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GLORY 国瑞

Glory Health Industry Limited

國瑞健康產業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2329)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

FINANCIAL HIGHLIGHTS

- Achieved contracted sales for the six months ended June 30, 2024 (the “**Reporting Period**”) was RMB1,184.1 million;
- Affected by market conditions, the rental market is under pressure, revenue for the Reporting Period from property development was RMB 987.5 million;
- Land reserves reached a total GFA of 6,476,560 sq.m. as at June 30;
- 55% of the Company’s saleable land reserve was distributed in Beijing as at June 30, 2024.

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Glory Health Industry Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce to the Group’s shareholders (the “**Shareholders**”) the interim results of the Group for the six months ended June 30, 2024, together with comparative figures for the corresponding period in 2023. The Group’s interim results have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	NOTES	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue			
Contract with customers		829,339	1,252,586
Leases		158,120	204,281
Total revenue	3	987,459	1,456,867
Cost of sales and services		(555,182)	(1,276,717)
Gross profit		432,277	180,150
Other (losses)		(30,013)	(61,077)
Other income		1,582	17,974
Change in fair value of investment properties		(269,961)	–
Impairment losses under expected credit loss model, net of reversal		–	(16,762)
Distribution and selling expenses		(62,425)	(58,198)
Administrative expenses		(140,170)	(191,043)
Other expenses		(12,748)	(2,622)
Share of (losses) of associates		(4,103)	(11,233)
Share of (loss) of joint ventures		(1,085)	–
Finance costs	5	(38,517)	(142,455)
(Loss) before tax		(125,163)	(285,266)
Income tax expense	6	60,719	15,449
Total comprehensive (loss) for the year		(64,445)	(269,817)
(Loss) and total comprehensive (loss) for the period attributable to:			
Owners of the Company		(58,659)	(266,874)
Non-controlling interests		(5,786)	(2,943)
		(64,445)	(269,817)
(LOSS) PER SHARE	7		
–Basic and diluted (RMB cents)		(1.32)	(6.00)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	As at June 30, 2024	As at December 31, 2023
<i>NOTE</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
Non-current assets		
Investment properties	20,267,430	20,577,166
Property, plant and equipment	2,890,663	2,928,087
Right-of-use assets	247,765	251,679
Other non-current assets	1,418,303	1,418,303
Interests in joint ventures	81,878	82,963
Interests in associates	61,678	65,391
Equity instruments at fair value through other comprehensive income (“FVTOCI”)	13,481	13,481
Deferred tax assets	390,019	377,100
Restricted bank deposits	75,238	101,187
Value added tax and tax recoverable	910,987	818,604
	<hr/> 26,357,442	<hr/> 26,633,961
Current assets		
Inventories	1,016	1,315
Deposits paid for land acquisition	107,534	107,534
Properties under development for sale	18,091,674	19,680,877
Properties held for sale	3,002,183	2,501,280
Trade and other receivables, deposits and prepayments	2,160,716	2,034,005
Contract assets	1,977,092	1,987,632
Contract cost	40,324	40,324
Value added tax and tax recoverable	265,584	276,958
Amounts due from related parties	2,901,045	2,870,952
Restricted bank deposits	71,838	143,991
Bank balances and cash	104,540	74,697
	<hr/> 28,723,546	<hr/> 29,719,565

	<i>NOTES</i>	As at June 30, 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2023 <i>RMB'000</i> <i>(Audited)</i>
Current liabilities			
Trade and other payables	<i>10</i>	5,631,174	5,953,828
Contract liabilities		3,667,561	5,029,678
Amounts due to related parties		4,084,589	3,764,398
Tax payable		3,573,463	3,302,892
Lease liabilities		1,081	1,081
Bank and trust borrowings due within one year		8,370,029	8,002,459
Senior notes		3,620,069	3,598,057
		28,947,966	29,652,393
Net current (liabilities)/assets		(224,420)	67,172
Total assets less current liabilities		26,133,022	26,701,133
Non-current liabilities			
Rental deposits received	<i>10</i>	104,065	112,412
Lease liabilities		105	673
Bank and trust borrowings – due after one year		10,142,225	10,573,871
Deferred tax liabilities		2,165,666	2,228,772
		12,412,061	12,915,728
Net assets		13,720,961	13,785,405
Capital and reserves			
Share capital		3,520	3,520
Reserves		11,106,942	11,165,600
Equity attributable to owners of the Company		11,110,462	11,169,120
Non-controlling interests		2,610,499	2,616,285
Total equity		13,720,961	13,785,405

Notes

1. GENERAL INFORMATION OF THE GROUP

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

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

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“**IAS**”) 34 Interim Financial Reporting issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosure requirements of Appendix XVI to the Rules governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values, as appropriate.

Except for the application of the revised International Financial Reporting Standards (“**IFRS**”), the condensed consolidated financial statements for the six months ended 30 June 2024 use the same accounting policies and calculation methods as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

During the interim period, the Group applied for the first time the revised IFRS issued by the International Accounting Standards Board and mandatory for annual periods beginning on or after 1 January 2024 to prepare the Group’s condensed consolidated financial statements.

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

Going Concern

At present, many projects of the Group are close to the sale of existing houses, and the expected sales of each project can cover the final construction of the project.

The condensed consolidated financial statements assume that the Group will continue to operate on a going-concern basis. In order to improve the Group's financial position, real-time available liquidity and cash flows, and to enable the Group to continue to operate on a going-concern basis, the Directors of the Company (the "Directors") have adopted certain measures and other measures that have been implemented as of the date on which these condensed consolidated financial statements are authorised, including (but not limited to) the following:

- (i) for borrowings which will be maturing before June 30, 2024, the Group is in the process of rearranging its borrowing plans with its banks. The Directors have assessed the relevant facts available to them and are of the opinion that the Group will be able to renew the borrowings when they become due;
- (ii) the Group will sell some of its investment properties to improve the financial position, liquidity and cash flow of the Group; and
- (iii) the Group applies cost control measures in cost of sales and administrative expenses.

Having regard to the above considerations and measures, the Directors are satisfied that the Group will be able to meet its financial obligations when they become due. Accordingly, the Directors consider it appropriate to prepare these condensed consolidated financial statements on a going concern basis

3. REVENUE

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

	For the six months ended June 30, 2024				
	Property development <i>RMB'000</i> (Unaudited)	Primary land construction and development services <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Timing of revenue recognition					
At a point in time	792,314	–	–	–	792,314
Over time	–	24,612	–	12,413	37,025
Revenue from contracts with customers	792,314	24,612	–	12,413	829,339
Leases	–	–	158,120	–	158,120
Total revenue	792,314	24,612	158,120	12,413	987,459

For the six months ended June 30, 2023

	Property development <i>RMB'000</i> <i>(Unaudited)</i>	Primary land construction and development services <i>RMB'000</i> <i>(Unaudited)</i>	Property investment <i>RMB'000</i> <i>(Unaudited)</i>	Property management and related services <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Timing of revenue recognition					
At a point in time	1,186,247	–	–	–	1,186,247
Over time	–	50,246	–	16,093	66,339
Revenue from contracts with customers	1,186,247	50,246	–	16,093	1,252,586
Leases	–	–	204,281	–	204,281
Total revenue	1,186,247	50,246	204,281	16,093	1,456,867

4. SEGMENT INFORMATION

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

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

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

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

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

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

	Property development <i>RMB'000</i> <i>(Unaudited)</i>	Primary land construction and development services <i>RMB'000</i> <i>(Unaudited)</i>	Property investment <i>RMB'000</i> <i>(Unaudited)</i>	Property management and related services <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Six months ended June 30, 2024					
Revenue from external customers and segment revenue	<u>792,314</u>	<u>24,612</u>	<u>158,120</u>	<u>12,413</u>	<u>987,459</u>
Segment (loss)/profit	<u>201,190</u>	<u>1,172</u>	<u>91,561</u>	<u>(18,381)</u>	<u>275,541</u>
Six months ended June 30, 2023					
Revenue from external customers and segment revenue	<u>1,186,247</u>	<u>50,246</u>	<u>204,281</u>	<u>16,093</u>	<u>1,456,867</u>
Segment (loss)/profit	<u>(155,247)</u>	<u>2,393</u>	<u>153,450</u>	<u>(12,102)</u>	<u>(11,505)</u>

The segment (loss) can be reconciled to the (loss) before taxation as follows:

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment profit/ (loss)	275,541	(11,505)
Other losses, net	(30,013)	(61,077)
Other income	1,582	17,974
Change in fair value of investment properties	(269,961)	–
Unallocated administrative expenses	(45,859)	(74,348)
Other expenses	(12,748)	(2,622)
Share of (loss) of associates	(1,085)	(11,233)
Share of (loss) of joint ventures	(4,103)	–
Finance costs	<u>(38,517)</u>	<u>(142,455)</u>
(Loss) before income tax	<u>(125,163)</u>	<u>(285,266)</u>

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

Other segment information

Amounts included in the measurement of segment (loss):

	Property development <i>RMB'000</i> (Unaudited)	Primary land construction and development service <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property management and related services <i>RMB'000</i> (Unaudited)	Unallocated amount <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Six months ended June 30, 2024						
Depreciation and amortisation	(585)	-	(30,987)	(5,009)	(3,167)	(39,748)
Impairment losses under expected credit loss model	-	-	-	-	-	-
Six months ended June 30, 2023						
Depreciation and amortisation	(28,599)	-	-	(876)	(6,023)	(35,498)
Impairment losses under expected credit loss model	(16,762)	-	-	-	-	(16,762)

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

Geographical information

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

Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the six months ended June 30, 2024 and 2023.

5. FINANCE COSTS

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank borrowings	23,421	170,146
Interest on trust borrowings	-	14,573
Interest on loans from financial institutions	18,007	45,660
Interest on contract liabilities	75,067	21,110
Interest on senior notes	-	206,412
Interest on lease liabilities	86	-
Exchange loss on senior notes and borrowings	22,012	92,273
	138,593	550,174
Total borrowing costs	138,593	550,174
Less: Amounts capitalised in the cost of qualifying assets	(100,076)	(407,719)
	38,517	142,455

Capitalized interest is derived from borrowings obtained specifically for the construction of qualifying assets at an interest rate of 4.8% to 15% per annum (six months ended 30 June 2023 :4.8% to 13%) and general borrowings, Is calculated at the capitalized annual interest rate of 8.7%(six months ended 30 June 2023 :9.2%) of eligible asset expenses.

6. INCOME TAX (CREDIT)

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax		
PRC Enterprise Income Tax (credit)	(41)	5,419
Land appreciation tax	<u>15,347</u>	<u>60,688</u>
	15,306	66,107
Deferred tax	<u>(76,025)</u>	<u>(81,556)</u>
Income tax (credit)	<u>(60,719)</u>	<u>(15,449)</u>

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

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

7. (LOSS) PER SHARE

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
(Loss)		
(Loss) for the purposes of basic and amortized (loss)		
per share ((loss) for the period attributable to owners of the Company)	<u>(58,659)</u>	<u>(266,874)</u>
	Six months ended June 30,	
	2024	2023
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) per share	<u>4,444,418</u>	<u>4,444,418</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	<u>4,444,418</u>	<u>4,444,418</u>

8. DIVIDENDS

No dividend was proposed by the board of directors in respect of the six months ended June 30, 2024 and 2023.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly comprise of rental receivables and receivables for sales of properties

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

	As at June 30, 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2023 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables		
– Contracts with customers	150,953	223,140
– Lease receivables	252,757	158,894
	<u>403,710</u>	<u>382,034</u>
Less: Provision for credit losses	(155,984)	(155,984)
Trade receivables, net	<u>247,726</u>	<u>226,050</u>
Other receivables, deposits and prepayments, gross		
Advances to contractors and suppliers	536,324	447,781
Performance guarantee deposit paid	14,940	14,940
Other receivables and prepayment	1,377,202	1,388,712
Deposits	105,520	77,518
	<u>2,033,986</u>	<u>1,928,951</u>
Less: Provision for credit losses	(120,996)	(120,996)
Other receivables, deposits and prepayments, net	<u>1,912,990</u>	<u>1,807,955</u>
The following is an analysis of trade receivables presented based on the date of recognition of revenue:		
0 to 60 days	37,073	45,988
61 to 180 days	23,967	13,735
181 to 365 days	68,756	20,891
1 to 2 years	101,094	19,603
Over 2 years	172,820	281,817
	<u>403,710</u>	<u>226,050</u>

All other receivables from independent third-parties are of non-trade nature, unsecured, interest-free and repayable on demand as at June 30, 2024, except for the balance of RMB233,095,000, which was bearing interest at 8% per annum and under legal proceedings.

As at June 30, 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB166,356,000 (December 31, 2023: RMB166,356,000) which are past due as at the reporting date. The balances which has been past due over 90 days is not considered as default since the Directors considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

10. TRADE AND OTHER PAYABLES

	As at June 30, 2024	As at December 31, 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables	2,665,640	2,594,993
Deposits received	203,982	361,583
Rental received in advance	133,435	126,615
Refund liabilities	331,269	404,105
Accrued payroll	50,484	46,761
Value added tax and other tax payables	667,743	869,056
Other payables and accruals	1,547,186	1,527,627
Dividends payables	135,500	135,500
	5,735,239	6,066,240
Analysed for reporting purposes as:		
Non-current (<i>Note</i>)	104,065	112,412
Current	5,631,174	5,953,828
	5,735,239	6,066,240

The following is an analysis of trade payables by aging, presented based on the billing date:

0 to 60 days	383,236	253,488
61 to 365 days	593,740	697,245
1 to 2 years	214,748	534,342
Over 2 years	1,473,916	1,109,918
	2,665,640	2,594,993

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

Note: Pursuant to the relevant agreements, rental deposits received as at June 30, 2024 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

11. FINANCIAL GUARANTEE

	As at June 30, 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at June 30, 2023 <i>RMB'000</i> <i>(Unaudited)</i>
Guarantees provided by the Group in respect of loan facilities	<u>2,589,527</u>	<u>4,736,660</u>

Note:

The Group has pledged certain restricted bank deposits and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties and under development properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low and a large portion of consideration from property sales contract has been received and recognised as contract liabilities.

As at June 30, 2024, Garden Group has provided guarantee to a bank for a banking facility granted to related parties, Jiangmen Yinghui Bay real estate Co., Ltd.* (江門映暉灣房地產有限公司) and Shantou Huirui Hotel Management Co., Ltd.* (汕頭市薈瑞酒店管理有限公司), of which the bank borrowings guaranteed by the Group was amounting to approximately RMB258,230,000 (June 30, 2023: RMB347,199,000) in aggregate, with the maturity date in June 2025 and Sep 2024, respectively.

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the interim results of the Group for the six months ended June 30, 2024.

INTERIM RESULTS AND REVIEW FOR THE FIRST HALF OF 2024

Interim Results

During the Reporting Period, the revenue of the Group was RMB987.5 million. Revenue from property development was RMB792.3 million.

Market Review

In terms of industry policies, the real estate policy continues the loose main tone. In terms of financial policies, the central bank, the State Administration for Financial Regulation and other departments have continuously launched multiple financial measures, such as lowering the LPR basis point, lowering the minimum down payment ratio, canceling the lower limit of commercial loan interest rates, and lowering the interest rate of housing provident fund loans, aiming to lower the threshold for home purchases and alleviate the mortgage burden on residents. In terms of purchase restrictions, various provinces and cities have continued to relax their policies, and incentive policies such as demand side housing loans, tax subsidies, and trade in programs have been frequently introduced, with support continuing to expand. The intention of macroeconomic policies to boost the real estate market is very clear.

Real Estate Development

In the first half of 2024, the group responded to market changes, adjusted investment and sales strategies in a timely manner, seized the short-term market heat after the policy was introduced, actively promoted sales, and achieved stable business development. In the first half of the year, the group further reduced the scale of real estate development, adhered to debt reduction and accelerated asset disposal, and improved liquidity. The group is making every effort to ensure completion and delivery of the project, while accelerating the pace of transformation.

Investment Properties

During the reporting period, the total rental income of the Group was RMB 158.1 million. Affected by the impact of e-commerce and the downturn of the real economy, the rental income of the group has decreased. The group owns 9 self-owned investment properties in core areas of first and second tier cities such as Beijing and Shenzhen, with a total planned construction area of approximately 763,478 square meters; If the real economy stabilizes and recovers in the future, rental income will increase accordingly.

Land Reserves

As of June 30, 2024, the total planned construction area of our group's land reserve is 6.5 million square meters. The group has existing primary land development projects. Our group undertakes primary land development projects and urban renewal projects in Beijing and Shenzhen. During the reporting period, the Group's unconfirmed primary development and old renovation projects had a development area of 5.8 million square meters, of which Shenzhen accounted for 51.6%. Strengthening urban renewal and upgrading existing housing is a new shift in the existing market. Urban renewal projects with low investment and high profit margins are an important source for our group to supplement land reserves within the Greater Bay Area. In the coming years, our group's old renovation and urban renewal projects can be converted into sales, becoming new profit growth points.

Capital Structure

Our group utilizes the diversified advantages of domestic and foreign financing channels, fully utilizes various financial instruments, continuously optimizes fund management, reduces financing costs, optimizes debt structure, and effectively controls exchange rate risks. At the same time, further strengthen the risk control function, improve the financial risk monitoring system, and do a good job in risk warning and prevention.

Business Transformation

Our group is gradually shrinking its real estate business and steadily advancing its transformation towards the health industry.

The group is optimistic about the future development space and potential of the health industry, and will adapt to the needs of the times by exploring innovative living formats, developing industries such as healthy living communities, healthy living online, and regenerative medicine incubation. On the one hand, continuously upgrading Guorui's customized residential and healthy living products, achieving a comprehensive reshaping of the group's product form and service model. On the other hand, the Group will be committed to providing online services for healthy living, by building innovative businesses such as Guorui Hospital and Medical Online, Online Health Care Services, and Regenerative Medicine, comprehensively improving the Group's comprehensive operation and service level, and achieving the Group's comprehensive transformation into the health industry.

OUTLOOK FOR THE SECOND HALF OF 2024

Looking ahead to the second half of 2024, the support for real estate policies will continue to increase. From the central to local levels, governments at all levels will actively introduce policies to promote demand and reduce inventory, sending a strong signal of "rescuing the market and stabilizing the market". Although policies continue to increase, the real estate market is still in a bottom adjustment stage, with obvious characteristics such as investment confidence bottoming out, low sales, accelerated decline in housing prices, and continued financial pressure. Sales will continue to be under pressure.

The improvement of the financing environment for real estate enterprises is crucial for the recovery of the industry and market. Although the current "whitelist" policy provides funding support for individual projects, the policy coverage is limited and it is difficult to effectively improve the cash flow situation of real estate enterprises. The industry urgently needs financial policies to restore normal capital circulation.

Our group believes that the real estate industry will enter a new long cycle, and the operation mode of the industry will also change. It will shift from the past model of relying on financial leverage to a stable, balanced and high-quality growth model, and is currently in a difficult cycle of deleveraging. In the long run, with the development of urbanization and the improvement of per capita housing area in China, there is still some development space for the real estate industry. However, this development space is no longer universal, but is constantly developing through differentiation, including urban differentiation, enterprise differentiation, product differentiation, and other aspects. The future real estate industry will enter a strong competitive pattern of survival of the fittest, and enterprises need to continuously improve their corporate image, product quality, comprehensive services, management capabilities, and other aspects to cope with fierce competition. Our group will adapt to industry changes, improve both internally and externally, and continuously enhance the competitiveness of our enterprise and products from multiple perspectives, standing out in the fierce industry competition. In the future, our group will adhere to the strategy of regional deep cultivation, establish a good corporate image, and continuously improve our service level and management capabilities. Seize market opportunities, attract more customers with continuously improving product structure, excellent product quality, and thoughtful project services, and promote project sales and payment collection; In addition, we will focus on adjusting the debt structure, striving to reduce financing costs, enhancing the core competitiveness of the group, and ensuring sustained and stable development in the future.

In the complex market environment, the group will transform and develop towards the health industry, and explore the vast market of the health industry.

ACKNOWLEDGEMENT

I take this opportunity to express my sincere gratitude on behalf of the board of directors to all shareholders, investors, partners, customers, and various sectors of society for their trust and support. The performance achieved by our group in the past six months is attributed to the leadership of the company's management and the contributions of all employees. The company will continue to work hard in the future to achieve maximum value for all shareholders.

Zhang Zhangsun
Chairman

Beijing, the PRC

August 30, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As of June 30, 2024, the Group's revenue was RMB987.5 million. Revenue from property development was RMB792.3 million. As of June 30, 2024, the Group's gross profit was RMB432.3 million, and the net loss was RMB64.4 million.

Contracted Sales

The contracted sales of the Group for the first half of 2024 amounted to approximately RMB1,184.1 million. Contracted sales of the Group in the first half of 2024, by geographical location, were mainly from Beijing, Shenyang, and Cooperation projects, and the contracted sales amounting to approximately RMB836.8 million, RMB162.1 million and RMB120.1 million, respectively, representing 70.7%, 13.7% and 10.1% of the Group's total contracted sales, respectively.

The following table sets out the Group's contracted sales by region for the six months ended June 30, 2024 and 2023:

City	For the Six Months Ended June 30, 2024		2023	
	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)
Beijing	836.8	70.7	1,016.4	48.7
Langfang	11.7	1.0	266.2	12.8
Zhengzhou	0.2	0.0	0.1	0.0
Shenyang	162.1	13.7	15.0	0.7
Foshan	7.0	0.6	78.3	3.8
Shantou	0.8	0.1	1.7	0.1
Suzhou	18.0	1.5	115.0	5.5
Xi'an	26.0	2.2	99.2	4.8
Guizhou	1.3	0.1	9.0	0.4
Cooperation projects	120.1	10.1	486.5	23.3
Total	1,184.1	100.0	2,087.4	100.0

Notes:

1. The sales in the first half of 2023 were RMB2,087.4 million. The sales in the first half of 2024 were RMB1,184.1 million, representing a year-on-year decrease of 43.3%.
2. Contracted sales shown in the table include sales of car parking spaces.

Property Projects

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

As at June 30, 2024, the Group had completed a total unsold GFA of 1,121,389 sq.m. and had land reserves with a total GFA of 6,476,560 sq.m.

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at June 30, 2024, the Group had investment properties in Beijing Fugui Garden, Beijing Glory City, Beijing Bei Wu Lou, Shenyang Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen Nanshan, Haikou Glory City and Foshan Glory Shengping Commercial Center.

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at June 30, 2024:

	Completed	Under	Future	Total Land	Of Total
	Saleable/ Rentable GFA	Development	Development	Reserves	Land
	Remaining	GFA Under	Planned	Total	Total
	Unsold	Development	GFA	GFA	GFA
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(%)</i>
Beijing	511,772	121,651	–	633,423	9.8
Haikou	155,777	140,639	862,405	1,158,821	17.9
Langfang	–	101,019	986,574	1,087,593	16.8
Zhengzhou	–	9,562	–	9,562	0.1
Shenyang	208,603	9,288	276,470	494,360	7.6
Foshan	155,069	149,973	–	305,042	4.7
Xi'an	–	204,639	–	204,639	3.2
Shantou	2,746	360,154	–	362,899	5.6
Shenzhen	–	42,763	274,213	316,976	4.9
Suzhou	–	694	–	694	0.0
Chongming Island	37,304	9,660	761,358	808,322	12.5
Wuxi	117	–	–	117	0.0
Tongren	50,001	113,061	931,049	1,094,111	16.9
Total	1,121,389	1,263,103	4,092,068	6,476,560	100.0
Total Attributable GFA	933,399	1,186,716	3,654,773	5,774,887	

Primary Land Development and Projects Developed under the “Urban Redevelopment” Policy

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

Urban Redevelopment Project in Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian’anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at June 30, 2024, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

Urban Redevelopment Project in Shenzhen

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

Financial Review

Revenue

For the six months ended June 30, 2024, the Group's revenue was RMB987.5 million, representing a decrease of 32.2% from RMB1,456.9 million for the six months ended June 30, 2023.

Revenue from property development for the six months ended June 30, 2024 was RMB792.3 million, representing a decrease of 33.2% as compared to the corresponding period of last year. The decrease in revenue during the Reporting Period was primarily due to the decrease in completion and delivery areas in the property development segment and reduced sales.

Cost of Sales and Services

For the six months ended June 30, 2024, the Group's cost of sales and services was RMB555.2 million, representing a decrease of 56.5% as compared to the corresponding period of last year. The decrease in cost of sales and services during the Reporting Period was primarily due to the decrease in completion and delivery areas in the property development segment.

The Group's cost of property development decreased by 57.7% from RMB1,223.1 million for the six months ended June 30, 2023 to RMB517.5 million for the six months ended June 30, 2024.

Gross Profit

For the six months ended June 30, 2024, the Group's gross profit was RMB432.3 million, as compared to the gross profit of RMB180.2 million in corresponding period of last year, which was primarily due to the significant decrease in cost of sales and services.

Loss Attributable to Owners of the Company

For the six months ended June 30, 2024, the loss attributable to owners of the Company was RMB58.7 million, representing a decrease of RMB208.2 million from the loss attributable to owners of the Company of RMB266.9 million for the six months ended June 30, 2023.

Other Losses

Other losses were RMB61.1 million for the six months ended June 30, 2023, while other losses were RMB30.0 million for the six months ended June 30, 2024, mainly due to the changes in foreign exchange rate of USD bonds.

Other Income

Other income decreased from RMB18.0 million for the six months ended June 30, 2023 to RMB1.6 million for the six months ended June 30, 2024, which was mainly due to the decrease in the recognised royalty income from associates and joint ventures.

Selling Expenses

Selling expenses increased by RMB4.2 million from RMB58.2 million for the six months ended June 30, 2023 to RMB62.4 million for the six months ended June 30, 2024.

Administrative Expenses

Administrative expenses decreased by RMB50.8 million from RMB191.0 million for the six months ended June 30, 2023 to RMB140.2 million for the six months ended June 30, 2024.

Finance Costs

Finance costs decreased by RMB104.0 million from RMB142.5 million for the six months ended June 30, 2023 to RMB38.5 million for the six months ended June 30, 2024.

Income Tax Credit

Income tax credit decreased from RMB15.5 million for the six months ended June 30, 2023 to RMB60.7 million for the six months ended June 30, 2024. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2024 were negative RMB 0.04million and RMB15.3 million, respectively.

Comprehensive Loss

As a result of the foregoing reasons, the Group's total comprehensive loss decreased from RMB269.8 million for the six months ended June 30, 2023 to the total comprehensive loss of RMB64.4 million for the six months ended June 30, 2024.

Liquidity, Financial and Capital Resources

Cash Position

As at June 30, 2024, the Group's cash, restricted bank deposits and bank balances were approximately RMB251.6 million as compared to RMB319.9 million as at December 31, 2023.

Borrowings

As of June 30, 2024, the Group's outstanding loans amounted to RMB 22,132.3 million, consisting of bank loans and other borrowings of RMB 18,512.3 million and senior notes of RMB 3,620.1 million.

Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at June 30, 2024, the assets pledged to secure certain borrowings granted to the Group amounted to RMB30,220.4 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on its customers, but relies on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the banks receive the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at June 30, 2024, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB2,589.5 million.

Save as disclosed in this announcement, the Group had no other material contingent liabilities as at June 30, 2024.

Future Plans for Material Investments or Capital Assets

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

Employees and Remuneration Policies

For the six months ended June 30, 2024, the Group had approximately 552 employees, and incurred employee costs of approximately RMB76.8 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medication, maternity, occupational injury and unemployment benefit plans.

Interim Dividend

The Board has decided not to pay any interim dividend to the Shareholders.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability. The Company has been in compliance with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. Under the current organization structure of the Company, Mr. Zhang Zhongsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, operation and management since the Group was founded. The Company believes that the vesting of the roles of both chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises five executive Directors and two independent non-executive Director. Our company appointed Liu Chengjiang as an independent director on May 28, 2023 (Liu Chengjiang resigned as a director on January 29, 2024), and appointed Chen Jinrong and Deng Zhidong as independent directors on January 29, 2024. the Company fails to meet the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has taken active steps to identify suitable candidates to fill the vacancies on the Board and the Audit Committee in order to regain compliance with the above requirements under the Listing Rules.

Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the six months ended June 30, 2024. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the six months ended June 30, 2024.

Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended June 30, 2024, save as disclosed in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. After Mr. Liu Chengjiang resigned as an independent director of our company on January 29, 2024, the audit committee was composed of two independent non-executive directors, Ms. Chen Jinrong and Mr. Deng Zhidong, effective from January 29, 2024.

Subsequent Event after the Reporting Period

Save as disclosed in this announcement, there is no material post balance sheet event undertaken by the Group after June 30, 2024 up to the date of this announcement.

Publication of the Unaudited Condensed Consolidated Interim Results and Interim Report for the Six Months Ended June 30, 2024 on the Websites of the Stock Exchange and the Company

This announcement is published on the website of the Stock Exchange and the Company's website. In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the interim report for the six months ended June 30, 2024 containing all the information about the Company set out in this announcement of results for the six months ended June 30, 2024 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Beijing, the PRC, August 30, 2024

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