE ASSETS

RMB'000	**2023**	2022
At beginning of the year	**1,800**	1,800
Amortisation charge	**—**	—
At end of the year	**1,800**	1,800
At end of the year		
Cost	**4,300**	4,300
Accumulated amortisation	**(2,500)**	(2,500)
Net book amount	**1,800**	1,800

There was no amortisation or impairment of the Group's intangible assets during the years ended 31 December 2023 and 2022.

9 INVESTMENT IN AN ASSOCIATE

RMB'000	**2023**	2022
Investment in an associate	**5,900**	7,050

The Group's investment in an associate represents the 48% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. (上海創盟國際建築設計有限公司) ("Shanghai Chuangmeng"). Shanghai Chuangmeng is an entity established in the PRC.

10 INTEREST IN A JOINT VENTURE/AMOUNT DUE TO A JOINT VENTURE

RMB'000	2023	2022
Interest in a joint venture		
Share of net assets in a joint venture	**295,349**	758,161
Loan to a joint venture (a)	**632,400**	645,181
Unrealised interest income on loan to a joint venture	**(583,758)**	(587,961)
	343,991	815,381
Amount due to a joint venture (b)	**(353,029)**	(353,029)

Interest in a joint venture represents the 60% equity interest in Glorious Jiangxu (Nanjing) Property Development Co., Ltd. (恒盛江旭(南京)房地產開發有限公司) ("Nanjing Jiangxu") held by a wholly-own subsidiary of the Group namely Shanghai Xintai Property Development Co., Ltd. ("Shanghai Xintai") and the loan to Nanjing Jiangxu. Nanjing Jiangxu is an entity established in the PRC.

RMB'000	2023	2022
Share of (loss)/profit of a joint venture		
— share of results of the year	**(462,812)**	(14,401)
— realisation of interest income on loan to a joint venture upon sale of properties by the joint venture	**4,203**	66,354
— Value-added tax and others on realisation of interest income on loan to a joint venture upon sale of properties by the joint venture	**(225)**	(3,548)
	(458,834)	48,405

10 INTEREST IN A JOINT VENTURE/AMOUNT DUE TO A JOINT VENTURE

(Continued)

Set out below is the summarised financial information for Nanjing Jiangxu which is accounted for using the equity method:

Summarised statement of financial position

RMB'000	2023	2022
Current		
Cash and cash equivalents, and restricted deposits	**238,597**	64,681
Other current assets (excluding cash)	**3,084,689**	3,849,974
Total current assets	**3,323,286**	3,914,655
Financial liabilities (excluding trade payables)	**(132,074)**	(144,855)
Other current liabilities (including trade payables)	**(2,581,749)**	(2,387,655)
Total current liabilities	**(2,713,823)**	(2,532,510)
Non-current		
Assets	**710**	377
Liabilities	**(117,925)**	(118,920)
Net assets	**492,248**	1,263,602

Summarised statement of comprehensive income

RMB'000	2023	2022
Revenue	**3,089**	298,333
Cost of sales	**(735,705)**	(310,286)
Depreciation	**(80)**	(57)
Interest income	**244**	1,084
Other selling and administrative expenses	**(18,902)**	(13,075)
Income tax expenses	**—**	—
Loss for the year	**(751,354)**	(24,001)

10 INTEREST IN A JOINT VENTURE/AMOUNT DUE TO A JOINT VENTURE

(Continued)

Reconciliation of summarised financial information

Set out below is a reconciliation of the summarised financial information to the carrying amount of the Group's interest in a joint venture:

RMB'000	**2023**	2022
Net assets at 1 January	**1,263,602**	1,287,603
Loss for the year	**(751,354)**	(24,001)
Dividends	**(20,000)**	—
Net assets at 31 December	**492,248**	1,263,602
Interest in a joint venture (60%)	**295,349**	758,161
Carrying value at 31 December	**295,349**	758,161

(a) The loan to a joint venture is unsecured, has no fixed terms of repayment and bears interest that is agreed with Nanjing Jiangxu and its joint venture partner by making reference to the latest benchmark lending rate published by the People's Bank of China. The carrying value of the loan to a joint venture approximates its fair value. It is determined based on discounted cash flows using the lending rate and is within level 2 of the fair value hierarchy. The loan to a joint venture is capital in nature.

(b) The amount due to a joint venture is unsecured, interest-free and repayable on demand.

11 SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 December 2023 are set out below:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Directly held:						
Incorporated in the British Virgin Islands (the "BVI") and with principal operations in Hong Kong:						
Bright New Investments Limited (明新投資有限公司)	2 May 2007	Limited company	US$50,000	**100%**	100%	Investment holding
Indirectly held:						
Incorporated in the BVI and with principal operations in Hong Kong:						
Achieve Triumph Limited (達凱有限公司)	6 April 2011	Limited company	US$1	**100%**	100%	Investment holding
Allied Honest Holdings Limited	30 March 2006	Limited company	US$1,000	**100%**	100%	Investment holding
Better Score Limited	25 February 2009	Limited company	US$1	**100%**	100%	Investment holding
East Harbour Development Limited	9 March 2006	Limited company	US$1,000	**100%**	100%	Investment holding
East Plus Enterprises Limited (東和企業有限公司)	25 November 2010	Limited company	US$1	**100%**	100%	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	Limited company	US$1,000	**100%**	100%	Investment holding
Highest Reach Limited	9 March 2007	Limited company	US$50,000	**100%**	100%	Investment holding
Jolly Rich Limited (怡富有限公司)	25 March 2011	Limited company	US$1	**100%**	100%	Investment holding
May Gain Limited (美盈有限公司)	6 April 2011	Limited company	US$1	**100%**	100%	Investment holding
Regal World Development Limited	21 February 2006	Limited company	US$1,000	**100%**	100%	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	Limited company	US$1,000	**100%**	100%	Investment holding

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in Hong Kong and with principal operations in Hong Kong:						
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Limited company	HK$1	**100%**	100%	Investment holding
Extreme (Asia) Limited (永和（亞洲）有限公司)	15 May 2006	Limited company	HK$1	**100%**	100%	Investment holding
Fast Right Limited	15 December 2006	Limited company	HK$10,000	**100%**	100%	Investment holding
Glorious Corporate Services Limited	12 July 2010	Limited company	HK$1	**100%**	100%	Provision of corporate services
Gold Radiant Investments Limited (富谷投資有限公司)	11 April 2011	Limited company	HK$1	**100%**	100%	Investment holding
Greater Base Limited (基鉅有限公司)	3 March 2009	Limited company	HK$1	**100%**	100%	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Limited company	HK$1	**100%**	100%	Investment holding
Triumph One Investments Limited (美堡投資有限公司)	11 April 2011	Limited company		**100%**	100%	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Limited company	HK$1	**100%**	100%	Investment holding
Worldex Investment Development Limited (恒匯投資發展有限公司)	14 June 2006	Limited company	HK$1	**100%**	100%	Investment holding
Incorporated in Singapore and with principal operations in Singapore:						
Wachovian II Co Pte. Ltd.	14 August 2007	Limited company	SGD10	**100%**	100%	Investment holding

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in the PRC and with principal operations in the PRC:						
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發（南通）有限公司)	1 August 2006	Limited company	US$19,940,000	**100%**	100%	Property development and investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發（南通）有限公司)	27 June 2005	Limited company	US$17,980,000	**100%**	100%	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發（南通）有限公司)	22 July 2005	Limited company	US$18,490,000	**100%**	100%	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	Limited company	US$18,490,000	**100%**	100%	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	Limited company	US$17,900,000	**100%**	100%	Property development and investment holding
Nantong Jigui Real Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	14 April 2006	Limited company	US$17,990,000	**100%**	100%	Property development and investment holding
Nantong Jiju Foundation Facilities Construction Co., Ltd. (南通基鉅基礎設施建設有限公司)	27 April 2009	Limited company	US$3,000,000	**100%**	100%	Investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	Limited company	US$17,400,000	**100%**	100%	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發（南通）有限公司)	10 April 2006	Limited company	US$21,370,000	**100%**	100%	Property development and investment holding

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發（南通）有限公司)	2 August 2006	Limited company	US$17,900,000	**100%**	100%	Property development and investment holding
Dalian Runjing Property Development Co., Ltd. (大連潤景房地產開發有限公司)	19 January 2010	Limited company	RMB100,000,000	**100%**	100%	Property development
Glorious Baofeng (Nantong) Property Development Co., Ltd. (恒盛寶豐（南通）置業發展有限公司)	12 January 2010	Limited company	RMB802,000,000	**100%**	100%	Property development
Glorious Equity Investment and Fund Management (Shanghai) Co., Ltd. (恒盛股權投資基金管理（上海）有限公司)	14 July 2015	Limited company	RMB100,000,000	**100%**	100%	Investment holding
Glorious Fuhai (Harbin) Property Development Co., Ltd. (恒盛福海（哈爾濱）置業有限公司)	5 November 2010	Limited company	RMB100,000,000	**100%**	100%	Property development
Glorious Fusheng Property Investment (Beijing) Co., Ltd. (恒盛富升地產投資（北京）有限公司)	23 July 2010	Limited company	RMB100,000,000	**100%**	100%	Investment holding
Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂（合肥）房地產開發有限公司)	24 October 2007	Limited company	RMB509,830,227	**100%**	100%	Property development
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信（北京）房地產開發有限公司)	25 December 2001	Limited company	RMB130,000,000	**100%**	100%	Property development
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟（蘇州）置業有限公司)	17 March 2005	Limited company	RMB170,000,000	**100%**	100%	Property development
Glorious Huixin (Changchun) Property Development Co., Ltd. (恒盛匯鑫（長春）置業有限公司)	7 May 2010	Limited company	RMB510,204,082	**100%**	100%	Property development

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Plaza (Nantong) Property Development Co., Ltd. (恒盛廣場（南通）房地產開發有限公司)	12 December 2007	Limited company	RMB657,142,857	**70%**	70%	Property development
Glorious Property Development (Nantong) Co., Ltd. (恒盛地產發展（南通）有限公司)	28 May 2010	Limited company	RMB420,000,000	**100%**	100%	Investment holding
Glorious Property Investment (Changchun) Co., Ltd. (恒盛地產投資（長春）有限公司)	25 August 2011	Limited company	RMB50,000,000	**100%**	100%	Investment holding
Glorious Property Investment (Harbin) Co., Ltd. (恒盛地產投資（哈爾濱）有限公司)	3 August 2010	Limited company	RMB100,000,000	**100%**	100%	Investment holding
Glorious Property Investment (Hefei) Co., Ltd. (恒盛地產投資（合肥）有限公司)	23 July 2010	Limited company	RMB250,000,000	**100%**	100%	Investment holding
Glorious Property Investment (Nanjing) Co., Ltd. (恒盛地產投資（南京）有限責任公司)	21 May 2013	Limited company	RMB30,000,000	**100%**	100%	Investment holding
Glorious Property Investment (Shanghai) Co., Ltd. (恒盛地產投資（上海）有限公司)	21 June 2010	Limited company	RMB100,000,000	**100%**	100%	Investment holding
Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉（上海）實業有限公司)	24 September 2008	Limited company	RMB100,000,000	**100%**	100%	Wholesale of construction materials
Glorious (Shanghai) Commercial Operation and Management Co., Ltd. (恒盛（上海）商業經營管理有限公司)	25 May 2011	Limited company	RMB10,000,000	**100%**	100%	Culture, advertising planning, investment holding and advisory
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建（天津）房地產投資有限公司)	20 March 2006	Limited company	RMB53,480,000	**100%**	100%	Property development

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Weida (Nantong) Property Development Co., Ltd. (恒盛偉達（南通）房地產開發有限公司)	12 January 2010	Limited company	RMB3,380,000,000	**100%**	100%	Property development
Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞（無錫）有限公司)	7 September 2004	Limited company	RMB1,197,911,767	**100%**	100%	Property development and investment holding
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (恒盛陽光濱海（哈爾濱）置業有限公司)	19 December 2007	Limited company	RMB660,000,000	**100%**	100%	Property development
Glorious Yangguang Xindi (Beijing) Property Co., Ltd. (恒盛陽光鑫地（北京）置業有限公司)	25 February 2003	Limited company	RMB129,000,000	**100%**	100%	Property development
Glorious Yangguang Xindi (Liaoning) Property Co., Ltd. (恒盛陽光鑫地（遼寧）置業有限公司)	6 June 2005	Limited company	RMB1,333,502,300	**100%**	100%	Property development and investment holding
Glorious Yangguang Xindi Property Development (Tianjin) Co., Ltd. (恒盛陽光鑫地房地產開發（天津）有限公司)	19 May 2003	Limited company	RMB806,039,565	**100%**	100%	Property development and investment holding
Glorious Yifeng (Hefei) Property Development Co., Ltd. (恒盛頤豐（合肥）房地產開發有限公司)	14 October 2010	Limited company	RMB250,000,000	**100%**	100%	Property development
Glorious Zhuoda (Nantong) Property Development Co., Ltd. (恒盛焯達（南通）房地產開發有限公司)	21 June 2011	Limited company	RMB183,000,000	**100%**	100%	Property development
Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. (恒盛卓怡地產投資（大連）有限公司)	3 December 2010	Limited company	RMB100,000,000	**100%**	100%	Investment holding
Hefei Zhanru Business Operation Management Co., Ltd. (合肥展如商業運營管理有限公司)	11 July 2019	Limited company	RMB10,000,000	**100%**	100%	Business operation management

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Jiangsu Arts and Cultural Property Holdings Ltd. (江蘇演藝文化產業股份有限公司)	8 May 2004	Limited company	RMB50,000,000	**54%**	54%	Cultural and property development
Jiangsu Chuangyi Cultural Property Foundation Investment and Construction Co., Ltd. (江蘇創意文化產業基地投資建設有限公司)	16 January 2007	Limited company	RMB88,670,000	**100%**	100%	Investment holding
Nantong Zhanru Business Management Co., Ltd. (南通展如商業管理有限公司)	26 June 2019	Limited company	RMB10,000,000	**100%**	100%	Business operation management
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	5 June 2003	Limited company	RMB155,000,000	**100%**	100%	Wholesale of mechanical equipment and building materials
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	18 January 1996	Limited company	RMB30,000,000	**100%**	100%	Property development
Shanghai Gotivan Beauty Service Co., Ltd. (上海歌蒂梵美容服務有限公司)	25 October 2021	Limited company	RMB500,000	**100%**	100%	Medical beauty
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	6 October 1998	Limited company	RMB80,000,000	**100%**	100%	Property development
Shanghai Hengran Property Development Co., Ltd. (上海恒冉房地產開發有限公司)	21 January 2014	Limited company	RMB51,000,000	**100%**	100%	Property development
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	Limited company	RMB900,000,000	**100%**	100%	Property development
Shanghai Jinhao Property Development Co., Ltd. (上海錦豪房地產開發有限公司)	25 December 2009	Limited company	RMB10,000,000	**100%**	100%	Property development

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Shanghai Junjie Business Consulting Co., Ltd. (上海雋捷商務諮詢有限公司)	28 December 2010	Limited company	RMB1,000,000	**100%**	100%	Business consulting and wholesale of construction materials
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	Limited company	RMB100,000,000	**100%**	100%	Interior and exterior decoration and renovation
Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司)	26 May 2008	Limited company	RMB20,000,000	**100%**	100%	Property development
Shanghai Ranjuan Decoration Engineering Co., Ltd. (上海冉娟裝潢工程有限公司)	28 December 2010	Limited company	RMB85,000,000	**100%**	100%	Interior and exterior decoration and renovation
Shanghai Ronghui Corporate Management Co., Ltd. (上海熔卉企業管理有限公司)	13 May 2021	Limited company	RMB100,000	**100%**	100%	Business operation management
Shanghai Rongxi Business Trading Co., Ltd (上海榮熙商貿有限公司)	24 June 2010	Limited company	RMB1,000,000	**100%**	100%	Trading of mechanical equipment and construction materials
Shanghai Rongxiang Property Development Co., Ltd. (上海熔祥房地產開發有限公司)	29 December 2009	Limited company	RMB10,000,000	**100%**	100%	Property development
Shanghai Shangrongwan Cultural Development Co., Ltd. (上海尚熔灣文化發展有限公司)	23 November 2021	Limited company	RMB1,000,000	**100%**	100%	Cultural and property development
Shanghai Shengtong Property Development Co., Ltd. (上海勝通房地產開發有限公司)	19 June 2001	Limited company	RMB601,000,000	**100%**	100%	Property development
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	Limited company	RMB1,400,000,000	**100%**	100%	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	Limited company	RMB563,587,214	**100%**	100%	Property development and investment holding

11 SUBSIDIARIES (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2023	2022	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Shanghai Zhancheng Property Management Co., Ltd. (上海展成物業管理有限公司)	6 December 2019	Limited company	RMB5,000,000	**100%**	100%	Property management
Shanghai Zhanru Business Management Co., Ltd. (上海展如商業管理有限公司)	27 April 2018	Limited company	RMB100,000,000	**100%**	100%	Business operation management and investment holding
Shanghai Zhanru Hotel Management Co., Ltd. (上海展如酒店管理有限公司)	8 March 2019	Limited company	RMB20,000,000	**100%**	100%	Hotel operation management
Shanghai Zhanru Property Leasing Co., Ltd. (上海展如房產租賃有限公司)	16 July 2019	Limited company	RMB10,000,000	**100%**	100%	Property leasing services
Shanghai Zhanyao Business Management Co., Ltd. (上海展曜商業管理有限公司)	8 October 2021	Limited company	RMB5,000,000	**100%**	100%	Business management and property management
Shenyang Glorious Plaza Commercial Management Co., Ltd. (瀋陽恒盛廣場商業管理有限公司)	7 September 2010	Limited company	RMB5,000,000	**100%**	100%	Business management and property management
Tianjin Dong'an Construction Co., Ltd. (天津東岸建設有限公司)	11 March 2005	Limited company	RMB510,000,000	**70%**	70%	Property development
Tianjin Gangtian Real Estate Investment Co., Ltd. (天津港天房地產投資有限公司)	21 March 2006	Limited company	RMB278,092,000	**100%**	100%	Property development
Tianjin Glorious Corporate Management Advisory Co., Ltd. (天津恒盛企業管理諮詢有限公司	2 December 2010	Limited company	RMB40,000,000	**100%**	100%	Investment holding

Note:

(a) As at 31 December 2023 and 2022, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's borrowings (note 17).

12 PROPERTIES UNDER DEVELOPMENT

RMB'000	**2023**	2022
Within normal operating cycle included under current assets	**10,633,066**	12,663,590
Amount comprised:		
Land use rights	**3,694,821**	4,025,987
Construction costs and capitalised expenditures	**6,485,177**	6,803,942
Interest capitalised	**7,102,102**	8,014,702
	17,282,100	18,844,631
Less: Provision for impairment	**(6,649,034)**	(6,181,041)
	10,633,066	12,663,590

The properties under development are all located in the PRC and the relevant land use rights have remaining lease term ranging from 23 to 69 years.

RMB'000	**2023**	2022
Properties under development:		
Expected to be completed and available for sale after more than 12 months	**10,220,331**	11,052,747
Expected to be completed and available for sale within 12 months	**412,735**	1,610,843
	10,633,066	12,663,590

As at 31 December 2023, properties under development with carrying value of RMB3,142,286,000 (2022: RMB11,538,831,000) were pledged as collateral for the Group's borrowings (note 17).

During the year ended 31 December 2020, the Group entered into agreements with a government department for a land replacement arrangement for an existing project of the Group in the PRC. According to the agreements, the aforementioned land parcel to be returned to the government will be replaced by new land parcels and the fair values of the existing and new land parcels would be approximately the same. During the year ended 31 December 2021, the Group agreed with the government department that the value of the existing land parcels was approximately RMB1,868,000,000 (2020: carrying value of approximately RMB2,432,000,000) and thus provision for impairment for the existing land parcels amounted to RMB564,000,000 was made during the year ended 31 December 2021. As at 31 December 2022, the Group has signed the land acquisition agreements for five parcels of land of total site area of 127,070 sq.m. in relation to the above-mentioned land replacement arrangement. The negotiation of the details of the remaining replacement arrangement was in progress and the location and land site area of the other new land parcels are still under discussion. There is no update during the year ended 31 December 2023 except for an additional provision for impairment for the existing land parcels amounted to approximately RMB247,164,000 (2022: Nil) was made.

13 COMPLETED PROPERTIES HELD FOR SALE

RMB'000	2023	2022
Completed properties held for sale comprised:		
Land use rights	**1,753,523**	1,519,498
Construction costs and capitalised expenditures	**4,749,617**	4,842,775
Interest capitalised	**2,469,708**	1,532,642
	8,972,848	7,894,915
Less: Provision for impairment	**(2,248,066)**	(1,970,672)
	6,724,782	5,924,243

The completed properties held for sale are all located in the PRC and the relevant land use rights have remaining lease term ranging from 21 to 61 years.

As at 31 December 2023, completed properties held for sale with carrying value of RMB2,716,919,000 (2022: RMB1,547,129,000) were pledged as collateral for the Group's borrowings (note 17).

14 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER FINANCIAL ASSETS

RMB'000	2023	2022
Trade receivables due from third parties, net (a)	**167,291**	476,830
Other receivables due from third parties and other financial assets (b)	**1,567,276**	1,443,808
Prepayments and deposits for land premium (d)	**148,000**	148,000
Prepayments and deposits for construction costs:	**2,047,520**	2,050,775
Related parties (note 31(b))	**3,375**	2,891
Third parties ((d), (e) and (f))	**2,044,145**	2,047,884
Prepaid other taxes	**133,789**	81,327
Less: Provision for loss allowance of other receivables and other financial assets	**(773,774)**	(799,810)
	3,290,102	3,400,930

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

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

RMB'000	**2023**	2022
Within 6 months	**116,181**	9,643
Between 7 and 12 months	**19,126**	515
Over 12 months	**49,275**	473,286
	184,582	483,444

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

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

RMB'000	**2023**	2022
At beginning of the year	**6,614**	5,813
Provision for loss allowance of trade receivables	**10,677**	801
At end of the year	**17,291**	6,614

As at 1 January 2022, trade receivables from contract with customers amounted to RMB469,822,000 (net of loss allowance of RMB5,813,000).

As at 31 December 2022, trade receivables of RMB476,830,000 includes an amount due from a local government authority of RMB430,063,000 upon recognising the revenue relating to certain relocation and resettlement housing. During the year ended 31 December 2023, trade receivables in relation to an amount due from a local government authority of RMB430,063,000 were settled by offsetting the amounts due to a local government authority (note 29(c)).

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

(b) Other receivables mainly represented (i) guaranteed deposits, other receivables and other financial assets placed at financial institutions amounted to RMB398,128,000 (2022: RMB403,980,000); (ii) collection and payment on behalf of others amounted to RMB209,183,000 (2022: RMB163,790,000); (iii) consideration receivables for disposal of a subsidiary amounted to RMB111,747,000 (2022: RMB111,747,000); (iv) deposits for maintenance fund paid to government authorities amounted to RMB17,645,000 (2022: RMB17,280,000); (v) other advance amounted to RMB89,622,000 (2022: RMB87,029,000); and (vi) other deposits for construction projects and interest receivables. As at 31 December 2023, provision for loss allowance of these other receivables amounted to approximately RMB538,456,000 (2022: RMB573,267,000) was made.

(c) As at 31 December 2023 and 2022, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each date of the consolidated statement of financial position is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(d) As at 31 December 2020, deposits of RMB640,636,000 included in prepayments and deposits for land premium and deposits of RMB325,007,000 included in prepayments and deposits for construction costs (together RMB965,643,000, the "Initial Land Payments") were initial development payments made in earlier years to enterprises indirectly owned and controlled by the local government (the "Governmental Enterprises") for certain strategic land acquisition projects in respect of several land parcels located in the PRC. Based on the agreements signed between the Group and the Governmental Enterprises (the "Cooperative Development Framework Agreements"), the Initial Land Payments will be offset with the land acquisition cost if the Group acquires the land use rights through winning in public tender, auction and listing-for-sale process in the future. The Initial Land Payments are refundable in case of failure in the auction. As at 31 December 2020, provision for loss allowance for these balances were RMB60,000,000 based on the management's expected credit loss assessment.

Management was in active communication with the Governmental Enterprises for the execution of the Cooperative Development Framework Agreements and property developments in prior years. Due to the large scale of the cooperative development project, the Group's tight working capital status and the Group's overall property development plan, there was no substantial development on the above-mentioned property projects over the years. The Group's management met with the Governmental Enterprises a few times to negotiate and push forward the execution of the Cooperative Development Framework Agreements without success. To ensure the Group has sufficient resources and governmental support to focus on the Group's other existing projects in the same province, management considered that agreeing to waive its rights to recover the Initial Land Payments will serve the best interest of the Group. As a result, the Initial Land Payments with carrying amount of RMB905,643,000 were written off in the consolidated financial statements for the year ended 31 December 2021.

(e) During the year ended 31 December 2023, the Group made prepayments amounted to RMB392,400,000 to various third party contractors and suppliers for certain construction materials and declaration materials in respect of the Group's two projects located in Shanghai and one project located in Hefei in accordance with payment schedules of the respective contracts. Those prepayments had not been utilised as at 31 December 2023 due to delay in construction progress of the relevant projects caused by, including but not limited to, delay in the grant of approvals from local government bodies for change in construction plan, pre-sale permit or other permit. Although the abovementioned projects were further delayed with limited construction progress due to unforeseeable near-term growth potential in post-COVID period, management considered that those prepayments can be subsequently utilised in 2024 based on the latest construction plan.

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

(f) Provision for loss allowance in respect of other receivables and other financial assets are recognised using an allowance account unless the Group is satisfied that recovery of the amounts are remote, in which case the impairment losses are written off against other receivables and other financial assets directly. The movement in the provision for loss allowance is disclosed in note 3(a)(iv).

15 CASH AND CASH EQUIVALENTS, AND RESTRICTED DEPOSITS

Restricted deposits mainly comprise:

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

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

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

Cash and cash equivalents in the consolidated statement of cash flows as at 31 December 2023 are as follows:

RMB'000	**2023**	2022
Cash and bank balances	**52,344**	72,264
Restricted deposits	**189,523**	318,418
	241,867	390,682
Less: Restricted funds under guarantee deposits for mortgage facilities	**(11,900)**	(76,665)
Other deposits restricted in use by regulators	**(15,320)**	(23,158)
Cash and cash equivalents	**214,647**	290,859

RMB'000	**2023**	2022
Cash and cash equivalents, and restricted deposits:		
Denominated in RMB	**241,741**	390,278
Denominated in US$	**29**	268
Denominated in HK$	**97**	136
	241,867	390,682
Maximum exposure to credit risk	**241,607**	390,542

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

16 TRADE AND OTHER PAYABLES

RMB'000	2023	2022
Trade payables and construction cost accrual (a):	**2,792,450**	3,360,659
Related parties (note 31(b))	**71,030**	71,996
Third parties	**2,721,420**	3,288,663
Other payables due to third parties and accrued expenses (b)	**2,171,675**	1,910,581
Other taxes payable	**935,628**	875,104
	5,899,753	6,146,344

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

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

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

The Group's other payables and accrued expenses mainly comprise accruals for operating expenses of RMB163,890,000 (2022: RMB222,214,000), refundable deposits of RMB396,563,000 (2022: RMB336,920,000), deposits for partial disposal of a subsidiary of RMB350,000,000 (2022: RMB350,000,000) and consideration payable for acquisition of a subsidiary of RMB101,512,000 (2022: RMB101,512,000).

(c) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

RMB'000	2023	2022
HK$	**7,733**	6,380
RMB	**5,891,627**	6,139,264
US$	**393**	700
	5,899,753	6,146,344

(d) As at 31 December 2023 and 2022, the carrying values of the trade and other payable balances approximate their fair values.

17 BORROWINGS

RMB'000	**2023**	2022
Borrowings included in non-current liabilities:		
Bank borrowings — secured (a)	**—**	—
Loan from a non-controlling interest (c)	**—**	—
	—	—
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**19,192,645**	17,666,027
Bond — secured (b)	**72,683**	60,950
Loans from a non-controlling interest (c)	**799,263**	720,506
Other borrowings — unsecured (d)	**724,957**	581,610
Other borrowings — secured (d)	**1,873,839**	1,934,633
	22,663,387	20,963,726
Total borrowings	**22,663,387**	20,963,726
The carrying values of the borrowings are denominated in the following currencies:		
HK$	**177,805**	134,774
RMB	**22,328,017**	20,734,980
US$	**157,565**	93,972
Total borrowings	**22,663,387**	20,963,726

17 BORROWINGS (Continued)

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

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

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

(a) As at 31 December 2023, bank borrowings with principal amounts of RMB9,616,694,000 (2022: RMB3,554,105,000) are overdue. As stipulated in the relevant loan and financing agreements in respect of certain bank borrowings of the Group other than aforesaid, any default of the Group's bank borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amounts of borrowings of RMB4,374,080,000 (2022: RMB4,837,100,000) were considered as cross-default.

The current bank borrowings included borrowings with principal amounts of RMB3,919,080,000 with original maturity beyond 31 December 2024 which have been reclassified as current liabilities as at 31 December 2023 as a result of the matters described in note 2(a)(i).

Management estimates that if the Group can successfully implement the measures as set out in note 2(a)(i) and with its endeavors to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2024.

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

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

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

17 BORROWINGS (Continued)

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

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

(f) As at 31 December 2023, the Group's effective interest rates was 9.1% (2022: 9.3%).

(g) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates (or maturity date whichever is earlier) are as follows:

RMB'000	**2023**	2022
Within 6 months	**22,663,387**	20,963,726
After 6 months and within 1 year	**—**	—
After 1 year and within 5 years	**—**	—
	22,663,387	20,963,726

18 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority.

RMB'000	**2023**	2022
Deferred income tax assets		
To be realised after more than 12 months	**697,359**	508,631
To be realised within 12 months	**—**	119,925
	697,359	628,556
Deferred income tax liabilities		
To be realised after more than 12 months	**(2,382,035)**	(2,799,595)
To be realised within 12 months	**—**	—
	(2,382,035)	(2,799,595)
Deferred income tax liabilities, net	**(1,684,676)**	(2,171,039)

The movements of the net deferred income tax liabilities are as follows:

RMB'000	**2023**	2022
At beginning of year	**(2,171,039)**	(1,957,867)
Credited/(charged) as income tax expenses (note 26)	**486,363**	(213,172)
At end of year	**(1,684,676)**	(2,171,039)

Movement in deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

RMB'000	**Tax losses**	**Unrealised profit and other expenses**	**Total**
At 1 January 2022	798,564	227,795	1,026,359
Charged to income tax expenses	(353,444)	(44,359)	(397,803)
At 31 December 2022	445,120	183,436	628,556
Credited/(charged) to income tax credits	**316,908**	**(995)**	**315,913**
At 31 December 2023	**762,028**	**182,441**	**944,469**

18 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

RMB'000	Other timing differences arising from capitalised interest	Fair value changes	Total
At 1 January 2022	(272,880)	(2,711,346)	(2,984,226)
(Charged)/credited to income tax expenses	(53,808)	238,439	184,631
At 31 December 2022	(326,688)	(2,472,907)	(2,799,595)
(Charged)/credited to income tax credits	**(241,553)**	**412,003**	**170,450**
At 31 December 2023	**(568,241)**	**(2,060,904)**	**(2,629,145)**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2023, the Group did not recognise deferred income tax assets of RMB1,628,908,000 (2022: RMB1,683,716,000) in respect of tax losses of approximately RMB6,515,631,000 (2022: RMB6,734,866,000) as there are uncertainties as to whether assessable profits will be available in the foreseeable future to utilise such tax losses.

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of RMB270,542,000 (2022: RMB227,840,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

19 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 1 January 2022, 31 December 2022 and 31 December 2023	**38,000,000,000**	**380,000,000**			
Issued:					
Ordinary shares of HK$0.01 each at 1 January 2022, 31 December 2022 and 31 December 2023	**7,792,645,623**	**77,926,456**	**68,745**	**7,822,982**	**7,891,727**

20 RESERVES

(a) Merger reserve

Merger reserve arose from merger accounting for the reorganisation of the Group completed in 2007.

(b) Statutory reserve

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the year ended 31 December 2023, appropriation to the general statutory reserve amounted to RMB11,204,000 (2022: RMB36,834,000).

(c) Revaluation reserve

Revaluation reserve arose from the revaluation of certain properties, plant and equipment upon transfer to investment properties (net of deferred income tax) in 2015.

(d) Other reserve

Other reserve mainly represents (i) the equity interests in the Company contributed by the immediate holding company of the Company in connection with the Group's financing activities in 2007 and 2009 (note 34(a)(i)).

21 OTHER INCOME

RMB'000	**2023**	2022
Net rental income (note 7)	**61,251**	49,656
Gain on disposal of property, plant and equipment	**55,521**	—
Others	**4,616**	319
	121,388	49,975

22 OTHER LOSSES, NET

RMB'000	**2023**	2022
Fair value changes of investment properties (note 7)	**(1,457,471)**	(893,326)
Exchange loss, net	**(3,721)**	(18,929)
	(1,461,192)	(912,255)

23 (LOSS)/PROFIT BEFORE TAXATION

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

RMB'000	**2023**	2022
Auditors' remuneration		
— Audit services (current external auditor)	**3,625**	3,966
— Audit services (previous external auditor)	**—**	2,573
— Non-audit services	**—**	54
Advertising costs	**5,428**	9,911
Other taxes and levies	**65,260**	63,564
Costs of properties sold (including properties under development and completed properties held for sale):	**1,741,039**	2,310,629
— Carrying amount of properties sold	**995,652**	2,310,629
— Provision for impairment of properties	**745,387**	—
Depreciation (note 6)	**21,329**	21,189
Staff costs — excluding directors' emoluments (note 25)	**133,074**	173,294
Rental expenses	**8,555**	7,832

24 FINANCE COSTS, NET

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

Borrowing costs on the loans used to finance the property development projects of the Group have been capitalised in properties under development and investment properties, at a capitalisation rate of 11.3% during the year (2022: 11.3%).

25 STAFF COSTS — EXCLUDING DIRECTORS' EMOLUMENTS

RMB'000	**2023**	2022
Wages and salaries	**112,234**	145,062
Retirement scheme contribution	**10,749**	14,311
Staff welfare	**1,881**	3,126
Other allowances and benefits	**8,210**	10,795
	133,074	173,294

(a) Retirement scheme contribution

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective local governments in the PRC. The local governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

During the year ended 31 December 2023, the Group had no forfeited contributions under the retirement benefits scheme utilised to reduce future contributions (2022: Nil). As at 31 December 2023 and 2022, there was no forfeited contribution available to reduce the contributions payable in future years.

25 STAFF COSTS — EXCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Retirement scheme contribution (Continued)

Long service payment obligations

Pursuant to the Hong Kong Employment Ordinance, the Group has the obligation to pay long service payment ("LSP") to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years' employment period, based on the formula of "last monthly wages (before termination of employment) × 2/3 × years of service". Last monthly wage is capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post – employment defined benefit plan. The Mandatory Provident Fund Schemes Ordinance permits the withdrawal of accrued benefits derived from an employer's MPF contributions for the purpose of offsetting LSP payable to an employee under the Employment Ordinance. The LSP obligation, if any, is presented on a net basis.

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted in June 2022 and will take effect on 1 May 2025 (the "Transition Date"). Under the Amended Ordinance, accrued benefits derived from an employer's mandatory MPF contributions after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be calculated based on the last monthly wages immediately preceding the Transition Date.

The Group has not accounted for the offsetting mechanism owing to immateriality and its abolition as disclosed in note 2(a)(ii).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 included 1 director (2022: 1 director). The emoluments payable to the remaining 4 individuals (2022: 4 individual) for the year ended 31 December 2023 are as follows:

RMB'000	**2023**	2022
Salaries and other short-term benefits	**2,379**	3,794
Retirement scheme contribution	**272**	291
	2,651	4,085

The emoluments fell within the following bands:

	2023	2022
RMB500,000 to RMB1,000,000	**4**	2
RMB1,000,001 to RMB1,500,000	**—**	2
	4	4

26 INCOME TAX CREDITS/(EXPENSES)

RMB'000	**2023**	2022
Current income tax charge		
— PRC corporate income tax	**(3,519)**	(93,851)
— PRC land appreciation tax	**(32,738)**	(1,271,643)
	(36,257)	(1,365,494)
Deferred income tax credit/(charge) (note 18)		
— Origination and reversal of temporary differences	**486,363**	(213,172)
	486,363	(213,172)
	450,106	(1,578,666)

The income tax on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

RMB'000	**2023**	2022
(Loss)/profit before taxation	**(3,399,281)**	1,281,200
Less: Share of results of a joint venture and an associate, net	**459,984**	(49,228)
	(2,939,297)	1,231,972
Calculated at PRC corporate income tax rate of 25%	**(734,824)**	307,993
Expenses not deductible for tax purposes	**17,059**	35,728
Income not taxable for tax purposes	**(139)**	(126)
Tax losses not recognised as deferred income tax assets	**243,245**	281,340
Tax effect of land appreciation tax	**24,553**	953,731
Income tax (credits)/expenses	**(450,106)**	1,578,666

26 INCOME TAX EXPENSES (Continued)

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2023 and 2022 of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2023 and 2022 as there is no assessable profit for these years.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax. The Group has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

27 LOSS PER SHARE

(a) Basic

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

	2023	2022
Loss attributable to the owners of the Company (RMB'000)	**(2,949,153)**	(297,355)
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2023 and 2022, the Company's share options are anti-dilutive, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

28 DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

29 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss for the year to cash generated from operations

RMB'000	Note	2023	2022
Loss for the year		**(2,949,175)**	(297,466)
Adjustments for:			
Share of loss/(profit) of an associate		**1,150**	(823)
Share of loss/(profit) of a joint venture		**458,834**	(48,405)
Income tax (credits)/expenses	26	**(450,106)**	1,578,666
Interest income	24	**(2,388)**	(14,089)
Interest expenses	24	**2,104,349**	1,492,541
Fair value changes of investment properties	22	**1,457,471**	893,326
Depreciation	6	**21,329**	21,189
(Gain)/loss on disposals of property, plant and equipment		**(55,521)**	598
Exchange loss, net	22	**3,721**	18,929
Changes in provision for impairment of properties under development and completed properties held for sale	5	**745,387**	—
(Reversal of provision)/provision for loss allowances of financial assets	3(a)(iv)	**(15,359)**	10,964
Changes in working capital:			
Properties under development and completed properties held for sale		**872,340**	1,559,255
Restricted deposits		**72,603**	306,792
Trade and other receivables, prepayments and other financial assets		**(115,177)**	303,391
Trade and other payables		**116,482**	250,437
Contract liabilities		**(1,313,063)**	(4,550,189)
Cash generated from operations		**952,877**	1,525,116

29 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

This section sets out the movement in liabilities arising from financing activities for each of the years presented.

RMB'000	Borrowings
As at 1 January 2022	20,084,005
Cash flows	
— Inflow from financing activities	1,780,776
— Outflow from financing activities	(2,077,507)
— Interests included under operating activities	(772,868)
— Interests included under investing activities	(269,710)
Foreign exchange adjustments	16,899
Other non-cash movements	
— Accrual of interest expenses and others	2,202,131
As at 31 December 2022	20,963,726
As at 1 January 2023	**20,963,726**
Cash flows	
— Inflow from financing activities	**198,359**
— Outflow from financing activities	**(429,914)**
— Interests included under operating activities	**(414,504)**
— Interests included under investing activities	**(78,953)**
Foreign exchange adjustments	**637**
Other non-cash movements	
— Accrual of interest expenses and others	**2,424,036**
As at 31 December 2023	**22,663,387**

(c) Major non-cash transactions

During the year ended 31 December 2023, the Group entered into a mutual agreement with a local government authority and an asset management company for offsetting arrangements under which the Group's trade receivables in relation to an amount due from a local government authority were settled by offsetting the amounts due to a local government authority of RMB430.1 million (note 14(a)).

30 COMMITMENTS

Commitments for capital and property development expenditures

RMB'000	**2023**	2022
Contracted but not provided for		
Property development expenditures	**8,181,722**	8,476,367
— Shanghai Ditong	**1,983,706**	1,983,706
— Third parties	**6,198,016**	6,492,661
Construction materials	**629,019**	629,019
	8,810,741	9,105,386
Commitments comprises:		
Properties under development	**4,323,796**	4,544,512
Investment properties	**4,486,945**	4,560,874
	8,810,741	9,105,386

As at 31 December 2023, the Group's share of commitment of the joint venture (note 10) is RMB157,337,000 (2022: RMB102,976,000).

31 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

RMB'000	**2023**	2022
Construction services provided during the year by Shanghai Ditong	—	84,942
Purchase of property design services from an associate	—	100

The related party transactions in respect of construction services above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Continuing Connected Transactions" in the Report of the Directors.

(b) Balances with related parties

As at 31 December 2023 and 2022, the Group had the following significant balances with related parties:

RMB'000	**2023**	2022
Balances included in "Prepayments":		
Prepayments to related companies for construction services to be provided by (note 14)		
— Other related companies	**3,375**	2,891
	3,375	2,891
Balances included in current liabilities:		
Amount due to a joint venture (note 10)	**335,029**	335,029
Trade payables with related companies (note 16)		
— Shanghai Ditong	**60,950**	62,575
— Other related companies	**10,080**	9,421
	71,030	71,996

Except for the loan to a joint venture, the terms of which are disclosed in note 10(a), as at 31 December 2023 and 2022, all other balances with related parties were unsecured, interest free and repayable on demand or to be settled according to the relevant trading terms, as appropriate.

(c) Key management compensation

RMB'000	**2023**	2022
Salaries and other short-term employee benefits	**1,402**	1,456

32 FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2023, the amount of outstanding guarantees for mortgages were approximately RMB3,793,555,000 (2022: RMB3,378,183,000).

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

33 SHARE OPTION SCHEME

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company adopted a share option scheme on 9 September 2009 ("Share Option Scheme"). The purpose of the share option scheme is to provide incentives to the Group's employees including the executive directors and non-executive directors (each a "participant"). The Board may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any participant. The subscription price for shares granted pursuant to the Share Option Scheme is the highest of:

— the closing price of the shares of the Company on the Hong Kong Stock Exchange on the business day on which an offer is made to a participant;

— the average of the closing prices of the shares on the Hong Kong Stock Exchange for the five business days immediately preceding the date on which such offer is made; and

— the nominal value of the shares of the Company.

The total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme must not, in aggregate, exceed 779,064,562 shares of the Company being 10% of the issued share capital of the Company at the date of approval of the share option scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme must not exceed 30% of the Company's issued share capital.

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. If shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial shareholder or an independent non-executive director of the Company in any 12-month period, (i) represent in aggregate more than 0.1% of the total number of shares in issue; and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK$5,000,000, the proposed grant of option must be approved by the Company's shareholders by poll in a general meeting.

33 SHARE OPTION SCHEME (Continued)

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can vest.

On 4 February 2019, the Company resolved to grant 632,388,000 share options to eligible participants (the "Grantees"), including employees and suppliers, to subscribe for a total of 632,388,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme ("First batch"). A total of 2,393,000 share options granted was not accepted by the Grantees within the required acceptance period under the Share Option Scheme. The accepted 629,995,000 share options may be exercisable at any time during the option period from 4 February 2019 to 3 February 2024 (both dates inclusive) at an exercise price of HK$0.45 per share. Unless with the prior written consent of the Board, at any time during a period of six months from the date of the allotment and issue of the shares pursuant to exercise of the share options by the Grantee, the Grantee shall not dispose of, nor enter into any agreement to dispose of, the shares subscribed pursuant to the exercise of the share options. The closing price of the shares of the Company before the date of grant of the First batch of the share options under the Share Option Scheme were HK$0.37.

On 23 July 2019, the Company resolved to further grant 26,397,000 share options to eligible participants to subscribe for a total of 26,397,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme ("Second batch"). Among the share options granted, 22,367,000 share options were granted to the directors of the Company. The accepted 26,397,000 share options may be exercisable at any time during the option period from 23 July 2019 to 22 July 2024 (both dates inclusive) at an exercise price of HK$0.45 per share. Unless with the prior written consent of the Board, at any time during a period of six months from the date of the allotment and issue of the shares pursuant to exercise of the share options by the aforesaid eligible participants, they shall not dispose of, nor enter into any agreement to dispose of, the shares subscribed pursuant to the exercise of the share options. The closing price of the shares of the Company before the date of grant of the Second batch of the share options under the Share Option Scheme were HK$0.375.

As at 31 December 2023 and the date of the 2023 Annual Report, the total number of shares available for issue under the Share Option Scheme were 602,100,000 shares and 18,488,000 shares respectively, representing approximately 7.73% and 0.24% of the issued share capital of the Company as at the date of the 2023 Annual Report respectively.

The fair value of the services received from eligible participants in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to share-based compensation reserve in vested period.

Each share option gives the holder the right to subscribe for one ordinary share of the Company.

The Share Option Scheme was valid and effective until the date which fell 10 years after the adoption date of the Share Option Scheme on 9 September 2009, after which period no further options could be granted but the provisions of the Share Option Scheme remains in full force to the extent necessary to give effect to the exercise of any options granted or exercised prior to the termination of the Share Option Scheme or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Accordingly the Share Option Scheme expired on 8 September 2019.

33 SHARE OPTION SCHEME (Continued)

Details of Share Option Scheme during the year ended 31 December 2023 is as follows:

Grantees	At 31 December 2021	Share options lapsed	Reclassification (a)	At 31 December 2022	Share options lapsed	At 31 December 2023
Directors	22,367,000	(5,894,000)	260,000	16,733,000	**—**	**16,733,000**
Employees	148,644,000	(7,739,000)	(260,000)	140,645,000	**(10,754,000)**	**129,891,000**
Suppliers	455,476,000	—	—	455,476,000	**—**	**455,476,000**
	626,487,000	(13,633,000)	—	612,854,000	**(10,754,000)**	**602,100,000**

(a) Ms. Lu Juan was appointed as an executive director of the Company on 6 September 2022 and the outstanding share options granted to her under the Company's Share Option Scheme on 4 February 2019 have been reclassified for disclosure purpose.

All of the outstanding share options as at 31 December 2023 were exercisable and will expire by 3 February 2024 and 22 July 2024 respectively.

The estimated fair values of the share options granted in 2019 determined using the Binomial option pricing model was RMB50,744,000 and RMB1,742,000 respectively, all of which have been charged to the consolidated statement of comprehensive income as expenses in the year ended 31 December 2019. The significant inputs to the model were as follows:

Assumptions	First batch	Second batch
Volatility	**43.38%**	**51.32%**
Dividend yield	**0%**	**0%**
Annual risk-free rate	**1.67%**	**1.45%**
Expected option life	**5 years**	**5 years**

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

34 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

RMB'000	Note	2023	2022
Non-current assets			
Interests in subsidiaries		**366,569**	2,040,038
		366,569	2,040,038
Current assets			
Cash and cash equivalents		**45**	112
		45	112
Total assets		**366,614**	2,040,150
Current liabilities			
Trade and other payables		**80,404**	65,890
Amounts due to subsidiaries		**2,246,797**	2,246,797
Borrowings		**233,852**	211,824
		2,561,053	2,524,511
Total liabilities		**2,561,053**	2,524,511
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves	(a)	**(10,086,166)**	(8,376,088)
Total deficit		**(2,194,439)**	(484,361)
Total liabilities and equity		**366,614**	2,040,150

Approved by the Board on 28 March 2024 and signed on its behalf by

Ding Xiang Yang
Director

Lu Juan
Director

34 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (Continued)

(a) Reserves movement of the Company

RMB'000	Other reserve (note (i))	Share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2022	264,317	254,281	(8,212,964)	(7,694,366)
Total comprehensive loss for the year	—	—	(681,722)	(681,722)
Balance at 31 December 2022	264,317	254,281	(8,894,686)	(8,376,088)
Total comprehensive loss for the year	**—**	**—**	**(1,710,078)**	**(1,710,078)**
Balance at 31 December 2023	**264,317**	**254,281**	**(10,604,764)**	**(10,086,166)**

(i) Other reserve

It represents the 0.7% and 0.5% equity interests in the Company contributed by Best Era International Limited, the immediate holding company of the Company and wholly-owned by Mr. Zhang Zhi Rong, in connection with the Group's financing activities in 2007 and 2009 respectively.

35 DIRECTORS' BENEFITS AND INTERESTS

(a) Directors' emoluments

The remuneration of each of the directors disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are set out below:

For the year ended 31 December 2023

RMB'000	Fees	Salaries, allowance and benefits in kind	Discretionary bonus	Employer's contribution to retirement scheme	Other benefits	Total
Executive directors (i):						
Mr. Ding Xiang Yang	**—**	**480**	**—**	**110**	**45**	**635**
Ms. Lu Juan (ii)	**—**	**360**	**—**	**86**	**5**	**451**
Mr. Yan Zhi Rong	**—**	**300**	**—**	**16**	**—**	**316**
Independent non-executive directors:						
Mr. Han Ping	**240**	**—**	**—**	**—**	**—**	**240**
Prof. Liu Tao	**240**	**—**	**—**	**—**	**—**	**240**
Dr. Hu Jinxing	**240**	**—**	**—**	**—**	**—**	**240**

35 DIRECTORS' BENEFITS AND INTERESTS (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2022

RMB'000	Fees	Salaries, allowance and benefits in kind	Discretionary bonus	Employer's contribution to retirement scheme	Other benefits	Total
Executive directors (i):						
Mr. Ding Xiang Yang	—	456	—	108	44	608
Ms. Lu Juan (ii)	—	132	—	28	2	162
Mr. Xia Jing Hua (ii)	—	187	—	70	29	286
Mr. Yan Zhi Rong	—	383	—	16	1	400
Independent non-executive directors:						
Mr. Han Ping	207	—	—	—	—	207
Prof. Liu Tao	207	—	—	—	—	207
Dr. Hu Jinxing	207	—	—	—	—	207

(i) The Company's executive directors represent the Company's chief executives. Accordingly, no separate disclosure in respect of the remuneration of the chief executives is made in the financial statements.

(ii) Mr. Xia Jing Hua resigned as the Company's executive director on 6 September 2022 and Ms. Lu Juan was appointed as an executive director of the Company on the same date.

(b) Other directors' benefits and interest

During the years ended 31 December 2023 and 2022, there were:

(i) no other retirement benefits paid to the directors;

(ii) no termination on the appointment of directors and thus no payments was made as compensation for the early termination of appointment;

(iii) no consideration was provided to third parties for making available directors' services;

(iv) no loans, quasi-loans and other dealings were entered into by the Company or any of its subsidiaries in favour of the directors, their controlled bodies corporate and their connected entities; and

(v) saved as disclosed in note 31, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) During each of the years ended 31 December 2023 and 2022, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

36 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

Mr. Zhang Zhi Rong holds equity interests in the Company through his indirectly wholly owned companies namely Best Era International Limited ("Best Era"), Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are incorporated in the British Virgin Islands. On 9 July 2021, Mr. Zhang Zhi Rong set up a discretionary family trust, Century Glory Family Trust, in Jersey and Trident Trust Company Limited is the trustee. On 29 October 2021, Mr. Zhang Zhi Rong transferred the entire issued share capital of Best Era to Century Glory Assets Limited, a company wholly owned by the trustee. As at 31 December 2022, the aggregate equity interests directly or indirectly owned by Best Era, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited represented 67.7% of the issued share capital of the Company. The remaining 32.3% of the Company's issued shares are widely held.

At 31 December 2023 and 2022, the directors of the Company consider the immediate and ultimate parent company and ultimate controlling party of the Group to be Best Era and Mr. Zhang Zhi Rong and his family, respectively. Best Era, the immediate parent company, does not produce financial statements available for public use.

Five-Year Financial Summary

CONSOLIDATED RESULTS

RMB'000	2019	2020	2021	2022	**2023**
Revenue	5,806,661	2,807,674	3,317,582	6,385,035	**2,639,656**
Cost of sales	(5,684,774)	(1,658,792)	(4,408,688)	(2,374,193)	**(1,806,299)**
Gross profit/(loss)	121,887	1,148,882	(1,091,106)	4,010,842	**833,357**
Other income	38,672	32,016	35,215	49,975	**121,388**
Other gains/(losses), net	870,915	2,009,539	(1,160,356)	(912,255)	**(1,461,192)**
(Provision)/reversal of provision for loss allowance of financial assets, net	(2,613)	(452,140)	(56,879)	(10,964)	**15,359**
Selling and marketing expenses	(133,834)	(129,358)	(175,019)	(123,184)	**(105,043)**
Administrative expenses	(552,165)	(407,712)	(426,379)	(303,990)	**(241,205)**
Finance costs, net	(1,874,351)	(1,578,403)	(2,073,909)	(1,478,452)	**(2,101,961)**
Share of (loss)/profit of an associate	(1,340)	(29)	1,072	823	**(1,150)**
Share of profit/(loss) of a joint venture	959,921	(2,465)	4,943	48,405	**(458,834)**
(Loss)/profit before taxation	(572,908)	620,330	(4,942,418)	1,281,200	**(3,399,281)**
Income tax (expenses)/credits	(419,375)	(553,241)	(221,431)	(1,578,666)	**450,106**
(Loss)/profit for the year	(992,283)	67,089	(5,163,849)	(297,466)	**(2,949,175)**
(Loss)/profit for the year attributable to:					
— the owners of the Company	(957,065)	81,003	(5,150,032)	(297,355)	**(2,949,153)**
— non-controlling interests	(35,218)	(13,914)	(13,817)	(111)	**(22)**
	(992,283)	67,089	(5,163,849)	(297,466)	**(2,949,175)**
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company (expressed in RMB per share)					
— Basic	(0.12)	0.01	(0.66)	(0.04)	**(0.38)**
— Diluted	(0.12)	0.01	(0.66)	(0.04)	**(0.38)**
Dividend	—	—	—	—	**—**
Dividend per share (expressed in RMB per share)	—	—	—	—	**—**

ASSETS AND LIABILITIES

RMB'000	2019	2020	2021	2022	**2023**
Total non-current assets	22,402,155	26,015,622	25,846,801	25,623,257	**23,750,472**
Total current assets	30,035,837	25,798,205	24,042,355	22,870,844	**21,077,616**
Total assets	52,437,992	51,813,827	49,889,156	48,494,101	**44,828,088**
Total non-current liabilities	(2,536,202)	(2,331,161)	(2,237,180)	(2,800,261)	**(2,382,645)**
Total current liabilities	(44,380,389)	(43,894,176)	(47,227,335)	(45,566,665)	**(45,267,443)**
Total liabilities	(46,916,591)	(46,225,337)	(49,464,515)	(48,366,926)	**(47,650,088)**
Net assets/(liabilities)	5,521,401	5,588,490	424,641	127,175	**(2,822,000)**

Particulars of Major Properties Held

Name of property	Location	Type	Interest attributable to the Group: Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Lease term
A. Particulars of major properties held for investment by the Group						
1 Chateau De Paris	No. 2093 Xietu Road, Xuhui District, Shanghai	Commercial	100%	13,741	—	Long term
2 Sunshine Venice (Phases I, II & IIIA, B, C)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	85,623	—	Long term
3 Shanghai Bay — Riverfront Center (North block)	Intersection of Ruining Road and Kaibin Road, Shanghai	Commercial/Office	100%	88,167	461	Long term
4 Shanghai Bay — Riverfront Center (South block)	Intersection of Ruining Road and Kaibin Road, Shanghai	Commercial/Office	100%	88,505	569	Long term
5 Shanghai Bay — Riverfront (Phase IIB and north underground)	No. 38, Kaibin Road, Shanghai	Commercial	100%	37,226	138	Long term
6 Caohejing Project Hotel	No. 292 Caohejing Road, Shanghai	Commercial/Office/ Hotel	100%	80,195	329	Long term
7 Zhongcaoxincun Project	No. 143 Xujiahui Road, Shanghai	Commercial/Office	100%	71,290	550	Long term
8 Sunny Town (Shenyang Glorious Plaza)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Commercial	100%	90,598	750	Long term
9 Shanghai City Glorious	East of Jiangyang South Road, west of Gaojing Road	Commercial	100%	22,119	—	Long term
10 Tianjin Glorious Plaza	Intersection of Taixing South Road and Chenlin Road, Hedong District, Tianjin	Commercial	100%	482	—	Long term
11 Changchun Villa Glorious (West)	East to Chaoran Street, south to Guihua Road, west to Chaoqun Street, north to Yisi Road, New and High-tech District, Changchun	Commercial	100%	68,227	—	Long term
12 Hefei Bashangjie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Commercial/Office/ Hotel	100%	575,635	—	Long term
13 Hefei Royal Garden	Southeast side of the intersection of Mengcheng Road and Lianshui Road, Luyang District	Commercial	100%	19,119	182	Long term
14 No. 1 City Promotion	It is located east of Xixing Road, south of Xinguang Road and west of Chunhua Road, New District, Wuxi.	Commercial	100%	11,779	—	Long term
15 Harbin Royal Garden	No. 1066, Jinjiang Road, Qunli New District, Daoli District, Harbin	Commercial	100%	9,122	—	Long term
Other supplements						
Total				**1,261,828**	**2,979**	

Name of property		Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
B.	**Particulars of major projects under development and planning held by the Group**								
1	Royal Lakefront (Phase I)	Jinhai Road, Zefeng Road, Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	56,063	118,307[1]	200	Applying for construction plan	January 2026
	Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road, Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	69,669	161,388	890	Applying for construction plan	July 2026
2	Sunshine Venice (Phase IV)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	51,100	429,929[2]	322	Under planning	To be determined
3	Hefei Bashangjie	Southwest corner of Changjiang Road/ Mingguang Road, Yaohai District	Carparks	100%	—	150,000[3]	120	Under planning	To be determined
4	Nantong Royal Bay (Land parcel No. 5)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	89,466	89,482	1,035	Under construction in phases	August 2024
	Nantong Royal Bay Gongnong Road Commerce (Land parcel No. 3)	West of Gongnong Road, Nantong, Jiangsu Province	Commercial	100%	74,119	18,382	479	Under planning	December 2026
5	Nantong Glorious Chateau (Others)	New Town District, Harbour Region, Rugao, Jiangsu Province	Residential/ Commercial	100%	159,684	603,491	To be determined	Under planning	To be determined
6	Nanjing Royal Bay (Phase V)	Southern part of Gulou District, Nanjing	Residential	60%	53,539	123,077	368	Under construction in phases	December 2025
7	Tianjin Royal Bay Seaside (North)	Guangang Forest Park, Dagang District, Tianjin	Commercial	100%	275,643	109,538	463	Under planning	To be determined
	Tianjin Royal Bay Seaside (East)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	329,999	296,480	510	Under planning	To be determined
	Tianjin Royal Bay Seaside (West Phase II)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	206,757	119,123	1,753	Under construction in phases	November 2024
8	Tianjin Royal Bay Lakeside (Phase I to Phase IV)	Eastern part of Tuanpo Lake, Jinghai County, Tianjin	Residential/ Commercial	70%	1,155,448	1,196,000	7,087	Under planning	To be determined

Name of property		Location	Type	Interest attributable to the Group Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
B.	**Particulars of major projects under development and planning held by the Group** (Continued)								
9	Tianjin Central City (Residential)	South of Century Road, East of Zhongji Road Binhai New Area	Residential	100%	90,001	90,001	To be determined	Applying for approval of construction plan	December 2025
	Tianjin Central City (Commercial)	South of Century Road, East of Zhongji Road Binhai New Area	Commercial	100%	37,069	37,069	To be determined	Applying for approval of construction plan	December 2025
10	Changchun Villa Glorious (West) (Land parcel A, Phase IV)	East to Chaofan Street, south to New and High-tech reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	183,594	516,768[4]	773	Main structure under construction in phases	December 2024
11	Nantong Rongsheng Plaza	Intersection of Gongnong Road and Shiji Avenue, Nantong, Jiangsu Province	Commercial	100%	210,377	To be determined	To be determined	Under planning	To be determined
12	Nantong Erbaimu Village of Changjiang Town	Erbaimu Village of Changjiang Town		100%	672,638	To be determined	To be determined	Under planning	To be determined
	Other supplements								
	Total				**3,715,166**	**4,059,035**	**14,000**		

Notes:

(1) The site area includes all of the site areas of Royal Lakefront Phases IA and IB.

(2) The site area includes all of the site areas of Sunshine Venice Phases I to IV.

(3) The site area includes all of the site areas of Hefei Royal Garden Phases I to III.

(4) The site area includes all of the site areas of the east and west districts of Changchun Villa Glorious.

Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
C. Particulars of major properties available for sale held by the Group					
1 Shanghai Park Avenue	No. 389 Anshun Road, Changning District, Shanghai	Residential/ Commercial	100%	2,166	310
2 Chateau De Paris	No. 2143 Xietu Road, Xuhui District, Shanghai	Commercial	100%	759	268
3 Holiday Royal	South to Nanfenggong Road, east to Dezheng Road and north to Jiefang East Road, Fengxian District	Residential	100%	2,800	673
4 Sunshine Venice (Phase I & IIIB)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	1,214	45
5 Shanghai Bay	Kaibin Road, Xuhui District, Shanghai	Residential/ Commercial	100%	65,552	554
6 City Glorious (Phase I, Phase II)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	6,264	465
7 No. 1 City Promotion	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	12,388	1,642
8 Nanjing Royal Bay	Southern part of Gulou District, Nanjing	Residential	60%	98,277	623
9 Sunny Town	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	11,575	361
10 Hefei Bashangjie (Phase I to Phase III)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	11,435	2,305
11 Hefei Royal Garden (Auxiliary commerce)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/ Commercial	100%	8,640	399
12 Hefei Villa Glorious	Southeast corner of the intersection of Quanjiao Road and Changjiang East Street, Dongyihuan Road, Yaohai District, Hefei	Residential	100%	—	1
13 Sunshine Bordeaux	Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	22,059	177
14 Harbin Villa Glorious	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential	100%	109	48

Particulars of Major Properties Held

Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
C. Particulars of major properties available for sale held by the Group (Continued)					
15 Harbin Royal Garden	North to the fourth Avenue, east to Shangjiang Street, south to the Fifth Avenue and west to Lingjiang Road, Qunli New District, Harbin	Residential	100%	—	945
16 Nantong Villa Glorious	South of Dongcheng Garden, west of Shiji Road and the north of Tongjia River, Nantong	Residential/ Commercial	100%	8,774	31
17 Nantong Royal Bay Hongqiao Road Commerce (Land parcel No. 3)	South of Hongqiao Road, Nantong, Jiangsu Province	Commercial	100%	46,871	1,604
18 Changchun Villa Glorious (Phases 1, 2 and 3 of land parcel A and phase 2 of land parcel C)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	27,915	1,909
19 Dalian Sunny Mei Lu	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential/ Commercial	100%	1,346	74
20 Royal Lakefront	Lane 88, Zefeng Road, Nanqiao Town, Fengxian District	Residential/ Commercial	100%	5,417	326
21 Classical Life Garden	No. 88 Qinfeng Road, Downtown, Changshu	Commercial	100%	1,470	—
22 Royal Mansion	No. 26 Jingouhe Road, Yongding Road, Haidian District	Residential/ Commercial	100%	10,271	20
23 Sunshine Holiday (South and north)	No. 31 Taixing South Road, Xiangyang Building, Hedong District	Carparks	100%	—	1,153
24 Tianjin Glorious Plaza	Xuguantun Street section on the west side of Cuiyang Highway, Yangcun Street, Wuqing District	Carparks	100%	—	494
25 Tianjin Royal Bay (West land parcel)	West of the entrance to Guangang Lake Forest Park, Gangtang Highway, Dagang District, Binhai New Area	Residential/ Commercial	100%	8,380	—
26 Nantong Glorious Chateau	Jingsi Road, Changjiang Town, Rugao, close to Weiwu Road	Residential/ Commercial	100%	25,882	—
Other supplements					
Total				**379,564**	**14,427**

GLORIOUS PROPERTY HOLDINGS LIMITED

Unit 807H, 8/F, Cornell Centre,
50 Wing Tai Road, Chai Wan, Hong Kong

Telephone: (852) 3104 2225
Facsimile: (852) 3104 2224

www.gloriousphl.com.cn